



House of Commons  
Foreign Affairs Committee

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**Building Bridges:  
Reawakening UK-  
India ties: Government  
Response to the  
Committee's  
Eighteenth Report of  
Session 2017–19**

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**Twenty-Second Special Report of  
Session 2017–19**

*Ordered by the House of Commons  
to be printed 3 September 2019*

## The Foreign Affairs Committee

The Foreign Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Foreign and Commonwealth Office and its associated public bodies.

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[Ian Austin MP](#) (*Independent, Dudley North*)

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### Committee staff

The current staff of the Committee are Samir Amar Setti (Clerk), Hannah Bryce (Clerk), Estelle Currie (Media Officer), Clare Genis (Senior Committee Assistant), Ashlee Godwin (Senior Committee Specialist), Ed Hamill (Committee Assistant) Adrian Hitchins (Senior Committee Specialist), James Hockaday (Committee Specialist), James Jennion (Committee Specialist), Emma Makey (Committee Specialist), Chris Shaw (Clerk), Hannah Stone (Committee Specialist) and Nicholas Wade (Committee Specialist).

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# Twenty-Second Special Report

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On 24 June 2019, the Foreign Affairs Committee published its Eighteenth Report of Session 2017–19, [Building Bridges: Reawakening UK-India ties](#) (HC 1465). The Government response was received on 27 August 2019. The response is appended below.

## Appendix

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We welcome this report by the Foreign Affairs Committee (FAC). India and our relationship with it is important to the UK's future foreign and trade policy goals. Like the FAC, we see a huge opportunity to work in collaboration, in an equal partnership, with India to mutual benefit. That is why our network in India is our largest in the world, with nearly 1,000 staff across ten offices, covering all parts of the country: a world-beating investment in our relationship with a world leading country.

There is always room for improvement in any relationship and we welcome the FAC's interest and recommendations. Our response to the specific recommendations are below, following the numbering in the report's 'Conclusions and recommendations' section.

### A Special Relationship

**1. The Government is failing to make the most of this country's extensive ties with India: the bilateral relationship is strong, but falls short of its huge potential. The Government cannot afford to be complacent or rely on historical connections to deliver a modern partnership. The UK needs to adjust its strategy to India's enhanced influence and power: we should do more to respond to India's priorities, and should communicate our own objectives more clearly. As the UK leaves the EU, our foreign policy priorities will change. *One change should be enhancing our relationship with India: as a practical and symbolic start to resetting that relationship, we encourage the Foreign Secretary to visit India as soon as possible, and certainly before the end of 2019.***

The UK-India relationship is strong and forward looking. Our work reflects joint Indian and UK priorities, building on the ties that connect us, not relying on historical links. We have forged strong connections in India and while we acknowledge there is more we can do, we have a strong partnership and platform from which to build. Brexit provides a perfect opportunity to enhance our relationship with India—increased trade will be just one of these potential benefits.

Six key themes underpin our relationship:

- i) Trade, Investment and Finance;
- ii) Technology;
- iii) Security & Defence;
- iv) Migration & Home Affairs;
- v) the Living Bridge; and

## vi) Force for Good.

Our relationship has breadth and depth. We hosted Prime Minister Narendra Modi in April 2018 and have regular Cabinet level visits. Since 2015 there have been 47 outward visits to India, 44 of these Cabinet level, and 37 inward Indian visits to the UK, 29 at Cabinet level.

The current Indian External Affairs Minister, Dr Jaishankar, visited the UK in only his second month in office and met the then Foreign Secretary. A Foreign Secretary visit will be valuable and rewarding in further strengthening the relationship.

## Trade, investment and movement of people

### *Trade relationship*

**2. As India has boomed over the last two decades, the UK has fallen behind other countries in its share of India's fast-growing trade with the world. This is an expensive missed opportunity. The Government has said that Brexit will allow for a closer relationship with India, and that the country is central to its aspirations for a more outward-facing Global Britain. However, a full UK-India trade deal is unlikely to be signed in the near term and Indian policy and business communities do not have a clear sense of the UK's plan to be more open to the world. *The challenges of concluding a full trade deal should not mean that the Government places economic ties with India on the back burner. The Government should prioritise trade talks with India and do more to lay the groundwork for an eventual deal. The FCO should lead a bold, well-resourced cross-government initiative to communicate clearly the approach and goals of Global Britain to Indian decision-makers, including the appointment of a champion for UK-India ties.***

Our investment partnership is the foundation of our UK-India trade and investment relationship. The UK and India have been top five investors in each other's economies since 2010, and India invests more in the UK than the rest of the EU combined. As we leave the EU, our goal is to take the investment partnership to the next level; and build an equally important trading partnership. We are already making progress—total bilateral trade was up 14% to £20.5bn in 2018.

We agree on the importance of prioritising trade talks with India and of making progress on laying the groundwork for a potential deal; this work is well underway. The Ministerial UK-India Joint Economic and Trade Committee (JETCO) has met thirteen times since the first meeting in 2005, supported by a Joint Working Group on Trade that meets regularly at official level. The JETCO-mandated UK-India Joint Trade Review was the first carried out by the UK with any country. This work has led to market access successes and is delivering real results, such as agreement for British lamb exports to India, along with access for oats, pigs, and continuity in poultry trade. These agreements deliver instant value for British business well ahead of any full trade deal.

At the most recent JETCO in July 2019, Ministers endorsed an increased ambition for the UK-India trade relationships, including exploring the building blocks that would allow for more ambitious trade arrangements in the future. Ministers agreed to expand the remit of the Joint Working Group to cover trade in services—this collaboration on goods

and services would form the core of any future trade agreement with India. We are also working with India to develop markets, including through DFID and Prosperity Fund programmes and investment.

The UK also has a wide-ranging economic and financial partnership with India. Our cooperation is under the umbrella of the Economic and Financial Dialogue between the two Finance Ministers, the tenth meeting of which is due to take place later this year. Our cooperation spans areas such as financial services, tax policy and infrastructure financing—creating further opportunities for UK-India trade and investment.

