



House of Commons  
Business and Enterprise  
Committee

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**Waking up to India:  
Developments in  
UK-India economic  
relations: Government  
Response to the  
Committee's  
Fifth Report of Session  
2007–08**

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**Sixth Special Report of Session  
2007–08**

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## The Business & Enterprise Committee

The Business & Enterprise Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department of Business, Enterprise & Regulatory Reform.

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### Committee staff

The current staff of the Committee are: Eve Samson (Clerk), Emma Berry (Second Clerk), Robert Cope (Committee Specialist), Louise Whitley (Inquiry Manager), Anita Fuki (Committee Assistant), Lorna Horton (Committee Secretary) and Jim Hudson (Senior Office Clerk).

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# Sixth Special Report

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The Business and Enterprise Committee published its Fifth Report of Session 2007–08 on 21 April 2008. The Government's response was received on 14 July 2008.

## Government response

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The Government welcomes the Business and Enterprise Select Committee's report, as a useful and timely review of the progress being made in developing UK-India economic relations following the Trade and Investment Select Committee's previous inquiry "Trade and Investment Opportunities with India" published in June 2006.

The Government fully recognises the trade and investment opportunity that India represents and continues to actively support British business in India, welcome inward investment and seek to address the remaining barriers to trade. This memorandum comments on the Committee's conclusions and recommendations which pertain to UKTI.

### **Select Committee Report's Conclusion and Recommendations**

#### **Response to the previous Report, and developments since**

**1. The IBPN has now been transformed into the UK India Business Council (UKIBC). Its annual Government funding has increased over thirteen-fold. From £75,000 to £1million, an increase that we welcome unreservedly (Paragraph 7).**

1.1. The Government is pleased to receive the Committee's endorsement of the increased funding stream that led to the establishment of the UK India Business Council.

**2. After the warnings in the Trade and Industry Committee's 2006 Report that the UK risked falling behind its competitors in India, we are pleased to see that UK plc appears to have 'woken up' to India. The Trade and Industry Committee's Report contributed both to a change in attitudes in the UK towards India, and increased UK engagement with India. (Paragraph 9)**

2.1. UKTI agrees that UK business' perception and awareness of India has shown marked improvement since the publication of the 2006 Select Committee Report and welcomes the contribution it made.

**3. In particular, we are delighted that the Report has contributed significantly to a shift in the Government's approach to trade with India. This includes sustained high-level involvement through UK ministerial visits to India, and visits from Indian ministers to the UK, and a substantial increase in funding for bilateral trade initiatives. We hope the visit to India by the Prime Minister and Lord Jones in January 2008 will lead to a further enhancement of bilateral links. We are pleased that the Government seems to be taking the opportunity to deal with the trade and investment issues that these visits offer. (Paragraph 10)**

3.1. The Prime Minister's January 2008 visit was based on a vision of "*a strategic partnership of equals based on shared values*", and represented a significant step forward in the UK trade and investment relationship with India. Notable trade and investment related achievements of the visit were an agreement that the UK would play a key role in the expansion of the Indian Higher Education sector (30 new universities and 20 specialised institutes over the next five years), the launch of a British Council programme to train 750,000 teachers of English over a 5 year period and the opportunity for the 22 top UK CEOs who accompanied the Prime Minister to discuss trade and investment issues with Dr Manmohan Singh, the Prime Minister of India.

3.2. In addition Lord Jones led a business delegation of 56 company representatives to Delhi in the week preceding the Prime Minister's visit. Largely centred on the automotive, advanced engineering and infrastructure sectors, the visit put particular emphasis on market access issues and the promotion of the UK as an inward investment location for Indian Companies. A copy of Lord Jones' visit report will be included in the first of his 6 monthly visit round ups, which will be supplied to the Committee shortly.

