

Rishi Sunak to sign UK-India trade deal without binding worker or environment pledges

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Angry firms and trade unions fear being undercut and say they were shut out of Britain's biggest trade talks.

LONDON — Prime Minister Rishi Sunak's trade deal with India will not include legally enforceable commitments on labor rights or environmental standards, five people briefed on the text have told POLITICO.

British businesses and unions now fear the deal's already-finalized labor and environment chapters will undercut U.K. workers' rights and efforts to combat climate change.

Sunak's government is racing to score a win with the booming South Asian economy ahead of the 2024 election. His plans for a [return trip](#) to India in October with the aim of sealing the pact are still on track.

Sunak and Indian Prime Minister Narendra Modi added impetus to negotiations when they met on the sidelines of the G20 in New Delhi early this month. The 13th round of talks continues in London this week.

Just days after Sunak's meeting with Modi, Badenoch's team shared the deal's labor and environment chapters with businesses, unions and trade experts on a September 13 briefing call.

Key enforceable dispute resolution powers which the U.K. set out to negotiate are missing from those chapters, said the five people briefed on the text. It means neither London nor New Delhi can hold the other to their climate, environmental and workers' rights commitments.

Businesses, unions and NGOs now fear the deal could undercut British firms because Indian firms operate to less stringent and expensive environmental and labor standards. Firms and unions say their access to the negotiations was curtailed earlier this year as talks progressed.

"Industry also wants binding commitments — partly for greater certainty, partly because businesses are made up of people who themselves want to be properly treated and to avoid climate catastrophe," said a senior British businessperson from the services sector briefed on the chapters. They were granted anonymity to speak candidly about the negotiations.

"Suppression of trade unions, child labor and forced labor are all widespread in India," said Rosa Crawford, trade lead at the Trades Union Congress (TUC) — the largest coalition of unions in Britain. "But the labor chapter that the U.K. government has negotiated cannot be used to clamp down on these abuses and could lead to more good jobs being offshored to exploitative jobs in

India.”

The Department for Business and Trade said it does not comment on live negotiations and that it will only sign a deal that benefits the U.K. and its economy.

‘Everyone was deeply unhappy’

At the outset of the talks, the British government [committed](#) to negotiating enforceable labor and environment chapters as it laid out its strategic approach. “We remain committed to upholding our high environmental, labour, food safety and animal welfare standards in our trade agreement with India,” the government said in January 2022.

Indian and British officials say the labor and environment chapters are now closed and are not up for discussion. The U.K.’s first post-Brexit trade pacts with Australia and New Zealand have dispute settlement mechanisms in both these chapters. Three people POLITICO spoke to for this piece said it was an achievement in itself that Britain was able to get such chapters in a deal with India.

But, as the U.K.-India deal stands, if either country were to weaken its environmental standards or workers’ rights “the other party would not have recourse to initiate consultations on changes in laws,” said a person familiar with the content of the chapters. “There is no dispute settlement in the environment and labor chapters.”

British firms and unions are also concerned that the pact the EU is negotiating with India has enforceable chapters “bound by sanctions in case the parties don’t comply,” the same person said. Those EU-India chapters are not yet finalized.

British stakeholders “are totally up in arms,” said a former trade department official familiar with the briefing. “Everyone was deeply unhappy.”

India has [changed its labor laws](#) to deprive workers of the right to strike. Over the past year several Indian states, including Karnataka, [Tamil Nadu](#) and [Uttar Pradesh](#), have weakened their workers’ rights laws making [12-hour daily shifts](#) and overnight shifts for women legal as Apple iPhone maker Foxconn sets up [multiple semiconductor factories](#) and assembly plants throughout India.

Adding enforceable chapters would only slow down negotiations, said an Indian government official. “If you put in too much of these things into a trade deal, then it delays the process.” The U.K. and India are already “bound by” their international commitments on labor and climate, they added.

The deal “is dire for working people because trade unions were excluded from the trade talks,” said the TUC’s Crawford. Nearly three years ago, ministers pitched the idea of involving unions in 11 influential Trade Advisory Groups (TAGs) that gave input on ongoing trade negotiations.

Businesses, unions and NGOs have all been concerned after Britain’s trade chief Kemi Badenoch closed the key forums in February to carry out a required review of their activities. International Trade Minister Nigel Huddleston received officials’ recommendations to restructure the groups in mid-August. A final decision is expected before the end of the year.

With 40-50 people on the U.K. government’s current briefing calls about the India trade deal there’s little businesses or unions can do to feed into negotiations. Officials can “only really be in transmit mode,” said a business representative familiar with the briefings.

“What this means in real terms is that decisions are being made about the future of people’s livelihoods, people’s health, and the environment we all depend on without any input from those who

will be impacted,” said Hannah Conway, trade and agriculture policy advisor at the NGO Transform Trade.

“It’s crucial,” she said, “that the government addresses its democratic deficit on trade policy by undertaking meaningful consultation with civil society and businesses.”

“It’s high time the government rethinks its approach,” said the TUC’s Crawford, “and includes unions in trade talks — that’s how you get trade deals that work for working people.”

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