## India's business environment

**3. Recent improvements in India's business environment are impressive, and we hope that they will drive stronger bilateral economic ties. However, there is much still to be done, and UK businesses face a challenging operating environment in India. *The Government must improve access to targeted support for UK businesses in India, particularly start-ups and smaller businesses. In its response to this report, the Government should set out what it will do to respond to the criticism that UK businesses were not aware of the support offered by the Government and that accessing such support was a struggle for some. The Government should appoint a high-level and long-term dedicated trade envoy to India, with experience of the country's business environment.***

We recognise that UK companies continue to face challenges and uncertainty when doing business in India. We provide—and are increasing—targeted support to UK firms in India and UK firms wanting to do business in and with India. Our Fast-Track Investment Mechanism, established over the last two years to support companies facing business challenges in India, has started to pay dividends for example resolving successfully 50% of referred cases. HMG support includes UK Export Finance (UKEF) and 120 in-country commercial officers who are able to provide market intelligence, sector expertise and on the ground support. However, the Government of India and HMG need to continue taking action to resolve the issues faced by companies to ensure step change in UK-India trade and investment.

The UK-India Tech Partnership, announced in April 2018 by the Prime Minister, Theresa May, and Prime Minister Modi, aims to strengthen the 'tech corridor' between India and the UK driving inclusive and sustainable economic growth. Included in this are the UK-India Tech Hub, with teams anticipated in Bengaluru, Hyderabad, Mumbai and Delhi, and the Tech Clusters, with pilots based in Pune and Bengaluru.

India has made significant progress on the World Bank's Ease of Doing Business rankings in recent years, jumping 65 places from 142 in 2014 to 77 in 2018, and are now aiming to enter the top 50. The UK is proud to have partnered with India on this since 2015, sharing knowledge and expertise using the Prosperity Fund to support this.

One of the most significant recent reforms in India is the new Insolvency and Bankruptcy Code (IBC), introduced in 2016. The business-led India-UK Financial Partnership contributed to the design of the IBC, and we have an ongoing programme of collaboration with the new institutions responsible for delivering the code. Our Prosperity Fund

programme on financial services is also working with the Indian Government, regulators and business to improve access to financial markets, raise finance for infrastructure and further develop India's FinTech ecosystem.

The FinTech Rocketship Awards were launched in December, as part of our Rocketship awards to support entrepreneurs. At least 20 FinTech entrepreneurs from each country will be given the opportunity to experience both ecosystems and pitch for investment. The Rocketship awards will increase partnerships, including collaborating to provide increase opportunity for women and disadvantaged groups. In May a delegation of FinTech companies visited the UK to discuss increasing FinTech collaboration between our countries—the UK is a global hub for FinTech and the Awards will help catalyse Indian work in this area.

For start-ups, we have launched the UK-India Fast-Track StartUp Fund, supported by DFID and the Small Industries Development Bank of India (SIDBI). We promote this in the UK through the current India Roadshow, but are aware that Whitehall departments will need to play a bigger role in providing support.

HMG is backing the Samridhi Fund to invest in Indian SMEs, aligning with Prime Minister Modi's own priorities to develop the SME sector in India. One company which has received an investment, Global Healthcare, will pilot their technology with one the UK's largest GP Practices 'Modality' in 2019. It may nonetheless be the case that some UK businesses are choosing not to use this support due to perceptions about the Ease of Doing Business challenges in India.

Our first ever HM Trade Commissioner for South Asia, Crispin Simon, was appointed in 2017. He leads HMG's trade and prosperity work in India, with full responsibility for DIT's work in South Asia, working to coordinate across the diplomatic and government network. He is based in Mumbai, reflecting its national and international importance as a commercial and financial hub.

## Movement of people

4. **There is a tension between the FCO's promotion of a "Global Britain", and some wider Government efforts to reduce net migration. While the Global Britain strategy is barely being communicated in India, the "hostile environment" message is being heard loud and clear. It is short-sighted for the Government not to do more to open doors for Indian entrepreneurs, tech workers, tourists and students, who offer clear benefits to the UK and often plan only a short-term stay. Facilitating the movement of these groups is inseparable from the goal of increasing trade with India. We are concerned that Government policy has been driven by the single-minded objective of reducing net migration, championed by the Home Office, and that the FCO has not been able to play enough of a role in formulating Government policy towards India. The Home Secretary has resolutely stuck to the stated Government policy of reducing net migration "to the tens of thousands". This is completely incompatible with a post-Brexit immigration policy that will allow unlimited numbers of students, workers within certain sectors, seasonal workers, and key workers. This incompatibility must be addressed as a matter of urgency. The Government cannot achieve both goals, and—given that most post-Brexit trade deals will require a relaxation of current immigration policy—the Government must be honest about which it will prioritise, especially in**

relation to India. This has led to a lack of coherence, with policies on movement of people undercutting the UK's broader strategic objectives for the relationship. Certain decisions risk needlessly offending our partners: something has gone wrong if it is more difficult for citizens of a strategically important democracy that shares our values, language, and history to visit or study in the UK than those of an autocracy. The Government told us that it was not “picking winners” in Asia, but its policies on movement of people sometimes suggest otherwise.

5. Foreign policy goals must be balanced against the need for migration controls, but there is no excuse for the policies that have led the UK to lose ground in attracting Indian students and tourists. These groups are vitally important, not just as consumers of a profitable UK export, but as a means of cementing lasting ties between the countries, and generating invaluable goodwill with India's future leaders. Failure to reverse this trend would squander cultural capital built up over many decades of familiarity, and the international reputation of the UK's universities and cultural sites. The Government's recent steps to offer a six-month post-study work visa, and to set a target for increasing international student numbers, are welcome but do not go far enough.

