



Prime Minister Theresa May's visit to India: A Review

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Prime Minister of United Kingdom (UK), Theresa May, visited India on November 6-8, 2016. This was her first bilateral visit outside Europe after taking over as the Prime Minister in July 2016. Prime Minister May's visit to India was premised on an important rationale i.e. the uncertainty that envelops 'Brexit'. This is as much because of the British Court's ruling on November 3, 2016 stating that the Parliament will need to approve a formal exit from the European Union (EU), as also EU members' willingness to offer a deal favouring Britain. In short, Prime Minister May has prioritized furthering ties with India to obtain reassurance in terms of trade and other links to deal with a post-'Brexit' scenario. As she herself remarked that India is one of the "*most important and closest friends*" of the UK and "*a leading power in the world and her visit will bolster bilateral strategic ties in areas like defence, security and trade*".ⁱ

During her visit, Prime Minister May met with Indian President Pranab Mukherjee and Prime Minister Narendra Modi, and attended the India-UK Tech Summit. During her meeting with Prime Minister Modi, defence, trade and security issues dominated the agenda of discussion.

Boosting Defence Ties

In the area of defence cooperation, there was largely a reiteration of earlier commitments and achievements. Celebrating the Defence and International Security Partnership (DISP) endorsed in November 2015, Prime Minister May recognized cooperation in defence manufacturing between UK and the Indian companies under 'Make in India', particularly cooperation between HAL and BAE Systems in manufacturing Hawk Advanced Jet Trainers in India. To this end, she assured future cooperation with India's Ministry of Defence (MoD) as well as the Indian defence companies to support and simplify technology transfer. The security of cyber-space, involving critical infrastructure, was also discussed during her meeting with Prime Minister Modi. Speaking in support of 'Digital India', Ms. May extended her support to the multi-stakeholder model of internet governance and the UK-India Cyber Relationship Framework for cyber security cooperation.ⁱⁱ

Trade and Economic Ties

Strengthening trade and economic ties remained the cornerstone of Ms. May's visit since India is one of the largest investors in the UK. According to the available data with the Office of National Statistics, the value of Indian FDI into the UK (inward FDI) has increased from £164 million in 2004 to £1.9 billion in 2013.ⁱⁱⁱ India is also the second-largest international job creator for the UK in the private sector with over 110,000 jobs created by Indian companies.^{iv} It is pertinent to mention here that the impact of 'Brexit' on India is likely to be marginal vis-à-vis UK as the former enjoys a trade surplus of \$3.63 billion with the UK, which accounts for only 3 per cent of total merchandise export from India. India's bilateral trade with the UK constitutes only 2 per cent of India's total trade.^v Marginal gains are noticeable in terms of investment from the UK in various projects.

Nonetheless, recognizing the importance of trade relations, both countries agreed to further strengthen financial cooperation and stimulate growth through investments. Prime Minister May offered to finance investments in Indian infrastructure development, such as, 'Make in India', 'Digital India', 'Skill India' and 'Smart Cities'. Recalling the commitments made in the three UK-India city partnerships in November 2015, both sides agreed on a more strategic and comprehensive urban partnership bringing governments, businesses, investors and urban experts to build smarter and inclusive cities that will generate employment.

In order to encourage new enterprises and create more job opportunities, Ms. May announced an investment of £160 million across 75 start-up enterprises and an additional £20 million for a start-up India Venture Capital Fund to support 30 enterprises. The Fund will also facilitate in leveraging an additional £40 million capital from other investors, including the UK venture capital funds.^{vi} To support the 'Skill India' mission, a £12 million investment was also announced.

The visit also saw the signing of two Memoranda of Understanding (MoUs) – one on ease of doing business and another on intellectual property – to harness expertise of the UK and enable India to progress in the World Bank Ease of Doing Business ratings as well as to promote innovation and creativity.^{vii}

However, the UK-India Free Trade Agreement (FTA), as indicated by Ms. May in October 2016^{viii}, did not form part of the discussion because of the inability of the UK to negotiate bilaterally given its commitments to the EU.

Terrorism and UNSC membership

Another encouraging aspect of the visit included the statements issued on terrorism and India's membership to the United Nations Security Council (UNSC) at the end of the meeting. Reiterating that terrorism is a global menace, Prime Minister May issued a strong statement condemning cross-border terrorism, calling on Pakistan to bring the perpetrators of 2008 terrorists attacks in Mumbai and Pathankot attacks in 2016 to justice. She also condemned the terrorist attacks at the headquarters of the Indian Army Brigade in Uri in September 2016. Both the leaders urged strengthening the existing international counter-terrorism legal framework, including finalizing the Comprehensive Convention on International Terrorism.