3.3. A sustained high-level engagement with India continues. Since the Prime Minister the following have visited India;

- Minister for Enterprise, Trade and Investment for Northern Ireland, Nigel Dodds, (2-6 February) to strengthen bilateral investment, trade and tourism links
- Home Office Minister of State for Borders and Immigration and Minister for the West Midlands, Liam Byrne, (4-7 February) on the reforms to the UK immigration system
- His Royal Highness the Duke of York, UK Special Representative for International Trade and Investment, visited Delhi, Mumbai, Pune and Bangalore (9-15 March) to promote UK exports and encourage investment.
- UK Railways Minister, Tom Harris (23-25 April) to promote British engagement in India's rapidly growing railways sector.
- The Lord Mayor of the City of London led a delegation of 50 city representatives (13-14 April) to promote the UK financial services sector.
- Minister for Justice, Bridget Prentice (5-8 May) to discuss legal services.

**4. We note that the first bilateral UK-India Investment Summit held in 2006 has not, yet, been repeated. We encourage the Government to hold a follow-up summit and hope it will do so at an early date. (Paragraph 11)**

4.1. UKTI hopes that it will be possible to hold an Investment summit to build on the success of 2006 event within the next twelve months.

### **Resources**

**5. The Trade and Industry Committee warned that an under-resourced UKTI team risked the UK missing the 'last train' in India. We wholeheartedly welcome the increased resources available to UKTI in India. Their Report also identified a lack of familiarity with India and/or an inability to take advantage of the opportunities in**

**India among UK businesses. We believe that these additional resources will help to address remaining issues in this area. We also warmly welcome UKTI's reassurances that its India activity will be protected from any cuts from the 2007 Comprehensive Spending Review settlement. (Paragraph 14)**

5.1. The uplift in UKTI India resources has now been fully deployed. Resources across the UKTI international network will continue to be allocated to deliver the maximum benefit for British business. India remains a priority market for UKTI and as such there are no current plans to reduce UKTI India's resource profile as a result of the 2007 CSR settlement.

### **Salaries**

**6. We welcome the improvements in salaries following UKTI's review, and expect the situation to be closely monitored in future. Locally engaged staff account for over 80% of UKTI's human resource in India, and it is vital that UKTI is able to employ and retain the best. (Paragraph 15)**

6.1. UKTI fully recognises and values the contribution that Locally Engaged staff members bring to UKTI operations overseas and, in close consultation with the FCO and other stakeholders, follows a cost-effective salary policy that seeks to recruit, motivate and retain the calibre of staff required to successfully deliver our targets.

### **India's 'second cities'**

**7. India's growth continues, making the previous Report's conclusions on India's 'second cities' increasingly pertinent. UKTI believes its resources to be appropriately distributed at present, but it must be capable of moving resources in India rapidly as and when regional markets develop. We look to UKTI to take the results of the UKIBC research project into 'second cities' into account in due course. (Paragraph 16)**

7.1. UKTI remains mindful of the need to adapt in-country resources to changed market conditions. No change is currently being considered to the footprint of the UKTI's nine representative offices in the Indian market. UKTI will nevertheless look closely at the UKIBC's research finding on the second tier cities, which aims to provide information on the opportunities for British Business. We understand the report will be available in the latter part of this year (2008).

**8. We welcome, as the Trade and Industry Committee previously welcomed, the strengthened focus on emerging markets adopted by UKTI under its new strategy. We also welcome the new resources from the High Growth Markets Programme, and look forward to India being given due weight in the Programme once the remaining specialists have been appointed. It is very important that UKTI carries out an assessment of their effectiveness in engaging the mid-sized corporate sector at the earliest appropriate moment. (Paragraph 18)**

8.1. UKTI's High Growth Market Programme employs 10 Specialists at present. Operating across the original 17 identified High Growth Markets, including India, they are engaging with mid corporate companies, advising on risk strategies, formulating robust market strategies and helping them to decide whether to enter a particular high growth market.