6. *The FCO should ensure that the goal of improving the overall relationship with India is woven into the broader Government migration policy. It should push for reforms to make it easier for India's skilled workers, students, and tourists to enter the UK. This should include offering Indian nationals a bespoke multiple-entry visa on at least equivalent terms to those available to Chinese nationals, and steps to facilitate the movement of skilled Indian professionals for short-term projects. In its response to this report, the FCO should set out its assessment of how far proposals in the Immigration White Paper would meet this goal, and the actions it is taking to feed the outcomes of the recent UK-India Migration Dialogue into the policymaking process. The Government should urgently review its policies towards Indian students, particularly the decision to exclude them from the “low risk” list. It should commit to increasing the post-study visa available to international students to cover at least two years, and should review the possibility of involving universities in visa application processes. Having the UK's leading universities able to issue a limited number of visas directly to the best Indian students would increase competition at home and decrease bureaucratic hurdles for those looking to develop their skills in the UK.*

The Living Bridge of people-to-people connections between the UK and India underpins the relationship. Key to that is the movement of people, ideas, culture and business. The importance of migration to the UK-India relationship is why India was the first non-EU country to be consulted formally on the Home Office's Future Immigration White Paper.

The UK already issues more skilled worker visas to Indian nationals than to the rest of the world combined. Figures show a positive story for skilled workers, student and tourist visas. In the year ending March 2019, more than 56,000 Tier 2 Work visas were issued to Indian citizens; over 21,000 student visas issued to Indian citizens—a 40% increase on the previous year; and, almost 500,000 visit visas were issued to Indian citizens—a 12% increase year on year. HMG's India Network has been running a campaign to promote positive visa messaging for some time, as well as encouraging cooperation with the Indian Government to combat immigration crime.

We are committed to sustaining this positive migration trend. As already announced, under the new skills-based immigration system (operating from January 2021) the UK will continue to be open to the brightest and best from India. The new immigration system's focus on skills and talent, not nationality, will strengthen our global offer. Under the future skills-based immigration system, the new skilled workers route will not be capped, and UK employers and businesses will not be required to conduct a resident labour market test before recruiting the highest skilled migrants. The skills threshold will also be expanded to ensure many more people can benefit from this route. The Prime Minister, Boris Johnson, has made clear that we are not in a numbers game in which we seek to artificially restrict migration irrespective of the economic benefits.

Our competitive migration offer is also evidenced through our student migration policy, which we review regularly based on objective data. We have seen a steady increase in student numbers from India, with a significant increase of 40% in the most recent figures. There is no cap on legitimate applications from Indian students, and the sustained application increase and grant rate indicates our policy is not stopping genuine students from travelling to the UK and attending our world leading universities and education institutes. India remains eligible for inclusion in Appendix H, and this decision is informed by factors such as volume of students and compliance risk.

We already have an excellent post-study offer, but we will take this further under the new skills-based immigration system by increasing the post-study leave period for graduates, as well as making it easier for individuals to switch into skilled work in the UK.

Students will form the next generation of the Living Bridge and the UK offers various scholarship schemes to help Indians study in the UK. In 2018/19, Indian students received 480 scholarships, worth over £4.5m. Chevening Scholarships and fellowships, our flagship schemes, are especially well subscribed. We offered up to 120 awards in 2018/19, across the schemes for Science and Innovation, Journalism, Financial Services, Parliamentarians, Cyber Security, and the Gurukul Programme for Leadership and Excellence. There are also scholarships for studying Master's degrees across the UK, with students attending 122 UK universities. Chevening India is the largest programme in the world, with 3,000 alumni, many of whom are experts in their field and remain close contacts of our Network in India. Alumni include influential senior journalists, more than 30 cyber security experts, senior financial leaders, numerous CEOs, and over 60 Parliamentarians from across parties and regions—many of whom are Ministers.

We are not complacent in waiting for the new skills-based immigration system before we take steps to strengthen our offer. We have recently launched our new 'Start-up' and 'Innovator' visa routes, as well as a reformed Investor route. Once fully established, the new application routes, announced during London Tech Week in June 2018 and opened on 29 March 2019, once fully established will widen the pool of talented entrepreneurs and make the visa process faster and smoother for entrepreneurs coming to the UK. We have also announced the Global Talent Visa, a new fast-track immigration offer for selected individuals with skills in science, technology, engineering and mathematics (STEM) subjects.

These new routes will build on the endorsement model which has proved successful in our Graduate Entrepreneur and Exceptional Talent routes. Business experts, rather than the Home Office, will assess applicants' business ideas for their innovation, viability

and scalability, to identify those that will bring the greatest benefits to the UK. These organisations will include business accelerators, seed competitions and government agencies, as well as higher education providers. Multi-entry visas are already available globally for six months, two, five and ten year validity. The only difference is the fee level.

The China pilot referred to by the FAC is a temporary scheme done with the reciprocation of China. It enables Chinese citizens applying for a UK visa in mainland China and UK Citizens applying for a Chinese visa in the UK to receive a two year multi-entry visa for the same price as a six month visa. The pilot was introduced to promote tourism; China was the UK's largest and fastest growing tourism market at the time. The Home Office is currently looking at whether, and how, the pilot can be incorporated into the UK's future visa offer and links to the development of mobility partnerships.

