



UK VERSUS EU FOR INDIA: POST - BREXIT ERA

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Executive Summary: India has had lesser commercial transactions with UK than that with EU. However, it has been increasing in the recent past, post - 2005. Brexit has brought out various new opportunities and opened up new avenues for all the three parties; i.e.: - India, EU & UK. However, it would be interesting to see how this political event brings about a paradigm shift in trade and commerce between these parties. This paper attempts at assessing the prospective economic & trade relations in the post - Brexit era, especially for India. While projections and ongoing developments portray that India might have found a strong ally for itself in UK, the EU, on the other hand, has projected opening up avenues to India. The paper has attempted at making a deep dive research in the economic discourse that shall follow for India.

I. BREXIT

The term “Brexit”¹ has been surfacing quite a lot lately in newsrooms, journals and market studies; and there is a lot of uncertainty after Britain officially ended its 46 year long relationship with the European Union², after a major internal political turmoil. Brexit was seen by people as Britain’s obstinance to stand out of the crowd, while Britain saw it as a necessary move to protect itself from the deleterious norms of the EU membership. While Britain was trying to abide by the norms and regulations of EU, soon it realized the negative impact that it was facing because of that. There was a huge influx of migrants from all over Europe, after Britain decided to comply with the ‘Free Movement Clause’, which put a huge dent in the British economy, which was already in a delicate state. Further, despite 45 years of relationship, EU was unable to fulfil its promise of fiscal stability through a common pool of European Resources, meaning that it was only Britain which was fulfilling its side of the agreement but not the EU.³ All these factors, led to growing resentment among the masses towards EU, which ultimately culminated in the Brexit Referendum.

¹ The portmanteau of words “Britain” and “exit” was termed as “Brexit”, just as Greece’s anticipated exit’s called “Grexit”, and Prince Harry’s & Meghan Markle’s recusal from royal engagements called “Mexit”.

² Hereinafter referred to as “EU”

³ (Riley, 2016)

Brexit Referendum conducted in June 2016 was not the first time that a public vote was held on EU membership. The first referendum of membership was held back in 1975⁴ and 67% of voters supported staying in EU. But it wasn't the end of the debate. In the year 2013, Prime Minister David Cameron promised the national referendum on EU membership for settling the debate once and for all. Although the public vote of 2016 was hit and scarred by accusations of violation of election laws, withdrawal from the bloc was the result with 52% supporters⁵. The formal notice to quit was given in 2017, under Article 50 of the European Union's Lisbon Treaty⁶. Brexit was initially meant to happen on March 29, 2019 but was delayed thrice owing to consistent rejection by British MPs, to the deal negotiated by the then Prime Minister Mrs. Theresa May, after which she resigned.⁷ The new Prime Minister vowed to move Brexit withdrawal with or without a deal but the opposition and rebels within his own party blocked the no-deal withdrawal citing Britain's inability to cushion the blow of a sudden divorce from EU. Subsequently, on November 25, 2018 Britain and EU agreed on a 599 page withdrawal agreement⁸, and the deadline was set to Jan 31 2020, after which UK entered the 11 month transition period until December 31 2020.⁹

Brexit: Beginning of the End?

Five centuries heretofore, King Henry VIII, anxious with the desires of the papacy and the refusal to repeal his first marriage, broke with Rome and built up the Church of England. That progression changed Rome perpetually and set up about 85 million Anglicans.¹⁰ That was England's first separation from Europe and the European realm. This separation was progressively entangled and profoundly established in traditionalist, working class, English Euro-wariness. Following on similar lines, Britain was skeptical of the EU, when it was formed after the Second World War. However, after being out of the club for a long time, Britain eventually became a member in 1973.¹¹ However, this decision was not supported by all, and thus, the relationship between EU and Britain was always on thin ice. Despite this hot and cold relationship, Britain remained a part of the EU for a long time.¹²

The British political establishment has always championed and internationalized economy through free trades and international politics and internal cohesion. Its long standing historical might owed it a great international position, even though capitalist countries were leading the race.¹³ However, the various constraints emerged in the shape of national debt, wars, austerity, falling wages and regional disparities which were the central issues to the leave or remain decision. Since the time of Margaret Thatcher, London emerged as a financial capital offering financial banking and arbitration services. While London boomed,

⁴ Back when EU was called "European Economic Community"

⁵ (Gregor et al., 2016)

⁶ Treaty of Lisbon, Amending the Treaty of European Union and the Treaty Establishing the European Community, (2007/ C 306/ 01).

⁷ (Press Trust Of India, 2020c)

⁸ Agreement of Withdrawal of United Kingdom of Great Britain and Northern Ireland from the European Union and European Atomic Energy Community signed on 25th November 2018.

⁹ (EU-UK Relations: Council Gives Go Ahead for Talks to Start and Adopts Negotiating Directives., 2020)

¹⁰ (Why Did Henry VIII Break with Rome?, n.d.)

¹¹ (Pruitt, 2017)

¹² (Dombey & Stabe, 2016)

¹³ (Wasowicz, 2019)

other parts of the country trade, incomes & employment fell leading to class polarization across UK's geography.¹⁴ All these factors ultimately led to a successful Brexit, after years of struggle, internal political crises and domestic revolution.