The specialists are regularly assessed and the Programme will be evaluated towards the end of the financial year (2008/9)

**9. We emphasise the importance of UKTI continuing to ensure that the SME sector is kept aware of appropriate opportunities in the Indian market, including any arising from supply chains supporting contracts secured by larger companies. We welcome the recent signing of a memorandum of understanding between the British Chambers of Commerce and its Indian counterpart, and hope that this will lead to a substantial increase in bilateral SME-to-SME contacts. (Paragraph 19)**

9.1. The British Chambers of Commerce (BCC) have indicated to us that the proposed MoU between the BCC and the Federation of Indian Chambers of Commerce and Industry (FICCI) was not signed. The BCC wanted to develop their international strategy in relation to emerging markets before entering into partnerships agreements with other organisations. However they remain committed to developing their support to UK SME's seeking to internationalise and enter emerging markets such as India.

9.2 In parallel, UKTI will continue to assist SMEs internationalise, with some 90% of the businesses helped by UKTI trade services in the emerging markets falling into that category. The UKIBC will also have a role on advising SMEs on opportunities in the Indian market.

#### **RDAs and other institutions in India**

**10. While we are pleased that UKTI has acted promptly on its review of regional inward investment and trade support arrangements, we have not yet studied in detail the substantial pieces of analytical work on which the review was based. It is very likely that the Committee will return to this issue in the future. (Paragraph 21)**

**11. We support co-location of Regional Development Agency and devolved administration offices with posts, as appears to be happening in India, as this is likely to reduce confusion and duplication of effort. We also recommend that India be one of the three pilot markets suggested for trialling new inward investment arrangements. (Paragraph 22)**

**12. While the establishment of offices by different public and private sector organisations in India is a sign of genuine and committed UK interest, we are concerned that the influx of organisations, if not properly co-ordinated, will increase confusion, with too many bodies with overlapping objectives. We welcome the City of London's commitment to continue to liaise with UKTI and avoid duplication of effort. We believe all organisations should co-ordinate with UKTI to ensure their work complements UKTI's effort and does not duplicate or compete with it. We note the finding in the UKTI review that bodies involved in inward investment other than Regional Development Agencies and devolved administrations are not part of co-ordinated arrangements through the Committee on Overseas Promotion. UKTI should seek to bring these other bodies within the co-ordinating framework. (Paragraph 23)**

10-12.1. In its five year strategy, *Prosperity in a Changing World*, UKTI committed to working with the nine English RDAs and the Devolved Administrations to review overseas representation. Supported by research and analysis from consultants Arthur D Little

(ADL), the review set out to determine how resources deployed overseas could be used to maximum effect. The findings were published in March 2008.

10-12.2. ADL's report found that current arrangements are effective and have helped the UK succeed in winning an increasing amount of foreign direct investment (FDI). The RDAs and the DAs add significant value to UKTI's activities overseas, providing the expertise and detailed regional knowledge essential to foreign companies when making their investment decisions. In 2006/07, the UK was the leading recipient of FDI in Europe and second only to the US worldwide. Some 1,431 inward investment project successes were recorded, leading to the creation and/or safeguarding of 78,357 UK jobs. Of these, some 70% were associated with project successes in which UKTI, the RDAs and DAs were directly involved.

10-12.3. Significantly, ADL's research found no evidence that potential investors thought the arrangements particularly confusing or duplicative. Feedback from a customer survey found that over 90% of investors perceived services to be co-ordinated, of which 70% are in the well or very well co-ordinated category. No investors perceived the services to be very confused.

10-12.4. However, the review concluded that more could be done to strengthen existing arrangements and drive better co-ordination. As a result UKTI and the RDAs have agreed a new model for overseas representation which will see UKTI lead the co-ordination of a fully integrated overseas network, including co-ordinated strategies, business planning, consistent branding and promotional activity. Additionally, this will involve working alongside the DAs in line with their own inward investment promotion responsibilities. UKTI and the RDAs will agree performance measures, to provide a clear picture of joint impact, and common UKTI led evaluation; and options for co-location of teams and joint procurement will be explored to help achieve better value for money.

