

India seeks duty relaxations for basmati rice in FTA with UK

UK levies a tariff per tonne of around £56 on brown rice, and £125 on white rice

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India may be seeking a reduction in import duties on some basmati rice varieties from the UK as part of the Free Trade Agreement (FTA) negotiations.

This is to ward off a growing challenge from its nearest competitor in basmati rice Pakistan and also create a wider demand for domestic products, trade and industry sources said.

The duty concession is being sought for basmati varieties that have been recognised by the UK in the last few years.

Already, in some traditional basmati varieties, there are some duty relaxations.

However, with new varieties being added to the list of basmati rice, India is believed to be seeking some more reduction in duties.

“Tariff reduction for basmati rice is one of India’s key demands in the India-UK trade deal negotiation,” a person aware of the matter told *Business Standard*.

The UK, according to industry players, levies a tariff per tonne of around £56 (about ₹5,880) on brown rice and £125 (about ₹13,126) on white rice, which also includes basmati. Brown rice is usually unpolished rice.

According to some traders, India used to export around 450,000 tonnes of basmati rice to the European Union (of which the UK was a part till very recently). This has come down to around 200,000-225,000 tonnes per



WHAT'S COOKING

Basmati rice exports to UK



annum due to stiff competition from neighbouring Pakistan.

Pakistan is a major competitor for India in the UK rice market. In 2017, sources said it exported rice worth around \$64 million to the UK, which rose to \$104 million in 2021.

It is not clear how comfortable the UK will be to offer tariff concessions as negotiations towards the trade deal are yet to be concluded.

The 10th round of negotiations took place earlier this month, with the next round scheduled around end-June.

A section of traders and trade policy experts said that India should not only negotiate for duty concession for basmati rice. It should also ensure that other domestic non-basmati rice vari-

eties get ready and easy access to the UK markets.

The problem of pesticide residue, which leads to hidden non-tariff barriers, should also be addressed, they felt. This is because rice is a commodity, which is prone to such distortions.

“The strategy of India-UK FTA on rice must focus on a broader category such as Aromatic and Specialty rice. The ponni or sona masuri rice or govind bhog markets are as significant as basmati rice. Currently, they (specialty non-basmati rice varieties) are close to 35 per cent of basmati rice export volumes to the UK. India should also negotiate tariff concessions and trade facilitation measures for Indian sweets, namkeen, papad and ready-to-eat. This could set a new

‘India, UK seeking equal treatment for services firms’

India and the UK are seeking equal treatment in each other’s market for their respective companies engaged in the services sector under the proposed free trade agreement, which is ongoing, a government official said on the condition of anonymity. The two countries are looking at promoting trade in services. In the services sector, the official said, the UK is interested in areas such as financial sectors, while India is looking at areas such as education and movement of skilled professionals. PTI

trend and see exponential growth in the ‘Bharatiya Restaurant’ market in the UK,” said leading trade policy analyst and author of the book ‘Basmati Rice - The Natural History Geographical Indications’, S Chandrasekaran.

According to the progress of the proposed trade deal, shared by the department of commerce last week, out of 26 policy areas or chapters, 14 have been substantially closed for negotiations. And, significant progress has been made in other chapters.

FTA negotiations with the UK began in January 2022. Both sides aim to conclude the deal at the earliest. The UK is India’s 15th-largest trade partner, with total trade at \$20.36 billion in FY23.