Brexit represents the dismissal of globalization and movement and the regular restriction of the English to a greater outside force – right now European Union, the Commission, and the Brussels establishment.¹⁵ The consequence of Brexit is much the same as a seismic change. It split the United Kingdom among England and Wales, and Scotland and Northern Ireland. It features the gap between the upwardly versatile, accomplished, multicultural English youth who casted a ballot to remain, particularly in the city of London, instead of the moderate, white, more established and maturing segments of English society who related all of UK's ills with its EU enrollment.¹⁶ It affected world markets and brought the Pound to an extraordinary failure. Brexit has conclusively affected the UK's universal picture, making it myopic, concave looking, less prosperous, and disconnected from Europe.¹⁷ With Brexit, the ambitious supranational project of European Union faces an intractable political crisis, and a debate has sparked over the legitimacy of the Union as a whole.¹⁸

The pro – Brexit class are of the view that Britain has more in common with commonwealth countries than EU and it stresses on having more link with those countries, and thus, Britain would not suffer much from Brexit.¹⁹ However this view is fallacious, and the effects of Brexit are proving it. It is pertinent to the Brexit would affect the future of NATO as an anti – coalition to Russia. UK has been a trusted partner of USA in NATO and UK leaving the EU may affect the defense coalition as well. Further, it would open Britain to a long phase of uncertainty as the role of Britain, as the bridge between NATO and EU, has almost ended. This would leave Britain without any strong tactful defense.²⁰ UK did not hold the position of primacy within EU. The huge immigration from Eastern Europe broke the social cohesion within Great Britain particularly of unskilled workers creating the wage gap as with the availability of cheap labour, the wages further fell lower.²¹

So, the issue arising of Brexit is overall welfare of Great Britain and the loss caused by leaving EU is sought to be compensated by commonwealth ties. Under such circumstances, it is important for countries of India & other South Asian countries to renegotiate deals with EU & UK to further their own common interests.²²

¹⁴ (Amadeo, 2021)

¹⁵ (Gill, 2016)

¹⁶ (Wincott, 2020)

¹⁷ (McBride, 2019)

¹⁸ (Dey, n.d.)

¹⁹ (Lee, 2016)

²⁰ (Ewers-Peters, n.d.)

²¹ (Belke & Gros, n.d.)

²² (Souza, n.d.)

II. POST BREXIT DEAL

TRADE AND COOPERATION AGREEMENT

United Kingdom and European Union finally sealed a post Brexit deal on December 25th, 2020. The EU-EK Trade and Cooperation Agreement²³ signed on December 30, 2020 signed by European Union, European Atomic Energy and United Kingdom governs the commercial relationship post the exit of UK from the EU. The Trade and Cooperation Agreement which runs up to approximately 2000 pages was finally agreed after eight months of negotiations. UK formally left EU on December 31st, 2020.

As per the agreement, companies in UK will be able to trade with EU without paying any tariff and custom charges. Further, both the entities have decided to cumulatively promote tax transparency.²⁴ Earlier traders of UK had an easy access to the markets of 27 member countries. Several new checks would be introduced at borders, for safety checks and customs declaration, due to which traders will now have to complete new custom declaration at the borders. Further, a complete ban has been imposed on the import of UK animal food products.²⁵ Thus, a substantial change in the trade procedure has been established by the agreement. The trade-agreement allows for tariff and quota free trade in goods but that does not apply to the services industry or the financial services industry. The point of importance is that UK is a Service-based economy.

In light of the new regime for international trade, it is being predicted that the British commerce would initially fall by 4%, which might further reduce by 2% till 2025. Further, because of restrictions being imposed on the easy flow of people, there would be a sharp rise in the unemployment rates leading to hardships for the general population.²⁶ With the introduction of a new regime, there has been a surge in the trade paperwork, leading to friction in a previously smooth trade process. With the new rules in force, several traders are facing hardships in getting the necessary permits.²⁷ Additionally, even the general consumers are facing hardships with the introduction of additional taxes on basic consumer goods.²⁸

Further, what is being observed and predicted is that it would be difficult for UK to attract and retain new business enterprises. While the agreement strongly supports the 'no-taxes' view, still there are some hidden costs, which are proving to be quite expensive for some well-established firms. In such a situation, attracting new firms to establish their operations in UK would be a difficult job for it.²⁹

INTELLECTUAL PROPERTY RIGHTS

The EU-UK trade deal is broadly based on the idea that no significant change should be brought in reference to intellectual property rights. The deal is based on the bare minimum idea that both the parties should treat

²³ Trade and Cooperation Agreement Between the European Union and The European Atomic Energy Community, of the One Part and The United Kingdom of Great Britain and Northern Ireland, of the Other Part.

²⁴ (*The EU-UK Trade and Cooperation Agreement.*, 2020)

²⁵ (Edington, 2020)

²⁶ (Chalmers & Backzyńska, 2020)

²⁷ (Coyne, 2021)

²⁸ (Foster et al., 2021)

²⁹ (*The Realities of Trade After Brexit: A New Perspective From Baker Mckenzie.*, 2017)

each others intellectual property marks at the same level as they treat their own.³⁰ Further, the aim of both the parties, i.e., the UK and the EU is to ensure that there are no major changes brought which might lead to violation of treaties like TRIPS. The agreement has restricted the scope of any exception to the above-mentioned general principles, to only highly special cases.³¹

In terms of Intellectual Property Rights, what is being perceived is that both UK and EU have stuck to some changes that were brought immediately before the deal came into effect. Further, in order to introduce its own system of trademarks UK has segregated trademarks into two categories – Before 31 December 2020 and Post 31 December 2020. The trademarks registered before 31 December 2020 would automatically be cloned to the UK Trademark Regime, without any hassle. However, the other group, even those who have already filed their applications before 31 December 2020, but haven't received the trademark, would have to reapply for the application under the new regime.³² Further, greater freedom has been given to UK to continue to apply for EU IPOs.

In terms of legal impact on the IP Regime, EU rules shall apply to all suits instituted before 31 December 2020, irrespective on when these suits end. Remedies issued in such proceedings would be binding on both the entities. However, suits instituted after 31 December 2020, would not have a binding effect on either parties.³³ This means that even if an IP has been discredited by the UK, the same would still be valid for EU. Further, judicial precedents of EU would not be binding on UK, as the new national law will be implemented.³⁴

GOODS TRADE

Post Brexit Deal contains details of new rules for how the trade between EU and UK will be governed post Brexit. The trade between EU and UK is free from tariffs as well as quotas. Further, this basis is strengthened by the clause that if one side unilaterally shifts its rules, the other side would automatically get the right to impose tariffs.³⁵ However, it is mandatory for UK to mention country of origin on the products being sold in EU. If the products are manufactured in UK then there will be no tariff but the products which are manufactured in other countries and are sold to EU via UK will have to pay tariff charges.³⁶ The agreement states that there would be mutual recognition of each other's trusted traded program which means that UK producers will have to comply with both EU and UK standards.