10-12.5. Work is already well advanced in taking forward these new working arrangements and India is one of three pathfinder markets alongside France and Canada. Implementation in these markets commenced in June 2008 with joint planning meetings and full implementation across all markets expected by April 2009.

10-12.6. The report also highlighted the opportunities for greater co-location of RDA and DA representatives in Posts overseas. Indeed India has been in the forefront over the last year, with representatives from Invest Northern Ireland, South of England (joint SEEDA/SWRDA), Yorkshire Forward and NWDA having co-located in the BDHC in Mumbai. The representatives from the English RDAs are being managed by UKTI in market on the behalf of the RDAs. Scottish Development International (SDI) is also planning to co-locate officers in the office. The potential for co-location will be considered in all markets as part of the implementation process.

10-12.7. The report also recommends that other bodies involved in inward investment should be brought into the co-ordinating framework. RDAs and UKTI English regional teams seek to co-ordinate with local partners. This approach is being facilitated through discussions under the auspices of the Business Support Simplification Programme entailing joint discussion at national, regional and local levels.

10-12.8. The new arrangements will be kept closely under review to ensure they deliver effective alignment of regional and national resources and best value for money.

### **The UK-India Business Council**

**13. The Trade and Industry Committee's Report planted the seed for the new UK-India Business Council (UKIBC), and we warmly welcome its birth. We hope that it will continue to enhance bilateral trade and investment relations between UK and India. We thank all the members of the former Indo-British Partnership Network for their work, which has enabled its evolution into the more ambitious UKIBC. (Paragraph 25)**

13.1. Like the Committee, we welcome the contribution the UK India Business Council has made to bilateral trade and investment relations between India and the UK. UKTI continues to work in partnership with the UKIBC.

**14. We agree that the Government's increased financial commitment should be matched by a contribution from industry. We welcome the tiered cost approach to membership costs that has been adopted, but we urge the UKIBC to monitor the extent to which SMEs are effectively engaged in its activities. We expect the new UKIBC to build its membership across all sectors and sizes of UK and Indian businesses, and so truly become the de facto Indo British Chamber of Commerce which the Trade and Industry Committee envisaged. (Paragraph 26)**

14.1. UKTI agrees with the Committee that public funding for UKIBC should be matched by a contribution from industry.

**15. Although there are legitimate demands for financial accountability from government, these must be managed in a way which does not compromise the independence of the UKIBC. The new organisation is not an arm of government: if it is perceived as such it will not be able to raise the necessary match funding from the private sector. The UKIBC should be a voice for business and enterprise in government—both in India and the UK—and not vice versa. Any perception that it is simply an adjunct to UKTI will undermine its effectiveness. We expect UKTI and BERR to recognise this in their work with the UKIBC and accept that, if it is to flourish and build its reputation in the commercial world its freedom must not be unduly constrained. (Paragraph 27)**

15.1. UKTI has managed the grant to UKIBC in accordance with the standard procedures for ensuring financial accountability and value for money which apply to any such grant.

**16. During evidence taking, we speculated that providing UKTI services through the China Britain Business Council rather than through UKTI could be interpreted as quiet 'privatisation' of UKTI services. This was not fully rebutted. If such a process developed, it would represent a significant shift in UKTI policy and one which, if successful, could raise major issues for the way in which the organisation delivers its services. This is a matter to which the Committee may return in the future. (Paragraph 29)**

16.1. There are currently no plans for the UKIBC to replicate the China Britain Business Council model in this respect.

## Visas

**17. The Business Express Programme is welcome, and we expect that delays in obtaining visas will not be seen again in the future. The requirement for staff to have worked for a company for six months to be eligible for the Business Express Programme is a limitation which does not take into account the way in which companies in rapidly expanding sectors work and is, therefore, likely to damage UK-India trade. We welcome the Trade and Investment Minister's statement that this “is being looked at”, and hope a mutually acceptable solution can be found. (Paragraph 31)**

17.1. The Business Express Programme (BEP) no longer requires a six-month “probationary” period before employees become eligible for clearance. All employees are now able to avail themselves of the scheme immediately on taking up employment with a BEP accredited employer.