## Security and Defence

### *The Indian Ocean*

**7. The UK and India's convergence of interests in the Indian Ocean region offers an important opportunity to increase engagement on defence and security. Though there are tensions over the British Indian Ocean Territory, the two countries share vital interests in the stability of the Ocean and broader Indo-Pacific. As set out in our report on China and the Rules-Based International System, we support the Government's efforts to increase the UK's presence in the Indo-Pacific, in line with its capacity and other commitments. The UK and India's shared interest in promoting rules-based order in the region makes India an important partner in this initiative. The UK cannot have a successful Indo-Pacific strategy without a flourishing strategic relationship with India. Such a relationship has not yet been built. *The Government should make greater efforts to engage with Indian ministers, officials and non-governmental opinion leaders on defence, around UK interests in the Indian Ocean. These efforts may be boosted by greater engagement with third partners such as France and Japan, which have established joint initiatives with India in the region.***

We share the Committee's assessment that the UK and India have a common interest in promoting the rules-based order in the Indian Ocean (and Indo-Pacific) Region. We believe we have a strategic relationship with India—particularly through the Defence and International Security Partnership and this is growing stronger year on year. During the UK-India Strategic Dialogue this year, Sir Simon McDonald, FCO Our Permanent Under-Secretary, agreed with his counterpart Vijay Gokhale to increase collaboration on the Indo-Pacific region.

The UK is a positive and engaged partner in the Indian Ocean. We have long-established relationships with the peoples, countries and institutions in the region, given our political and diplomatic relationships, economic and security interests, as well as the important role of Commonwealth countries. We recognise that the Indian Ocean is a vital waterway for global trade; and a safe, clean, sustainable, secure and prosperous waterway is in everybody's interests. The UK is also a key component of the regional security architecture.

Over the last 20 years, a number of environmental and security challenges have emerged in the Indian Ocean space. Security concerns range from piracy, terrorism, organised

crime and regional instability. Climate change and environmental sustainability is also of critical concern to countries in the Indian Ocean region. Likewise the right to free navigation.

We recognise that further political and economic integration is needed to ensure the region reaches its full potential. Together with India, as responsible global actors, we can together we can enhance the opportunities for sustainable development for all. No one country can or should take on the challenges alone, which is why we must co-operate and build sustainable regional architectures to ensure that the free flow of commerce can continue unimpeded. Current challenges can be overcome by increased and better coordination amongst partners, common values and adherence to the international rules based system.

The UK remains committed to upholding the rules based international system through the fundamental principle of freedom of navigation in the Indian Ocean. We want to keep the oceans free and open by building our contributions and partnerships with likeminded nations. The UK has long demonstrated leadership in enhancing maritime security, working bilaterally and multilaterally with partners. The UK works as part of the Combined Maritime Forces and the Royal Navy has a permanent presence in the Indian Ocean region through the UK Maritime Component Command in Bahrain.

The UK patrols the Indian Ocean and conducts capacity building, training and joint exercises with others, including with India (Exercise KONKAN). It established the UK Maritime Trade Operation (UKMTO)—which for nearly 20 years has served as the leading global model for 'see and avoid' information, providing advice to shipping and acting as a primary contact in case of piracy. This service is frequently used by Indian flagged ships. The UK has also supported other regional Maritime Domain Awareness initiatives in places such as the Seychelles and Madagascar which are key to tackling piracy.

There is a steady drumbeat of high level engagement on defence with India. The Permanent Secretary at the Ministry of Defence has met with his Indian counterpart four times in the past two years, with the next meeting scheduled for September 2019. In 2019, Admiral Lanba, then India's Chairman of the Chiefs of Staff Committee and the Chief of the Naval Staff, was hosted in the UK by the UK Chief of Defence Staff and the First Sea Lord. We have regular ministerial attendance at Aero India and DefExpo, the two largest of India's defence exhibitions. These regular visits and meetings are a key part of UK-India engagement, which goes to the highest possible level.

The UK works closely with India on a range of maritime areas including, sharing information under the Shipping Information Exchange Agreement and cooperation with the Indian Navy Hydrographic Office (INHO).

Beyond defence, the UK has real expertise in India priority areas in the Indo-Pacific Region, such as climate change, development of the Blue Economy and sustainability. We are deepening our relationship with India in these areas and exploring joint project work we can be doing across the Indian Ocean space, also working with Japan, Australia, and others that share our values and objectives.

**8. The UK's efforts to build ties with China, and engage with Belt and Road, should not be pursued at the expense of its relationship with India. India has been clear about its commitment to the rules-based order, while China's position is mixed, particularly around the promotion of free societies. While the relationship with Beijing is**

**undoubtedly important, the depth of shared values between the UK and India make New Delhi a vital strategic partner for the future. As we noted in our report on China and the Rules-Based International System, economic considerations around Belt and Road's benefits for the UK should not crowd out questions of our wider strategic interests, values and national security. There is a risk that Chinese investment under Belt and Road could undermine international standards and stability in some recipient countries. India can be a partner in the UK's efforts to uphold these standards. This does not present a binary choice, as the UK can take part in infrastructure projects led by both China and India. *The FCO should take the lead in ensuring that stronger economic ties with China do not harm the political relationship with India. While continuing to engage with Belt and Road projects on a case-by-case basis, the UK should consider supporting connectivity projects in the region backed by India and others, upholding standards of transparency, sustainability and good governance.***

The UK has many partners in Asia including India and China who are in different ways important for our prosperity, security and values. As part of our Global Britain efforts, the UK is expanding our partnerships across Asia through trade, security and development, and working with others to protect the environment.

India is a key partner in the region, and defence ties, bilateral trade and investment and people-people links have expanded greatly in the last few years and are on a continuing upward trajectory.

Our relationship with China is broad and deep, bringing enduring benefit to both countries. We have a constructive and positive dialogue on major global issues. We are also clear and direct where we disagree. Above all our policy on China remains clear-eyed and evidence based. It is firmly rooted in our values and our interests.

Regarding connectivity, the UK is not selecting one initiative over others. The need for global infrastructure investment has been estimated at \$94 trillion by 2040. The UK is willing to partner on any quality global infrastructure initiative that delivers on genuine needs, helps achieve sustainable and inclusive outcomes and develops in line with recognised standards in transparency, environmental impact including carbon emissions, social standards and debt sustainability. This includes through our membership of the Asian Infrastructure Investment Bank. India is also a member of the AIIB and has been one of the largest beneficiaries of AIIB infrastructure financing.