While the idea of no-tax has been a good element of the EU-UK trade deal, there has been a sudden increase in the red tape. With the new system of applying for customs and getting approvals, there has been friction

³⁰ Trade and Cooperation Agreement Between the European Union and The European Atomic Energy Community, of the One Part and The United Kingdom of Great Britain and Northern Ireland, of the Other Part, Article IP.6(1).

³¹ Trade and Cooperation Agreement Between the European Union and The European Atomic Energy Community, of the One Part and The United Kingdom of Great Britain and Northern Ireland, of the Other Part, Article IP.15.

³² (Dennis, 2020)

³³ (*End of Transition Period Guidance: Intellectual Property*, 2020)

³⁴ Trade and Cooperation Agreement Between the European Union and The European Atomic Energy Community, of the One Part and The United Kingdom of Great Britain and Northern Ireland, of the Other Part, Article 67A.

³⁵ (Edington, 2020)

³⁶ (Coynes, 2021)

in the previously smooth trade relation. Further, the stringent documentation is posing a major challenge to smaller firms in comparison to big established corporates.³⁷ In order to ensure that the process does not give as a major shock to the traders, an absorption period of 6 months has been given to firms, to clear their dues of customs of good imported from EU to UK, by 30 June 2021.³⁸

SERVICE SECTOR

Service sector accounts for 80% of UK's economy. UK is majorly dependent on service sector. Despite this little to no benefit has been provided to professionals in the Trade and Cooperation Agreement. Post Brexit deal curbs free movement of professional between the two markets. The general perspective in terms on the impact on service is that Britain would be hit majorly, because as an economy it relies heavily on its revenue from services. This can be deduced from the fact that stringent rules have been applied for movement of labor and personnel. Further, Audio visual services which are strength of UK are excluded from the TCA and are no longer valid with UK license in EU.³⁹

The agreement does not give mutual recognition to professional qualifications. Now, professionals have to get their qualifications recognized on a state to state basis within EU. This adds significant hurdles to cross border service because recognition rules vary from state to state and sector to sector. There will not be automatic professional recognition for doctors, architects, engineers. They will now have to get recognition in every member state they wish to practice in. From January 1, 2021 UK professionals who want to serve clients in EU will need to accordingly get their qualifications recognized by different states of EU they wish to practice.⁴⁰

As per Trade and Cooperation Agreement UK service suppliers will no longer benefit from the 'country-of-origin' approach or 'passporting' concept which enable automatic access to the entire EU Single Market.⁴¹ A major hit to this position of UK would emanate from the fact that UK firms would not be able to access EU markets automatically. While some time has clearly been granted to UK firms to operate in EU territories, soon the same would be taken away. As a result of the stringent restrictions imposed on the financial companies of UK, British firms relocated £1.2 trillion worth of assets from EU to UK.⁴²

As there are restrictions on free movement of professionals between EU and UK, India's services sector is likely to make gains from the curbs. Sectors such as IT, R&D, architecture and financial services are likely to emerge for India. India can explore opportunities in various service sectors including IT, infrastructure, research and development and engineering in both the markets. Professionals from EU will not have easy accessibility to UK market as before and this could help Indian professionals to enter into long term service agreement with the UK companies.

³⁷ (Wragg, 2020)

³⁸ (MacLennan et al., 2020)

³⁹ (Hall, 2020)

⁴⁰ (Pryce, 2020)

⁴¹ (EU-UK Relations: A New Relationship, with Big Changes., n.d.)

⁴² (Clark, n.d.)

A. How UK – EU trade relations can develop post Brexit:

While UK and EU have been successful in delineating their economic relationship, however, not much has been discussed in terms of the future political relations between the two entities. Till now, EU has not extended any special step towards UK. It is following the same political attitude towards UK, as it does with other non-EU countries. However, this time EU does need to make some special exemptions for UK. This is based on the fact that UK is an integral part of Europe, if not EU, and being in a geographically strategic position, UK can be a threat as well as an asset for EU, from a political-economic point of view.⁴³ However, till now, nothing special has been done in this regard by UK.

It is obvious that UK has been renegotiating core aspects of trade in European countries, its WTO rights & obligations and concessions under Article II of GATT, 1994 & Article XX of the GATT. Post – Brexit, UK's left with three options; viz:- (i) join the European Economic Association (EEA) to remain a part of single market (ii) sign a FTA with EU or maintain trade with EU under the WTO rules (iii) Bilateral trade deals to maintain partial access to Single market.⁴⁴ For the purpose of this paper, the author would not go into the depth of each option. However, the academic thinking believes that UK has its best shot either in joining EEA or negotiating a comprehensive FTA.⁴⁵

Since the initiation of the agreement, UK has started acting in a manner to protect its economic interests. UK started signing major trade agreements with all prominent players in the market to secure its interests, instead of being completely dependent on its neighbors for support. Tactfully, it has engaged into some highly profitable deals like one with the Cariforum Trade Bloc and several Asian countries.⁴⁶ Further, UK has tactfully maintained good economic terms with all members of EU, to ensure that the operations of the country are not hit too adversely. Several specific agreements and Mutual Recognition Agreements are being entered into by UK.⁴⁷ All these facts point to a situation that UK has started establishing its political-economic base, outside EU, to secure its own interests.

Despite the fact that UK has been able to protect its economic interests from any major financial blunder, however, the country is facing some of the worst political times ever. All of the internal political issues are directly related to EU, and thus, have a strong bearing on the future EU-UK relations. Due to the inner turmoil faced by UK, emerging from Northern Ireland, and the special treatment being accorded to it by the EU, many believe that UK-EU relations are going to worsen in the near future.⁴⁸ Thus, maintaining good relations with EU would be the necessary requirement for UK, to maintain internal cohesion.