**18. We urge the Government to keep under review the possible improvements in visa and other related arrangements that could be made to the mutual benefit of the British and Indian economies. The UKIBC should be well positioned to give advice on this important issue. (Paragraph 32)**

18.1. The UK Government remains committed to facilitating legitimate travel between India and the UK. The UK Border Agency International Group (UKBAIG) fully recognise the need to provide excellent customer service and to making the application procedures for both individual and business visas as straightforward, efficient and transparent as possible. The UK India Business Council’s role in advising on this is noted and they will be consulted as appropriate.

**19. We urge the Government to explore with Schengen countries how the visa regime for Indians resident in the UK and needing to travel to other EU countries could be eased, or periods of EU visa validity extended considerably. (Paragraph 33)**

19.1. The UK does not take part in the Schengen provisions relating to visas since we prefer to maintain separate visa controls. In these circumstances it would not be practicable for the UK to make representations to Schengen countries on the period of validity of visas issued by them. Equally we doubt that it would be appropriate to ask other Member States to make special immigration arrangements for UK residents of a particular nationality, as this could be considered discriminatory.

## Education, research and qualifications

**20. Despite the Trade and Industry Committee’s earlier recommendations for change, it remains the case that after graduation, Indians who have studied in the UK can remain in Scotland for two years, while only being able to remain in England and Wales for one year. We call on the Government not only to end this anomaly by extending the period in England and Wales. It should also extend the period students may remain in the UK for qualifications in those professions that require specific periods of work experience. (Paragraph 36)**

20.1. From this summer under the new immigration Points Based System (PBS) the period of time that Indians will be allowed to remain in the United Kingdom after graduation will

be harmonized at 2 years. During that time they will have free access to the UK labour market and by the end of the period must have found employment (when they will be transferred to PBS Tier II which is replacing work permits) or qualify for one of the PBS Tier I categories (i.e. highly skilled migrants +), or they will be required to leave the UK.

**21. We welcome the fact that the Government is “assessing the viability” of five-year research visas for research scientists visiting the UK frequently and look forward to hearing about the progress of this assessment. (Paragraph 37)**

21.1. At the time of the provision of evidence to the Committee in 2007 a number of options were under consideration. Under Tier II of the new Points Based System (implementation expected in autumn 2008), skilled workers such as research scientists who meet the Tier II criteria, will be permitted to enter the UK for a period of up to three years with the potential for further extension to their stay at the end of the period.

**22. We welcome evidence of the growing interest by UK institutions in India but believe there is no room for complacency; the USA and Australia remain more attractive locations for Indian students and the UK Government must work closely with the Higher Education sector to ensure opportunities to build the kind of links being developed by Cambridge University are maximised. (Paragraph 41)**

22.1. The British Council’s “India Partnership” has a membership of 142 UK educational Institutions making the India operation the second largest British Council partnership programme. Based on the student visa issued in 2006/7 the UK holds second place to the USA in attracting India students (19,200 vs 24600)—with Australia in third place (15,800). Over 27,000 Indian students are now studying in UK institutions, a cadre that has seen significant growth since the beginning of the decade—between 2000/1 and 2007/8 the number applying rose 350%. US numbers by comparison are currently static. Australian numbers only rise above that of the UK’s when you take into account the overseas students Australia recruits under its TAFE (Technical and Further Education) vocational training scheme which can provide work skills accreditation for those seeking permanent residency in Australia.

22.2. The opportunities for further growth remain strong and The British Council is actively engaged in increasing its outreach and marketing into second and third cities in India to achieve this.

**23. Education and research links are a vital part of the bilateral UK-India relationship. We welcome the new Education Forum that is being established to work towards a bilateral Education Partnership Agreement, and look forward to the Government providing further details in its response to this Report. We repeat the Trade and Industry Committee's recommendation that the Government reassesses its level of commitment to the UK-India Education and Research Initiative with a view to increasing funding. (Paragraph 42)**

23.1. The British Council is drafting a Partnership Agreement to be discussed at the Education Forum, which is expected to be finalised this month. More details will be available then.