We collaborate with India on connectivity and broader development issues, including trade and investment, research and innovation, public policy and global public goods. Working with a leading Indian think tank, the Observer Research Foundation (ORF), we launched the Kigali Global Dialogue on 3–5 July which highlighted and built new partnerships between the UK's and India's work in Africa. With UK support as part of DFID India's Global Partnership Programme, it was modelled on ORF's annual Raisina Dialogue in India. There were over 300 delegates including the UK Commonwealth Envoy, Philip Parham, five Rwandan Ministers and the Indian MEA Joint Secretary for East Africa, Neena Malhotra. The Dialogue will be an annual UK-India-Africa forum bringing together best practice from across the world to create development solutions in Africa. It also aims to demonstrate and strengthen the UK-India partnership in supporting south-south and Commonwealth cooperation. Rwanda, as the upcoming Commonwealth Chair-in-Office, was chosen as host to set the scene ahead of the 2020 Commonwealth

Heads of Government Meeting (CHOGM). The Dialogue was effective in highlighting UK support for south-south cooperation on development, thanks to strong collaboration between Commonwealth Unit, BHC Kigali and DFID India.

The DFID-funded Asia Regional Trade and Connectivity Programme (ARTCP) is another example of this support, looking to improve cross-border transport, energy, and information and communications technology infrastructure. The ARTCP supported India's 2018 new electricity guidelines that opened the governance of electricity. It also, for the first time, allowed tripartite trading arrangements where power generated in a country is routed over the territory of a neighbour to be consumed in a third.

## Defence and Security

**9. India's defence modernisation programme presents an opportunity for the UK to build a closer strategic relationship, and to boost trade and investment. So far, this opportunity has been largely missed and others are doing more to work with India. As a result, the UK has fallen behind countries such as the US and France in its share of India's large and growing defence imports. France's development of mutual trust with India on defence and security issues over many years, and the US's efforts to sign military cooperation agreements, may present lessons for UK diplomacy. *The FCO should ensure that the overarching objective of building a closer relationship with India is front-and-centre in Government efforts to enhance bilateral defence ties. As with other areas of UK-India relations, this will require an effort to address India's priorities, such as developing Indian domestic defence production, rather than simply presenting UK objectives. In defence industry cooperation with India, the Government should aim to build a partnership, rather than merely pursuing a transactional, buyer-seller relationship. This is likely to include efforts to increase joint manufacturing and technology transfers, within the restrictions set by the UK's international obligations, and closer cooperation on cyber security. In its response to this report, the FCO should set out the steps the Government is taking to achieve this.***

The UK has long recognised India's importance as a defence partner and, in partnership with UK industry, as a vital market for defence exports and industrial cooperation.

We continue to develop avenues for industrial cooperation on defence matters, most recently signing a UK-India Defence Equipment Cooperation Memorandum of Understanding (MOU) in April 2019. The MOU creates a framework for Government-to-Government (G2G) engagement, including on greater joint manufacturing and transfer of technology.

The Ministry of Defence and the Department for International Trade are developing further options for G2G arrangements around India's capability priorities including army modernisation, fast jet technology, cyber and naval expansion to strengthen further the bilateral defence relationship across industry and government. There are ongoing discussions on the development of India's third Indigenous Aircraft Carrier project based on the Queen Elizabeth class design. An industry dialogue was established this year to provide UK companies with access to the Indian Army's modernisation programme.

Our cyber engagement with India continues to build momentum following agreement of a Framework for the UK-India Cyber relationship in 2018. Ongoing commitments include an annual Cyber Dialogue and associated Joint Working Groups—only the US also have

this format with India. The Cyber Chevening Fellowship scheme is one of our most successful programmes. We run programmes to build capacity and have extended our engagement from the more traditional focus on cyber-crime, governance, prosperity and security into tech, 5G and data legislation issues. Our more comprehensive approach has helped deepen collaboration. The Department for International Trade is also finalising plans for recruitment of a Cyber Security Representative to be based at the British High Commission in New Delhi. This post will bolster DIT's efforts to deliver a targeted India cyber security trade plan to promote UK cyber security exports to India.

Continued progress in this arena will be achieved through a cross-HMG effort taking into account British and Indian priorities across the board, long-term strategic engagement from UK industry, and increased willingness from the Indian Government to develop the relationship and work together to address challenges in the business environment which can hinder industrial collaboration.

## Pakistan

**10. The recent flare-up in tensions between India and Pakistan is deeply regrettable and dangerous. Given limited official lines of communication between the two countries, it is vital that there are countries that are on friendly terms with both, and can work to reduce tensions. The UK's ability to maintain good relations with both New Delhi and Islamabad, and be perceived as a credible interlocutor, is particularly important following these clashes.**

India and Pakistan are both longstanding and important friends of the UK, with whom we have strong bilateral relations and significant links, including through Indian and Pakistani diaspora communities who live in the UK. During the February-March period of heightened tensions (which the FAC comment refers to), the UK was in close contact at senior levels in both countries. The Prime Minister and Foreign Secretary, among others spoke to interlocutors in Islamabad and New Delhi, urging both governments to de-escalate the situation. We also worked closely with the international community in support of de-escalation and to encourage Pakistan to take urgent and sustained action against terrorist groups. This included UK leading P3 work on the UN listing of Masood Azhar, leader and founder of the terrorist organisation Jaish-e-Mohammed.

We are monitoring the current situation in India-administered Kashmir closely, given the regional and international implications. We have discussed the situation at a range of levels with the Governments of India and Pakistan. The Prime Minister spoke with Prime Minister Narendra Modi of India on 20 August and Prime Minister Imran Khan of Pakistan on 7 August. He underlined to both the importance of resolving issues through dialogue. The Foreign Secretary also spoke with his Indian counterpart Dr Jaishankar on 7 August and called for calm.