While UK is committed to leave no stone unturned to protect its interests, by forging new alliances, EU seems to be still committed to the idea of a peaceful transition and a long peaceful relationship with UK.

⁴³ (Whittman, 2020)

⁴⁴ (Armstrong, n.d.)

⁴⁵ (Dhingra & Sampson, n.d.)

⁴⁶ (Edington, 2020)

⁴⁷ (Riddle & Bunch, 2021)

⁴⁸ (Parker et al., n.d.)

Further, the current government is also inclined towards ensuring a peaceful relationship in the long run. Thus, it is strongly believed, that because of obvious political and security reasons, both EU and UK would be able to overcome these hurdles and would be able to establish an amiable relationship.⁴⁹

B. Impact on EU's Foreign Trade policy – Would it adopt Protectionism ?

According to various research literatures, the content of EU trade policies and the external effectiveness of EU in negotiations are the broad concerns that have arisen post – Brexit. A lot of authors argue that internal cohesion of EU is a bargaining advantage if the EU holds a defensive position in negotiation. Whereas, on the other hand, the 'paradox of weakness' indicates that an internally split EU might be especially effective in representing its offensive interests. The diversions in the studies depend on the strategic factors considered by the researchers. That is to say, EU's internal cohesion will not allow other countries to employ the strategy of *divide et impera* and a divided EU would allow it to argue in a manner that its small win-set requires concessions by trading partners to enhance the chances of ratification. With Britain, EU has been a more assertive negotiator and thus without UK, EU would be more open to compromise.⁵⁰

Looking at the nitty – gritty of the factors that concerns, the key factors that would impact the policies would be EU's Free Market Agenda, Unequal distribution of resources & the Debt Crisis. While it is accepted that Brexit has been a messy affair and would definitely have a negative impact on EU-UK relations, at the same time it is believed that EU would keep on pursuing its initial goal of neo-liberalism. It has been established by some authors that the fact that EU would relegate towards protectionist attitude does not stand ground.⁵¹ Further, EU would definitely bring about a change in its policies to avoid any domino effect from Brexit to reduce its membership. However, this goal of protecting the unity of the remaining 27 members would not be at the cost of the core principles of EU of liberalism and free trade.⁵²

Another reason that EU would never adopt protectionist policies is due to growing threat outside EU. While America, NATO, Russia and Asian nations are coming together, there is a growing threat to the overall unity and safety of European nations, which might not be able to defend themselves all alone. As a result of this, EU would never give up on its ideal of liberalism and free trade.⁵³ Thus, in the name of political and economy security, EU would not give up on its core ideals and adopt protectionist policies.

BREXIT HIT BY COVID

Implementation of the Brexit agreement came in hand with COVID-19. The strict lockdown imposed in UK has led to a different form of implementation of the Exit Agreement. Initially there were some speculations that Brexit might be postponed in light of COVID-19, however, EU and UK were determined to settle the matter conclusively.⁵⁴ Some basic ways in which COVID-19 has impacted the implementation is that due to

⁴⁹ (After Brexit, How Can the EU and UK Best Cooperate on Foreign Policy?, 2021)

⁵⁰ (Zimmerman, 2019)

⁵¹ (Ville & Siles-Brügge, 2019)

⁵² (Impact of Brexit on EU Foreign Policy, n.d.)

⁵³ (Kaiser, 2018)

⁵⁴ (Ward, n.d.)

strict lockdown regulations, the number of bureaucrats available for implementation of the new customs regime has been difficult. Further, due to the economic impacts of COVID-19, several small firms have voluntarily stopped their operations and thus, numerous firms and traders have not yet participated in the new trade regime.⁵⁵

Further, Britain works predominantly through migrants who operate within the country. The problem was that due to the new regulations, several migrants who were working in UK returned to their native country. However, in light of COVID-19, the country was facing an acute shortage of medical staff tender to the infected people. Further, shipping delays, both truck and ship related, took place, which seriously hampered the operations of the country.⁵⁶ Further, while all countries were globally implementing protectionist regulations, to protect their interests during COVID-19, Britain was caught in a difficult position, because as per the agreement, Britain cannot introduce protectionist regulations, which would be against the essence of free trade, which is the basis of the Agreement.⁵⁷

Further, UK was initially in a mess, when the agreement was enforced. This was due to the fact that as on 31 December 2020, Britain had a shortage of food and labor. Import trucks on the border were getting delayed because several truck drivers were tested positive for Corona. It was predicted that the British economy might face the worst year till now.⁵⁸ However, all these impediments were slowly overcome by the country. In light of all these issues, Britain welcomed its much awaited Brexit Deal.

III. INDIA'S POSITION- HOW BREXIT CAN AFFECT INDIA

“How will India and the Indian citizens be affected? , Will it lead to redefining relationship between the two countries? , What prospects lie ahead, for India, at this stage and post-transition stage? , and how will all of it impact policy making between UK & India? Does India regards the EU as a significant actor or prefers the bilateral approach towards individual member countries? Is it a dialectical relationship?”

Well, we might be able to conclusively answer all of this at the surmise of this essay.

India, being the most populous country in commonwealth and one of the largest economies in the world, is the most likely target for enhanced trade and economic relations post-Brexit. It is contended that the UK should seek to dis sever from a “moribund” European economy and engage more with the dynamic and rapidly developing Asian economies.⁵⁹ The example of India suggests that this vision may be more challenging to accomplish than has been envisaged. India ranks 63rd according to World Bank's Ease of Doing Business 2020 report.

In pursuance to this, India and UK have been engaged in negotiation talks with one another. Especially after the COVID-19 break out, both the nations have sped up their FTA communication. This is in light of the

⁵⁵ (Boata & Poulou, 2021)

⁵⁶ (Mueller, 2020)

⁵⁷ (Colchester, 2020)

⁵⁸ (Press Trust Of India, n.d.)