23.2. The Department of Innovation, University and Skills (DIUS) has committed an additional £3m to the UK-India Education and Research Initiative (UKIERI) over the coming 3 years. In addition the British Council is currently conducting an independent evaluation of UKIERI aimed at informing future progress with the initiative. This will report in autumn 2008.

**24. We are concerned that, although more Indian students are coming to the UK in absolute terms, the UK's share is declining relative to its competitors, notably Australia. We call on the Government to undertake a comprehensive examination of the ways of making the UK a more attractive place to study for Indian students, including overcoming visa issues and increasing the length of time Indian students can remain in the UK after graduation. (Paragraph 44)**

24.1. The British Council believe that the concern over the UK's share of the Indian student population is declining relative to our competitors may be over stated. US numbers have remained static recently and Australian numbers are heavily dependent on immigration (see para 22.1), The British Council are however aware that there is no room for complacency and will continue to examine ways to build the UK's competitiveness in this regard.

24.2. The visa rules governing the stay of students in the UK after graduation are already being altered to the benefit of the students concerned (see para 20.1).

#### **JETCO: progress since the Report**

**25. Aside from the success on tariffs on whisky imports, recent progress through JETCO in key areas for UK businesses—financial, legal, accountancy and retail services—appears to have been slow. While we recognise the political challenges involved in addressing these issues in India, particularly in the run-up to a general election there, due by 2009, we believe that further liberalisation in these areas will bring real benefit to India itself. We therefore seek assurances from the British government that the JETCO ministerial meeting in December 2007 and the Prime Minister's January 2008 visit have given fresh momentum to the process. The JETCO system requires strong and sustained commitment on both sides if it is to deliver its potential benefits to both India and the UK. (Paragraph 50)**

25.1. The Government agrees that further liberalisation would bring benefit to India. This was discussed during both the JETCO Ministerial in December and the Prime Minister's visit. We agree with the Committee on the need for the JETCO process to deliver concrete advances in the UK India trade and investment relationship. UKTI are actively consulting UK stakeholders over the current JETCO operational model with a view to improving its process and delivery to the mutual benefit of both India and the UK. The finding will be shared with the Indian Commerce Ministry at the JETCO Officials meeting on 28 July 2008, with a view to developing a set of mutually agreed recommendations to go to Ministers at or before the next JETCO Ministerial.

**26. We are surprised at the lack of working groups on education and trade facilitation. The Education Forum (noted in para 38 above) agreed earlier this year may bring progress, but we urge the Government to consider whether there are sufficient issues**

**for an education working group within JETCO, especially if the Forum does not make speedy progress. (Paragraph 51)**

26.1. Trade facilitation between India and the UK is an EU competence and as such responsibility for its handling rests with the Department for Business, Enterprise and Regulatory Reform (European and International Trade Development) and the Department for International Development. The principal dialogue on trade facilitation is being carried forward through the medium of the EU FTA negotiations and in the wider arena the Doha Development Round (see para 28.1.-31.1.).

26.2 There is currently significant activity being undertaken in India on Educational interaction; including the UK-India Education and Research Initiative (UKIERI), which has recently received an up-lift in funding (see para: 23.2) and aims to create a step change in educational changes between the UK and India; the work towards the above mentioned bilateral Education Partnership Agreement (para 23.1) and the recently announced agreement that the UK will play a key role in the expansion of the Indian Higher Education sector (see para 3.1). While we do not therefore currently judge that a specific JETCO Working Group on Education would add significant value, we will ensure that there is read across, where relevant, from the various initiatives on education outlined above to our wider JETCO activity.