The UK remains in close contact with the Governments of India and Pakistan and we encourage them to engage in dialogue and find lasting, diplomatic solutions to maintain regional stability. Whilst ultimately it is for India and Pakistan to resolve their differences, the UK and wider international community can play an important role in supporting both countries to take the necessary steps towards improving the bilateral relationship and building resilience.

## Global Governance

### *Economic Institutions*

11. **India is an important ally for the UK in defending the rules-based international order. At a time when the existing system is facing increasing challenges, India—as a fellow democracy that is explicitly committed to upholding the rules-based order—offers an important source of support. If China wants to change the rules of the game, India is seeking a seat at the table. The UK and India have differences over certain global governance issues, including around human rights. These divergences make it still more important for the UK to work closely with India in multilateral forums, to influence the path that it takes as it emerges as a leading power.**

12. **India is rightly anxious for its rise to be reflected through reform to international institutions. It is in the UK's interest to support these reforms. Helping India to gain a permanent seat on the UN Security Council would bolster the democratic voices on the body, and contribute to building a stronger relationship between the UK and India. However, this is unlikely to be successful in the near term. Without progress, the UK's commitment to Security Council reform risks ringing hollow to Indian policymakers. *In its response to this report, the Government should set out its assessment of the likelihood and timescale of a permanent Security Council seat for India, and the steps it is taking to achieve this. In the meantime, the UK should seek alternative ways to support India's efforts to gain status and recognition at the UN. The FCO should work with Indian government officials to identify and implement concrete actions to make the Council more transparent and accessible to India. In its response to this report, the Government should also set out what it is doing to ensure that India's rise is better reflected in global economic governance bodies.***

The UK and India share a commitment to upholding and strengthening the rules based order. Over the last 18 months, we have frequently engaged at the most senior levels on issues such as Russian and Chinese cyber-attacks, Russian and Syrian use of chemical weapons and a variety of other topics of global interest. We have a good relationship on strategic and security issues and hope to grow this further on issues such as cyber, counter-terrorism, security of the Indian Ocean Region, and emerging areas such as space governance. We will also not shy away from speaking to our partners whoever they may be about issues on which we might diverge.

The discussion in the UN of UN Security Council reform (the IGN—Inter-Governmental Negotiations) continues. There is not yet an agreed model among the membership on the size and composition of a reformed UNSC. The first step will be for the membership to narrow down the options for a reformed Council before seeking agreement in the UN General Assembly to amend the UN Charter along the lines proposed. Amendment of the UN Charter will require agreement of two-thirds of the UN membership, including agreement of the Permanent 5 Members of the Security Council. The process will therefore take some time to reach a conclusion.

The UK has made clear its support for a reformed UN Security Council. The UK favours new permanent seats for India, Brazil, Germany and Japan (the G4), as well as permanent

African membership. We also support modest expansion of the non-elected category of membership. We have articulated this view consistently in the IGN on UNSC reform in New York, and will continue to do so.

India and the UK work closely at the UN. For example, we are both members of the Secretary-General's Circle of Leadership to tackle sexual exploitation and abuse. Our troops have worked effectively together in peacekeeping missions, for example in South Sudan when UK engineers built a temporary base in Kodok for Indian peacekeepers. In Malakal, Indian forces have provided field hospital support for the UK. We are both working to increase the number of uniformed women in our peacekeeping deployments in support of UN targets and have exchanged views on tackling issues related to Women, Peace and Security.

While the UK and India traditionally sit in different groupings within the General Assembly, we are keen to identify shared interests and possibilities for cooperation on the important issues of UN finance and the wide range of reforms across the UN system being led by Secretary-General Guterres. We believe we have shared interests in the successful implementation of these reforms, which are aimed at improving the UN's performance and support to beneficiaries. This is not to distract from the importance of UNSC reform.

We have been pushing for a quota increase at the International Monetary Fund (IMF) as part of the 15th General Review of Quotas, to ensure that the quota share of Emerging Markets, including India, more accurately represent their position in the global economy. India are a valued partner at the IMF, and we work closely on items at the IMF Board, most recently on topics such as the Low Income Countries Facilities Review, where we were co-signatories on a joint statement to the board.

The UK was a leading supporter of India joining the European Bank for Reconstruction and Development (EBRD) and is looking forward to the contribution India will make as the EBRD considers its strategic direction beyond 2021. The India and the UK are founding members of the Asian Infrastructure Investment Bank, a new part of the Rules-Based International System developing infrastructure across Asia.

We are also supportive of India's potential membership of International Energy Agency (IEA). In January the Indian Government made a formal request to begin exploratory talks on membership of the IEA, normally only open to OECD Member States.

The UK and India are both global leaders on tackling climate change and driving green growth. The UK applauds India's leadership in launching the International Solar Alliance, which aims to gather \$1 trillion to invest in solar energy and we have now formally joined the Alliance. We also strongly support India's proposed new Coalition for Disaster Resilient Infrastructure and are actively discussing with the Government of India how we can build the Coalition with a proposed joint launch in September. We will also work with India as they look to install 500GW of renewable energy capacity by 2030. As the first major economy to sign up to the target of zero net emissions by 2050, we look forward to further collaboration in this area.

Our new multilateral trade dialogue with India has made great progress. The next meeting is planned for autumn 2019, and will strengthen our bilateral engagement on multilateral

issues, including in relation to the World Trade Organisation Appellate Body and other issues of concern. At the recent JETCO India committed to working with us over the new schedule of concessions and commitments.

We collaborate with India across a huge range of multilateral institutions, and welcome their support for the Rules Based International System. India knows we are committed to reform of the UNSC, and we welcome future cooperation with India on global governance issues.