⁵⁹ (Press Trust Of India, 2021b)

fact that Indian Scientists are testing their COVID-19 vaccine at the Oxford Institute. Both the countries intend to ensure that whoever would get the cure first, would not restrict the cure to another.⁶⁰ Further, India is the second largest investor in UK after US.⁶¹ As a result of this, even though UK has separated from the European Bloc, and thus, it would have a different set of trade provisions, India would still pursue strong relations with UK in the foreseeable future.⁶² Additionally, both countries intend to recover their COVID-19 induced losses, by engaging more in each-others markets. This is especially for UK, because China has already acquired a major share in the Asian Markets and thus, India, who is currently at loggers with China, is a lucrative partner for UK.⁶³

Now at the time of Brexit, Indian market was in anticipation of contraction of the EU market. However, it was found helpful for average Indians even though big businesses faced losses. The depreciation of pound has been anticipated to be helpful in combating domestic inflation in India and to some extent, Brexit did put a pause on capital exodus and drain of Indian resources to UK.⁶⁴ Brexit seems to be helping India expand and build relations with EU and without UK on its side makes the EU less weighty as a cohesive politico-economic bloc, thereby reducing its pooled leverage against India.⁶⁵

B. Impact on Indian Market and Economy

In contrast to the EU, the UK has consistently been a little less open and rigid accomplice to India. It had a portion of around 2% in India's stock imports and 3% in stock fares exchange during 2006-2016.⁶⁶ However, during 2003- 2011, there has been amazing ascent in India's exchange with UK. In the next three years, however the pattern in estimation of exchange had turned around; the estimation of fares to UK has still been practically twofold of what it was in 2003.⁶⁷ This implies significance of UK for India as wellspring of supply of merchandise just as goal of products have expanded as of late.

The commercial interests of the UK in India range extensively from MNCs to startups, with India involved in venture from manufacturing, to services, to management & administration. The synthetic concoctions division gets the lion's share of British interest in India at \$6.1 billion (25% of UK FDI), trailed by drugs and Pharmaceuticals at \$4.1 billion (17%) and nourishment preparing at \$3.2 billion (14%).⁶⁸ The foremost reasons British firms put resources into India are the size and development potential, the simple accessibility of skilled laborers and the predictable political system. Post-Brexit, these negotiations may change fundamentally. Being a part of the EU in the pre-BREXIT period, access to single market gave open doors for the UK for economies of scale, rivalry and advancement, all of which improved productivities. The loss of such an entrance subsequent upon BREXIT, or best case scenario a constrained access if the Swiss-style

⁶⁰ (Mathew, 2021)

⁶¹ (Khorana, 2021)

⁶² (Pattanayak, 2020)

⁶³ (Khorana, 2021)

⁶⁴ (Press Trust Of India, 2020a)

⁶⁵ (Sarkar, n.d.)

⁶⁶ (*World Investment Report of 2017*, 2018)

⁶⁷ (*The UK and India: The Bilateral Trade Relationship.*, 2018)

⁶⁸ (*India-UK Bilateral Relations.*, 2018)

Bilateral Accord is concurred upon, implies that UK will currently need to look past Europe for making open doors for economies of scale, rivalry and development. This implies that it is imperative for policy makers to extend UK's negotiations beyond the European countries.⁶⁹

It is right now India's immense potential and rapidly developing economy in the Asian district (India's GDP development being 7.3 percent contrasted with Asian normal of 5.4 percent barring Japan) can be a normal goal of UK's fares and FDI.⁷⁰ On the off chance, if that be the situation, India would gain immensely in the post-BREXIT period. Access to UK's market in response will open the doors for Indian merchandise, especially, for divisions like agribusiness, footwear, materials and ITs.

Welfare management and related businesses is another region where the two nations may advantage gigantically given the expanding interest for Welfare management and related businesses in UK making it a net shipper of such administrations, from one viewpoint, and plenitude of ability and low cost of Welfare services making it a net exporter of Welfare management and related businesses.⁷¹ This would help in driving profits for both UK and India and the most ideal way the two nations can secure such common increases is by arranging an FTA.

However, the UK can negotiate and sign FTA and within a sensible time range and besides, constraints of administrative divergences. Among the working classes, the UK might confront a lack of skilled EU laborers if the development of experts from the mainland is checked. As a result of this, India and UK both intend to increase the inflow of workers into UK from India.⁷² Further, both the countries have a vested interest in promoting Scientific research, due to which UK wants trained Indian medical researchers to work in UK.⁷³

The estimation of Indian Rupee plunged versus USD around that time. Simultaneously, with financial specialists hauling cash out of the UK, there has been devaluation of the Pound. Indian Rupee additionally picked up opposite Pound around mid-year of 2016. From that stage, Rupee-Pound scales stayed steady, fluctuating within a tiny range. However, around 2017, the Pound has not recaptured its estimation opposite the Indian Rupee.⁷⁴ Simultaneously, such a huge energy about the Rupee vis-à-vis the British Pound would unfavorably influence India's fares to UK, since a Rupee worth of Indian merchandise would now cost more when designated in British Pounds. Auto parts, pharmaceuticals, diamonds and gems, instruction and IT empowered administrations comprise the greater part of India's fares to the UK.⁷⁵ However, a supposed deterioration of the Pound might require a renegotiation of the agreement, as the profitability of these agreements might fall beneath the normal levels.

⁶⁹ (Niblett, 2021)

⁷⁰ (Canton, 2020)

⁷¹ (Heald, 2021)

⁷² ("India Deal Could See More Migrant Workers Enter UK.," 2021)

⁷³ (Press Trust Of India, 2020)

⁷⁴ (Das, 2016)

⁷⁵ (India-UK Bilateral Relations., 2018)

Howsoever, all these unfavorable impacts of BREXIT on the Indian economy relies upon the disaster mitigation & adaptation, which thus is dependent upon the post-BREXIT financial streams between the UK and the EU what's more, soundness in pound-sterling opposite other significant monetary forms of the world.

