OpenVoiceNews U.K.

Transparent. Unbiased. Yours.

Starmer and Modi to Sign Landmark Trade Deal Enhancing UK-India Ties

July 24, 2025
— Categories: Politics & Government

The United Kingdom and India are set to sign a landmark Free Trade Agreement (FTA) during Prime Minister Narendra Modi's upcoming visit, marking the country's most significant post-Brexit trade deal. Expected to lift trade by around £25.5 billion annually and add £4.8 billion in UK GDP by 2040, the agreement includes major tariff cuts, enhanced market access, and limited visa concessions.

Negotiations, which began in January 2022 and concluded in principle in May 2025, culminated in an agreement on 24 July 2025. The FTA will reduce India's 150 per cent tariffs on Scotch whisky and gin to 75 per cent immediately, with a long-term reduction to 40 per cent. Automotive duties in India will fall from over 100 per cent to 10 per cent under a quota system. Meanwhile, the UK will grant tariff-free access to 99 per cent of Indian exports, such as textiles, food, and jewellery, and reduce duties on UK exports, such as cosmetics, medical devices, and airplane parts.

The deal also includes a social security agreement granting a three-year exemption from National Insurance (NI) contributions for eligible Indian professionals in the UK under a "double contribution convention". A quota of 1,800 additional professional visas for Indian workers will help facilitate skills and services trade.

Prime Minister Sir Keir Starmer has described the agreement as the UK's most important since leaving the EU, bringing a "new era for trade and the economy". Indian Prime Minister Modi characterised the pact as "historic" and "mutually beneficial", deepening the nations' Comprehensive Strategic Partnership and catalysing job creation and investment.

The FTA features expanded cooperation in services, government procurement, and enhanced mobility provisions, allowing chefs, musicians, yoga instructors, and other professionals to operate across borders. While the UK maintained strict migration policy limits, India secured targeted visa and NI exemptions.

Economists highlight tariff reductions on luxury goods, automotive products, and renewable technologies as significant gains for both economies. Supporters anticipate job creation in sectors like whisky, aerospace, and finance, while critics caution that broader immigration and labour market impacts require close monitoring.

The agreement awaits ratification by both the UK and Indian parliaments. Its signing is the first by the Labour government since July 2024, following swift ministerial talks earlier this year. It reflects a broader strategic push to enhance UK-India ties and diversify trade following Brexit.