**27. We support initiatives to bring the chairs of the various JETCO working groups together, and if this works well we propose that this arrangement be formalised. We also strongly support the establishment of JETCO pages on the UKIBC website, and look forward to additional information on the various working groups' progress and activities being added in future. However, this web presence can only help improve consistency across the various working groups if the information it provides is accessed and used by all involved. (Paragraph 53)**

27.1. We welcome the Committee's support for bringing the Working Group Chairs together and recognise the value of such events. The possibility of bringing the group chairs together on a regular and formal basis and the format under which it might be done will be considered as part of the wider JETCO review.

27.2. A JETCO web-page has now been established on the UKIBC's website.

### **New EU trade talks and the world trade system**

**28. We give a guarded welcome to the EU-India trade talks that have begun since the previous Report. There are clearly benefits to both sides from a successful deal, but we would be concerned if these talks diverted the attention of two of the biggest players at the WTO at a crucial time for the struggling Doha Round. We call on the Government to assess on a continuing basis the impact of the bilateral negotiations on the critically important WTO talks, and to perform a more detailed analysis of the potential benefits to the UK and India from an EU-India RTA deal. (Paragraph 62)**

28.1. We understand the concerns of the Committee. However the UK remains fully committed to achieving an ambitious, pro-development outcome of the Doha Development Agenda, which take primacy over bilateral negotiations, and we continue to work with the European Commission, EU Member States and other WTO Members

towards this outcome. As part of the Regional Trade Agreement (RTA) negotiations, the European Commission will be commissioning a Sustainability Impact Assessment which will provide a detailed analysis of the potential benefits to both the EU and India from the EU-India RTA.

**29. Our welcome is guarded because we see a potential danger that the EU's new bilateral trade talks in Asia could provoke other trade partners into similar talks. This would accelerate the growth of bilateral deals and could cut across, confuse and ultimately undermine the multilateral trade system, not least by reducing the time negotiators have available to spend on the multilateral negotiations. (Paragraph 63)**

29.1. The UK is working to ensure that any new regional or bilateral trade agreements are deep and comprehensive agreements, complimentary to the multilateral process, with a continuing commitment to multilateral solutions. The UK will work through all relevant mechanisms to ensure that any formal RTA discussions do not undermine the Doha Round.

#### **Possible content of an EU-India RTA**

**30. It is still hoped that the Doha Round and EU-India trade negotiations are progressing simultaneously towards an end-2008 finish. We recommend that any EU-India RTA deal reached before the completion of the Doha Round should be reappraised in the light of any multilateral liberalisation through a Doha deal. The Government should therefore press the European Commission to commit to a review of any RTA that is agreed before the Doha Round is finalised, and once that agreement has been fully fleshed out. (Paragraph 66)**

30.1. We note the Committee recommendations, and will consider these further, once a conclusion to the Doha Round has been reached.

#### **Transparency and information-sharing**

**31. We welcome the Government's commitment to keep business informed about progress in the EU-India talks. We expect the Government to keep the Committee similarly well informed of developments in the EU-India talks, and the other bilateral negotiations underway. In the interests of transparency, we urge the Government to make public as much information as possible, subject to the restrictions imposed by the sensitive nature of trade negotiations. The Government should consider issuing position papers similar to that on the EU's Economic Partnership Agreement negotiations in March 2005 on the EU-India RTA, the other bilateral talks, and the EU's broader RTA strategy. (Paragraph 67)**

31.1. We note the Committee recommendations. We are fully committed to supporting transparency in the negotiations, and will keep the Committee informed of developments in all the bilateral negotiations. We will also consider the issuing of position papers on the range of bilateral negotiations, as recommended by the Committee.

#### **Conclusion**

**32. The UK has woken up to India, but progress must not now be slowed in response to global concerns or expressions of doubt about India's future. Engagement will benefit**

**both partners. Whether or not India grows as fast as other emerging markets, it is a country of over a billion people, and the opportunities are huge. As Government and business engagement continues to grow, the United Kingdom is uniquely well placed to take advantage of those opportunities. (Paragraph 71)**

32.1 The Government fully agrees.

**14 July 2008**