B. Future Impact on Intellectual property policies

EU without the UK would be a desperate need of the experts. On the opposite side, Trump's rigid H-IB Visa Policy has just hit the Indian IT division. In this way, the two gatherings would be prepared to arrange, which can expand the chance to shape India-EU FTA.⁷⁶ With Brexit fully in force, and EU weakened because of Britain's exit, EU has an interest in protecting its international image and strengthening its international relations. As a result of thus, EU has a vested interest in approaching emerging IP regimes, like India and China.⁷⁷

While the agreement entered between UK and EU does not provide for some major shift in the IP regime, still substantial changes will definitely take place. For instance, EU Trademark will not cover UK. Further non-EU business entities would not have access rights to EU databases. In the long run, UK would create some new laws in respect of IP laws, as the EU regime would not regulate UK IP laws.⁷⁸ At the same time, India is slowly but steadily emerging as a global player in IPRs and Intellectual Communication Technology.⁷⁹ Since 2016, India has been strongly pursuing National IPR Policy. Through this policy, India intends to establish a strong IPR regime and overcome its blemished image as a major IPR violator.⁸⁰ In pursuance of this policy, the government is keen on engaging in fruitful IPR relationships, which can help it to establish a well-regulated IP regime.

While the agreement has not brought any major change in terms of laws and statutes, however change can be seen in terms of IP personnel. EU, after Brexit, has been denied access to a major chunk of its IP workforce, which generally were British citizens. In light of this, EU has approached India for a partnership in IP sector. EU recently discussed with India its well-established trademark and copyright regime. While it is anticipated to impact Indian corporations with prominent intellectual property who export to the UK, for instance - pharma companies like Lupin and Cipla, such impact is assessed to be minimal. UNICHEM Chief PA makes a point here that Brexit's decision will not have a major impact on Indian pharma as several of these Indian corporations trade directly with different EU countries.⁸¹ Further, as India is the global IT hub, India offers lucrative partnership for future, in light of the digitization of the IPR regime.⁸² Previous FTAs

⁷⁶ (Swaine et al., 2020)

⁷⁷ (Krizic, 2017)

⁷⁸ (*Impact of Brexit in Intellectual Property*, n.d.)

⁷⁹ ("India as an Innovation Economy: Role of IP and ICT.," 2018)

⁸⁰ ("All You Need to Know about the New IPR Policy.," 2016)

⁸¹ (Datta, 2016)

⁸² (Press Trust Of India, 2021a)

between India and EU have proven to be beneficial for India, especially in light of the fact that partnership with India improve its international image.⁸³

C. Impact on India-European Union strategic relationship

“The relationship between India and Europe must become more strategic given the importance of the Indo-Pacific region.” – Josep Borell⁸⁴

India and EU have a long term special relationship in relation to trade and investments. Trade between the two goods since 2018 has been around EU 90 Billion, with EU 2 billion in India’s favor. Further, since 2017, there has been a substantial increase in the investment sector, with EU being an established global market player and India as the leading player in several fields.⁸⁵ The top ten exporting items from India to the EU are petroleum products, pearl, precious, semi-precious stones, drug and pharmacy, and other precious metal jewelery, Cotton including accessories, motor vehicle or cars, products of iron and steel, gold and cotton fabrics, handicraft etc. The top ten items of import for India from EU are gold, pearl, precious and semiprecious stones, petroleum products, telecom instruments, coal, coke and briquettes etc, iron and steel, vegetable oils and industrial machinery for dairy, etc.⁸⁶

Additionally, India has been negotiating a BTIA (India – EU Broad based Trade & Investment Agreement) since 2007, which has not yet reached final conclusion. The negotiations began on 28th June 2007 in Brussels, Belgium.⁸⁷ EU wants reduced taxation on liquor & automobile, more market access with less duty interference and liberalization of accountancy & legal services. On the other hand, India wants data secure access to the EU market, free access to European textile market and liberalization of cross border trade legislations and immigration laws.⁸⁸ However, according to some literatures, the issues delaying the conclusion of the agreement is twofold; i.e.:- (i) The EU wants labour, environment & govt. procurement to be included in term sheets (ii) EU countries seemed hostile or say, reluctant about India’s demand for easy work visa & study visa norms; and data secure status that would make it easier for European corporations to outsource business to India.⁸⁹

However, post Brexit, India has lost a valuable entrance to the EU Bloc. After the exit of India’s most trusted European Partner, it is prudent for India to enter into more bilateral and multilateral treaties with EU.⁹⁰ Several academicians believe that since India and EU follow similar IT regulations, and with UK gone, India would soon need an IT partner, the chances of an enhanced relationship between India and EU is highly likely. This is especially in light of the fact that UK was a major service provider for EU. After Brexit, EU would look for some new cheap partners. India, being a labor abundant country, with

⁸³ (Priyadarshi, n.d.)

⁸⁴ EU foreign policy Chief, on Jan 2020, in New Delhi.

⁸⁵ (Sawhney, 2020)

⁸⁶ (Countries and Regions: India, n.d.)

⁸⁷ (Haidar, n.d.)