## The Commonwealth

**13. If the Commonwealth is to remain relevant India needs to be involved in setting its direction. Prime Minister Modi's attendance at the 2018 summit signals India's interest in engaging with the organisation. The UK should act fast to capitalise on this interest, opening a dialogue with India about its goals and what it wants from the Commonwealth. However, it is important to acknowledge that there may be challenges around diverging goals and ideas for the organisation's future between the UK and India, particularly on the topic of human rights. *The FCO should work to ensure that India is more engaged with the Commonwealth, and design measures to involve it more closely in the leadership of the organisation. This could involve decentralising Commonwealth bodies so that more of its operations are run from India. Supporting the candidacies of Indian nationals to senior positions within the Secretariat may also help to encourage Indian engagement. Proposals for India's future role in the Commonwealth should be framed in terms of Indian priorities, including its deepening interest in infrastructure initiatives in Asia, development initiatives in Africa, and the ability to engage with a wide range of states. It will be essential for the UK to make a serious commitment to its role in a rejuvenated Commonwealth if it expects India to do the same. In its response to this report, the FCO should set out the tangible steps it will take—with timelines—to enhance India's engagement with the Commonwealth. Specifically, it should give an update on the progress of reforms to the Secretariat, and its assessment of their implications for India's role.***

We agree with the committee that Indian engagement on the Commonwealth will be an important element of the organisation's enduring success. We welcomed significant Indian engagement in the Commonwealth during our Chair-in-Office period. Last year's Commonwealth Heads of Government Meeting (CHOGM) in London was the first an Indian Prime Minister had attended since 2010. In July 2019, Minister of External Affairs Jaishankar attended the Commonwealth Foreign Affairs Ministers Meeting (CFAMM) in London and held separate discussions with the Foreign Secretary, including on the Commonwealth.

As mentioned above, we also supported the first Kigali Global Dialogue to build new partnerships between the UK, India and Commonwealth countries in Africa—and with Rwanda as the next Chair in Office for the Commonwealth, to maintain the momentum ahead of CHOGM 2020. We have also established a Commonwealth Dialogue to explore how India wants to expand its role in the Commonwealth and how it can link existing activity to Commonwealth initiatives. We look forward to its first iteration.

The UK Commonwealth Envoy visited India in January 2019 and met senior officials to discuss India's Commonwealth interests, and how we might collaborate as partners

within the organisation. He encouraged the Government of India to continue to highlight important Commonwealth initiatives, including for example PM Modi's commitment to abolish single-use plastic by 2022 in support of the Commonwealth Blue Charter. The Envoy expects to visit India again this year to continue those conversations.

As the FCO set out in the Foreign Secretary's letter to the Committee of 15 May, the UK has made a clear commitment to the Commonwealth. We continue to support the recommendations of the Commonwealth Secretariat's Board of Governors on the governance of the Secretariat. If implemented, these will make strengthen the Secretariat as a modern, agile and responsive organisation that meets the demands of all of its member states. We hope that Foreign Ministers will be able to agree their recommendations soon.

## Delivering on UK-India ties

### *Shared history*

**14. The Government should do everything it can to ensure that the past does not act unduly as a constraint on the present-day relationship. We welcome recent efforts to acknowledge publicly and commemorate Indians' role in the First World War and hope that this will inspire further similar initiatives. There is little excuse for failing to issue an apology for atrocities such as the Jallianwala Bagh massacre. The lack of clarity around the decision is particularly unhelpful. *The Government missed an important symbolic opportunity by failing to issue a full apology on the 100th anniversary of the crime, and should rectify this without delay. The FCO should work with other departments—and with the Indian authorities—to find further ways to explore and commemorate UK-Indian history.***

We recognise that the UK and India have a long history, but know that our focus should be on the future relationship, and on the potential that the UK and India can achieve together.

We recognise how deeply people feel about the events of 1919 at Jallianwala Bagh. The UK Government rightly condemned the incident at the time and, 100 years on, we recognised how important it was to mark the centenary. This is why the Prime Minister made a statement at the beginning of Prime Minister's Questions on 10 April expressing our deep regret.

The British High Commissioner to India, Sir Dominic Asquith, also visited Jallianwala Bagh on the day of the centenary to lay a wreath on behalf of the British people. Representatives from the Ministry for Housing, Communities and Local Government attended a Parliamentary reception as well, organised by Faith Forum, on 15 April to commemorate the tragedy.

We are committed to ensuring that what took place on 13 April 1919 is never forgotten. It is right that we continue to pay respect to those who lost their lives, remember what happened and learn lessons from the past, while acknowledging that today, the UK and India enjoy a flourishing partnership.

When it comes to the First World War history we share, we recognise India's immensely significant role. Over 1.13 million Indian servicemen fought in theatres across Europe, the

Middle East and East Africa, one of the largest commitments to the war effort, and Indian soldiers won eleven Victoria Crosses. We commemorated India's contributions to the First World War in November 2018, with joint events hosted by the United Service Institution of India (USI) and the British High Commission.

We are deeply grateful for the contributions of Indian soldiers and civilians in both World Wars. This year marks the 75th anniversary of the battles of Kohima and Imphal, battles often cited as the scenes of some of the fiercest fighting during the Second World War. A British delegation including the High Commissioner to India Sir Dominic Asquith, a senior representative from the UK Armed Forces and British representatives from the Regiments that fought at the battles travelled to Kohima to attend the Nagaland State events on 4 and 5 April 2019. Wreaths were laid to remember all of those who lost their lives at Kohima: Indians, including the Naga people, Japanese, British and other Commonwealth troops. A senior delegation also visited Kohima in June for the anniversary.

## The diaspora

**15. The diaspora is a hugely important resource in developing the UK's relationship with India. Movement of people plays a crucial part in these ties—without easy movement between the UK and India, there can be no living bridge. Improvements to the UK's visa processes, as set out above, would help build and make best use of diaspora links. There is a limit to how far the UK Government can intervene in organic people-to-people ties, but symbolic gestures can be important in building trust and signalling the UK's commitment to building a closer relationship. *The FCO should do more to work with the diaspora, promoting talent from the community into bespoke roles aimed at engaging with the Indian business and policy communities. This could include reprising the role of Indian diaspora champion, and appointing an advisory council made up of members of the diaspora and others with relevant expertise. The FCO should set out the steps it will take in its response to this report.***

We agree that the Indian diaspora is a unique comparative advantage for the UK. Then Foreign and Commonwealth Office Minister Mark Field travelled to Manchester in October to see the work of the Manchester India Partnership; an important step in driving city engagement with India and contributing to an internationally competitive Northern Powerhouse. He also visited the Landing and Tech Mahindra, an example of how the UK and India can partner to inspire innovation and collaboration in the technology sector.

