India-UK Comprehensive Economic and Trade Agreement (CETA)

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Why in News?

The India-UK Comprehensive Economic and Trade Agreement (CETA) has come into force, giving 99% of India's tariff lines duty-free access to the UK.

Key Highlights of the Agreement

- **Indian Exports –** Nearly all Indian exports now enjoy ***zero-duty access*** to the UK.
- **British Cars –** Import duty on fully built UK cars reduced from **110% to 10% over 10 years** via a quota system.
  - Petrol/diesel models get concessions immediately.
  - EVs, hybrids, and hydrogen vehicles get preferential access only from year six.
- **Trucks –** Duty on fully built trucks cut from **44% to 8.8%** by year 5 within quota; beyond quota, duty falls to **22%** by year 10.
- **Premium Spirits –** Duty on Scotch whisky reduced from **150% to 75% immediately**, then to **40% over 10 years**.
- Gin follows a similar path.
- Other premium spirits duty falls from **150% → 110% (year one) → 75% (year ten)**.
- **Consumer Goods –** Tariff reductions on chocolates, biscuits, soft drinks, cosmetics, perfumes, soaps, shaving creams, nail polish, salmon, and lamb.
- **Medical Devices –** Lower tariffs on UK healthcare equipment (surgical instruments, diagnostic tools, ECG, and X-ray systems).
- **Silver –** Import tariff on silver to be reduced to 0 over 10 years; UK expected to gain in silver and aerospace sectors.
- **Luxury Goods –** Tariff cuts on select British fashion and lifestyle

products.

Strategic Significance

- **Market Access –** Duty-free entry enhances India’s competitiveness in UK markets.
- **Gradual Impact –** Tariff cuts on British goods staggered over 5–10 years; consumer price impact will be gradual.
- **Quality Standards –** Indian exporters must meet the UK's stringent food safety, traceability, and certification norms.
- **Global Trade Role –** Strengthens India’s position in international trade partnerships.

Reference

Economic Times | Indi-UK FTA

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