⁸⁸ (Dave, 2017)

⁸⁹ (Sood, 2020)

⁹⁰ (Singh, 2020)

specialization in services, the chances of a strong relationship are very high.⁹¹ It is also believed that in light of the increasing Chinese aggression, India and EU have a common enemy to unite against. Despite COVID-19, Chinese aggression is increasing against India and America, with Europe being the battle ground. Thus, India and EU have an increased incentive to unite, especially with UK out of the picture, as India is in need of greater international support.⁹²

D. Policy implications on commerce & migration

When the Brexit plans started brewing vigorously, back in 2016, and lot of survey results & majority of opposition believed there will be a decrease in migration of professionals & movement of Intra Corporate Transferees from India to UK due to Brexit.⁹³ According to various literatures, the Brexit immigration plan would require EU citizens to have VISA requirements without which they wouldn't be allowed to live in UK.⁹⁴ Evidently, most immigrants started looking for jobs outside UK post the exit, with the notion of devaluation of the pound & the expected inflation in the country. This led to the anticipation that UK would lose more than half a million jobs which lowers the standard disposable income.⁹⁵ It was believed by Indian corporate & policy makers that signing an FTA will mitigate the negative impact of Brexit, provided such is of nature of hybrid that would incorporate movement of people as a natural corollary to movement of goods, capital and services. This would help prevent the anticipation of negative impact. Apart from this, student mobility to UK was noted to significantly reduce post 2010.⁹⁶ This was a result of stringent laws & policies of the times, to reduce immigration.

However, as per the immigration white paper of UK, 2019 shall benefit Indian students & workers. This was also a result of the fact that majority of immigrants looking for jobs in UK are Indians and UK could not afford to lose these professionals. Additionally, UK losing the single market would bring it in a position to struggle maintaining itself as a gateway to Indian exports due to its infrastructure & location. Further, with Indian and EU immigrants at the same level, the chances of better treatment to Indian immigrants are high.⁹⁷ Thus in order to maintain reliable trade partnership with India, UK has released ease of travel as well as regulated employment & foreign remittance policies. Further, UK would now intend to get the best professional, from all over the world, but at the lowest possible cost. India is famous for cheap and highly skilled scientists and engineers. In light of this, Brexit has positively impacted the Indian immigrants.⁹⁸

E. Is Free Trade the best resort?

Protectionism may be explicated to be limiting of trade between countries, by implementing tariffs, trade barriers, restrictions, quotas, customs or other such harsh regulations on imported goods by the governments.

⁹¹ (Benagalia, 2019)

⁹² (Marjani, 2020)

⁹³ (Boxall, 2016)

⁹⁴ (Ted, 2020)

⁹⁵ (Sastry, 2018)

⁹⁶ (*Brexit: Views and Suggestions from India Inc.*, 2016)

⁹⁷ (Dattagupta, 2019)

⁹⁸ ("Why Indians Might Benefit from UK's New Post-Brexit Rules.," 2020)

But past few years, protectionism policies have turned out to be anti-globalizations and political dominance.⁹⁹ According to various literatures, the pace of rising protectionist measures during the years 2015 to 2017 has been fastest since the 2008 financial crisis. The WTO G20 report on G20 Trade restrictions observes that seventy percent of such policies were adopted by economies that members of G20.¹⁰⁰ Protectionist policies have different forms in different industries, and they have differing outcomes for each industry.¹⁰¹ Literature indicates similarly why Cumming's case for Leave; i.e.:- Brexit proves helpful for EU's opening up and eventually pushing free trade in EU and breaking the protectionist spell over EU.¹⁰²

India has similarly been affected by protectionist measures of EU. EU has some strict policies with regard to MRLs (Maximum Residual Limit) for drugs, pesticides & other contaminants produced by Indian corporations or India-based industries. Additionally, EU countries have been using double standards for defining whisky and showing reluctance to import Indian whiskey, but India insists on their whisky being allowed to be imported under national treatment. EC in 2017, brought down the MRL levels for a pesticide 'Triclazol' in Basmati rice imports, which means a 100 fold decrease in tolerance limits implying a virtual ban on export of Basmati rice from India owing to crop cycles.¹⁰³ These issues can be worked around with efforts put together by both parties, which has become an evident necessity for Britain and other EU countries post – Brexit, to open up their markets to India; and welcome free trade.

Two of the decisions made by India in recent times have attracted quite the attention. First, India opted out of RCEP in 2019; and second, India has shown a considerable interest in concluding an FTA with European countries. India has been emphasizing on 'Make in India' initiative and has been trying to give manufacturing additional protection by increasing tariffs; which is why India opted out of RCEP as any trade agreement with China would have undermined the Make in India effort. However, opting out of RCEP cannot be and must not be interpreted as India's withdrawal from globalization and free trade across borders.¹⁰⁴ To support the stance, one can refer to the negotiations between India & the EU w.r.t. FTA, which has been discussed before.¹⁰⁵ Interestingly, both India & EU are generally protective about agriculture and it is being anticipated that most agricultural products or agro industrial produce may be kept aside on negative list. Besides, India already has preferential trade agreements with most RCEP nations whereas the EU- India FTA shall be an exclusive preferential trade agreement that India will have with European countries. Thus, the probability of higher marginal benefits for India exporters is likely tilting towards India-EU FTA.¹⁰⁶

⁹⁹ ("Trade: Free Trade v. Protectionism.," 2017)

¹⁰⁰ (Puri, 2017)

¹⁰¹ (Pettinger, 2019)

¹⁰² (Morgan, 2018)

¹⁰³ (Shravani & Nimishakavi, 2018)

¹⁰⁴ (Chan, 2019)

¹⁰⁵ Refer back to PART B, PT. (II): Impact on India – EU Strategic relationship of the paper.