One example of how we are working to build people-to-people ties, and signal our commitment to a closer relationship is through research collaboration. Our joint investment in our research and innovation partnership will exceed £400m by 2021. Research collaboration (by co-authorship) between the UK and India has nearly tripled since 2007. The UK has advanced from being India's fourth largest international research collaborator to being its second globally and its first in Europe. UK-India co-authored academic articles are more impactful than those we produce alone, and those India produces with the US, Germany and Japan.

Moving forward, this year we are developing a South Asia diaspora strategy to identify key political groups, business people, and the next generation to ensure we are engaging the diaspora more effectively.

Using the Newton-Bhabha funding stream, UK Research and Innovation's Arts and Humanities Research Council is working with the Indian Council for Historical Research to jointly fund research into cultural heritage, migration and Indian diasporas. The 2018 UN World Migration Report revealed that the Indian diaspora is the world's largest and this initiative will enable us to jointly explore India's largescale migration and the consequent expansion of diasporic communities, to better understand the far-reaching socio-economic impacts and opportunities of India's diaspora. This will help us develop and deliver better policy towards South Asia by utilising the expertise of the diaspora, enhance UK soft power and influence in the region, as well as build domestic support for UK foreign policy in South Asia. As part of this, we will also consider the role of an India Diaspora Champion and an Advisory Council.

The Minister of State for South Asia has also proposed to hold diaspora events in conjunction with the Indian High Commissioner to the UK to demonstrate increased focus on these links and stress the need to leverage them for mutual advantage and gain.

## Diplomatic network

**16. India's vast size, diversity, and federal structure, with powerful state governments and regional divergences in the business environment, makes the spread of the UK's diplomatic network especially important. We welcome the UK Government's expansion of its presence in India over the last decade. However, it will not be sufficient in isolation. Miscommunications play a part in undermining the relationship, pointing to the need for a more strategic use of UK diplomatic resources in India. The Government has said that it plans to invest greater resources in the relationship after Brexit. In its response to this report, the FCO should set out its plans for these resources, in terms of priorities, personnel, location, and funding. As part of this, the FCO should consider ways to enhance UK presence in India's smaller cities.**

Our diplomatic network in India is the largest in the world, with 1000 staff across eight posts and two further offices. Along with this diplomatic reach, we work creatively to make sure we are represented across the country.

Our network in India hosts annual 'Young Thinkers' Conferences', fora for the youth population in India to engage with policy issues: these happen across the country supported by our Deputy High Commissions. This year Conferences will take place in smaller cities: the first in Shillong (Meghalaya), and future ones in Pune and Surat.

Chevening scholars come from throughout India, helping us to build connections with more cities. A large number are from states and cities where we do not have any offices, demonstrating our reach across India.

Our project work including on tackling issues such as human trafficking, media freedom, FORB, prevention of violence against women and girls, extends across India, not only where we have Deputy High Commissions. This year we are funding human trafficking projects, for example with salt panners in the Little Rann of Kutch (Gujarat), with tea workers in Upper Assam, and in the hills of Andhra Pradesh; we continue to work with partners like M&S across India and our work with police forces in Bhopal has been embraced there and taken up by other forces.

We have offices where no other countries are represented—our Deputy High Commission in Ahmedabad, Gujarat, is the only diplomatic mission in the state. We regularly review where our assets and interests in India are focused, and where we could be doing more.

## Conclusion

**17. The story of the UK's recent relationship with India is primarily one of missed opportunities. In all fundamental respects, the UK is well placed to capitalise on a mutually beneficial relationship with India—so it is a disappointing reflection on recent UK governments that we have been losing out in term of influence and trade. There are certain practical steps the government must take to reset its relationship with India, in particular making it easier for Indians to visit the UK and to work or study here. But it is also vital that the government sets the right tone and sends strong messages. The UK is ready to do business with India, and to work together bilaterally and in multilateral forums as a partnership of equals. In an increasingly unstable world threatened by autocratic states with contempt for the rules-based international system, it is more important than ever before that the UK and India support each other—and our mutual allies. These messages are not complex but they are essential. The Government now needs to communicate and make sure that their words are backed by actions.**

We strongly agree that the UK is well placed to capitalise on the relationship with India owing to our unique connections and capacity for partnership and collaboration. We have a competitive offer to India and Indians, and our relationship is one of equal partners on the world stage, who work together as a global force for good. We are an important partner for India, with a seat on the UN Security Council and a tier one military. Our universities are some of the best in the world, and our economy contains high-tech expertise which will help work to solve many global issues. There is room for growth but we are confident that we can fulfil the UK-India potential.

Our structures for engagement are productive and span all aspects of the relationship, including the JETCO, the Economic and Financial Dialogue (EFD), the Energy Dialogue, the Strategic Dialogue and the Migration and Home Affairs Dialogue.

The UK-India relationship is one of partnership and collaboration. We are both world leaders in research, defence, education, business, cutting-edge technology, and many other crucial areas. India and the UK are committed to being positive global partners and improving the global dynamics, be that through increased trade, improving regional security, or by tackling climate change. That is at the heart of our relationship and is why we are, in the words of Prime Minister Modi, 'an unbeatable combination'. The connections between our countries run deep, when it comes to people. The Living Bridge carries a great deal of traffic between the UK and India, and the links between our countries are only growing stronger. We are determined to make sure the UK-India relationship lives up to its full potential.