¹⁰⁶ (Puri, 2017)

According to some other literatures, a trade deal between UK & India would be more suitable from India's perspective but the issues remain as to reducing trade barriers, visa regulation issues etc. where both nations would have to give up their protectionist regimes, or the free trade talks may still have a long way to be drawn out. With recent sharp increase in unemployment and inflation in India, the Indian government has been forced to adopt anti-protectionist policies and become lenient in its policies.¹⁰⁷ However, with all these recent developments of pandemic crisis, the anti-China sentiment, Trump administration's pursuit of a protectionist agenda – all have serious implications for future trade talks and could nudge the parties to review their red lines & return to negotiating tables.¹⁰⁸

IV. LESSONS FROM THE BREXIT FOR ASIA

The referendum result was driven by economic and cultural anger of people of Britain. On one hand, the spoils from decades of globalization were shared unevenly, while on the other hand, the rising migration prompted a fierce public backlash; both factors resulting out of Britain's ties with EU. The increasing population with financial downturn for the British economy, ultimately led to the severance of a 40 year old relationship.¹⁰⁹ Asia as region is more integrated than many would believe.¹¹⁰ Asian countries like India need to understand that it is the economic and military power of UK that the Brexit is happening. Powerful nations of Asia, having similar prowess, can decide to separate from ASEAN or SAARC or any other EU-like Asian organization while that might not be true for developing nations like India.¹¹¹

The main challenge here is how one can ensure full participation in globalization that is indispensable for South Asian countries, with a robust policy to eschew disruptive repercussions resulting from inequitable distribution of wealth, benefit and opportunities. It seems that economic globalization needs to be accompanied by domestic policies to prevent abrupt transitions, instability and uncertainty or else, it would lead to disruption of economic structures and wear & tear of social fabric. On atomic levels, Brexit depicts lack of citizens' knowledge about regional institutions.¹¹² Regional institutions across Asia face similar issue, where people don't know what ASEAN is, making understanding of AEC far less inferable.¹¹³ Brexit also depicted the impact of ethnic tensions on economic affairs. Additionally, Brexit depicted how difficult it is to manage integration between and within the nations, of which the benefits have been frequently oversold in the past but rarely distributed in a fair manner.¹¹⁴

Further, another important lesson for Asia as a whole is to ensure that while protecting their economic interests, Political interests need to be catered to, but with peace and negotiation. It is evident from the fact that China, as a lone player, is ready to overtake the global economy.¹¹⁵ But at the same time, internal

¹⁰⁷ (Beniwal, 2020)

¹⁰⁸ (Sahdev, 2019)

¹⁰⁹ (Riley, 2016)

¹¹⁰ (*Asian Development Outlook 2017: Transcending the Middle Income Challenge*, 2018)

¹¹¹ (Robanni, 2013)

¹¹² (*Public Opinion in the European Union*, 2013)

¹¹³ (Ronnell, 2013)

¹¹⁴ (Fuchs & Merchant, 2016)

¹¹⁵ (Hancock & Curan, 2021)

political cohesions are beginning to surface. For instance- several Asian countries are countering China's claim in the South China sea, and its self-benefiting policies.¹¹⁶ Further, India, Myanmar and Malaysia are grouping together against the Chinese RCEP policies. In light of several political issues emerging with the united Asian Bloc, the need is that entities like ASEAN need to resolve these political issues, to ensure economic unity within Asia.¹¹⁷

Overall, Brexit was the outcome of the inability of EU to deliver on its promises of free trade, uniform policies, etc. ¹¹⁸ While EU seemed like a unified entity, with strong and united membership, the same was actually true. EU was unable to convert superficial integration into defacto integration. So, while ASEAN+3 is trying its best to put forth a strong united Asian front, the same is not actually true. For instance, India and China, two of the major Asian leaders, are now and then closer to a war situation.¹¹⁹ In such a situation, break-up of the Asian unity is quite foreseeable, if some concrete steps are not taken to ensure that the Asian Bloc does not wither away. Blocs like ASEAN need to act a mediator and ensure that all political disputes are resolved peacefully, and do not disrupt the free flow of trade.¹²⁰

V. CONCLUDING REMARKS

The decision of Brexit has a lengthy history. The UK is known for internationalized free trade economy, international politics and internal cohesion. In this regards, UK's exit from EU has marked the inaugural of a new era of international relations, international commercial transactions, Cross border business affairs and related matters. With variety of literatures stating variety of comments about the divorce and its implications on intricately knit matters with other countries, it remains to be seen whether it shall do more good or bad to their economies. As of India, what can be concluded from the above described state of affairs is that the Brexit benefits India trump up its business relations with EU but India shall have to give up UK as gateway to European markets and forge new relations with other European countries. It has provided an opportunity to nourish the relations between India & UK, especially in terms of expanding market and skilled manpower in areas like IT, health services etc., as noted in the aforementioned discussion. Post Brexit UK seems to prefer staying back in the single market which would not tamper its economic policies. Moreover, UK is no more bound by obligations and duties to follow the EU guidelines; therefore, it can negotiate its own FTAs with non-EU countries as per her convenience. Alongside this, UK now has the option to trade with EU under WTO rules.

There is enormous scope for tariff reduction, if FTA between UK and India, is finalized. But it has impacted UK in a different way round, as immigrants are on the lookout for jobs outside UK, with the notion of devaluation of the pound and the expected inflation in the country. This has led to the anticipation that UK would lose more than half a million jobs which lowers the standard disposable income. In such a scenario, it

¹¹⁶ ("U.S. Stands with SE Asian Countries against China Pressure, Blinken Says,," 2021)

¹¹⁷ (Crabtree, 2019)

¹¹⁸ (Maudlin, 2016)

¹¹⁹ (Menon, 2020)

¹²⁰ (Park & Kim, 2020)

is observed that Indian corporate and policy makers signing the FTA will mitigate the negative impact of Brexit for UK.

Similarly, in India there are approximately 570 UK companies in India with a combined turnover of Rs.3390 billion. UK is the biggest source of Foreign Direct Investment to India. Both countries significantly contribute to each other's progress and it is high time India starts negotiating Free Trade Agreement (FTA) with UK. Brexit has paved a way for Free Trade Agreement between India and UK.

India has also not signed Free Trade Agreement with European Union. European Union is one of the most lucrative markets, with access to 28 member states India can explore ample opportunities in trade. India – EU Broad based Trade & Investment Agreement (BTIA) negotiations started in 2007 was called off in 2013 after both the countries failed to reconcile their differences and have still not been finalized. There are enormous opportunities for India in UK as well as EU. It is high time India signs FTAs with UK and EU.