In the Joint Statement issued at the end of the visit, Ms. May endorsed India's position for a reformed UNSC and supported India's membership for a permanent seat in the Council. She also supported India's entry into Missile Technology Control Regime (MTCR) and Nuclear Suppliers Group (NSG) and other regimes championing the cause of global non-proliferation.^{ix}

Climate Change and Science and Technology

Generous progress is also visible in the area of climate change and science and technology, which saw collaboration in new areas through joint investments. Noting that addressing climate change and promoting secure, affordable and sustainable supplies of energy are shared strategic priorities for India and the UK, Prime Minister May applauded the Indian leadership for initiating the International Solar Alliance to harness solar energy. Recognizing that climate change is a shared objective, both agreed to expedite the process of ratification of the Paris Climate Change Agreement. The two prime ministers also pledged to hold the first India-UK Energy Summit in the beginning of 2017. Addressing the India-UK Tech Summit, Indian Prime Minister Narendra Modi stressed the importance of India-UK cooperation in science and technology. To this end, Mr. Modi announced the setting up of an India-UK clean energy Research and Development (R&D) Centre on Solar Energy with a £10 million joint investment and a new Anti-Microbial Resistance Initiative with joint investment of £15 million.^x

'Preferential Visa'

On visa front, Prime Minister May's visit was of much significance as the UK on November 3 announced changes to its visa approval policy for non-European Union citizens, directly affecting Indian professionals. The changes, which include raising of salary tiers for different categories and new English language requirements, are likely to affect Indian workers, especially those working in the Information Technology sector.^{xi} Prior to this, the UK also initiated a 'Migration Fund' of £140 million, and tightening of student visas in October 2016.^{xii} Noteworthy, the major concern of India from 'Brexit' is to be felt on Mode 4 of Services (movement of persons), which has also been one of the obstacles to the realization of the India-EU Bilateral Trade and Investment Agreement (BTIA). However, the discussion between the two leaders saw no significant progress on the immigration policy. Infact, during her meeting with Mr. Narendra Modi, she insisted that the UK would offer to relax visa restrictions for Indians on the condition that India facilitates the process of returning those Indians who have overstayed their visas.^{xiii} Instead, Ms. May offered 'preferential visa' under the Registered Traveller Scheme, making India the first country to be included in the 'Great Club', which will expedite visa clearance of Indian business executives.

Conclusion

Prime Minister May's visit to India has been described as 'underwhelming'^{xiv} with the euphoria, generated prior to her visit, dissipating as she departed. There was some progress in the areas of defence, trade, climate change, science and technology and international governance. Yet, the visit did not result in a remarkable achievement, particularly on the immigration policy front. In fact, it appeared that in terms of the policy of immigration, Prime Minister May has prioritized her political survival, instead of economic interests. On visa front, May's arrival saw little to offer in exchange, except for Britain's desire to enlist the top executives, through the "Great Club", who

will receive preferential visas and immigration opportunities in exchange for investments. Notwithstanding, Prime Minister May's visit to India, particularly as her first bilateral visit outside Europe, signals the importance that India is going to enjoy in post-Brexit Britain, given the uncertainty that looms large in negotiating the best possible deal with the EU.

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Disclaimer: The views expressed are that of the Researcher and not of the Council.

ⁱ Shubhajit Roy, "British PM arrives on 3-day visit: India one of UK's closest friends, says Theresa May" *The Indian Express*, 7 November 2016.

ⁱⁱ Government of India, Ministry of External Affairs, "India-UK Joint Statement during the visit of Prime Minister of the United Kingdom to India", 7 November, 2016. <http://www.mea.gov.in/bilateral-documents.htm?dtl/27584/IndiaUK+Joint+Statement+during+the+visit+of+Prime+Minister+of+the+United+Kingdom+to+India+IndiaUK+Strategic+Partnership+looking+forward+to+a+renewed+engagement+Vision+for+the+decade+ahead> accessed on 7 November, 2016.

ⁱⁱⁱ Office of National Statistics, "The UK's trade and investment relationship with India", 18 September 2015. <http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/rel/international-transactions/outward-foreign-affiliates-statistics/the-uk-s-trade-and-investment-relationship-with-india/sty-india.html> accessed on 15 December 2016.

^{iv} Grant Thornton, 2016, "India meets Britain Tracking the UK's top Indian companies". <http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2016/india-meets-britain-2016-report.pdf> accessed on 9 November 2016. Government of India, Ministry of External Affairs, "India-UK Joint Statement during the visit of Prime Minister of the United Kingdom to India", 7 November, 2016. <http://www.mea.gov.in/bilateral-documents.htm?dtl/27584/IndiaUK+Joint+Statement+during+the+visit+of+Prime+Minister+of+the+United+Kingdom+to+India+IndiaUK+Strategic+Partnership+looking+forward+to+a+renewed+engagement+Vision+for+the+decade+ahead> accessed on 7 November, 2016;

^v Yameen Khwaja, "India and Britain: Partners in Need", *The Gateway House*, 4 November, 2016. <http://www.gatewayhouse.in/india-britain-partners-in-need/> accessed on 5 November, 2016.

^{vi} "UK to invest 160 mn pound in 75 start-up enterprises", *The Business Standard*, 7 November 2016. http://www.business-standard.com/article/pti-stories/uk-to-invest-160-mn-pound-in-75-start-up-enterprises-116110701873_1.html

^{vii} Government of India, Ministry of External Affairs, "India-UK Joint Statement during the visit of Prime Minister of the United Kingdom to India", 7 November, 2016. <http://www.mea.gov.in/bilateral-documents.htm?dtl/27584/IndiaUK+Joint+Statement+during+the+visit+of+Prime+Minister+of+the+United+Kingdom+to+India+IndiaUK+Strategic+Partnership+looking+forward+to+a+renewed+engagement+Vision+for+the+decade+ahead> accessed on 7 November, 2016.

^{viii} Addressing the Conservative Party Conference, Prime Minister May said, "Countries including Canada, China, India, Mexico, Singapore and South Korea have already told us they would welcome talks on future free trade agreements. And we have already agreed to start scoping discussions on trade agreements with Australia and New Zealand". *The Reuters*, 2 October, 2016. <http://www.reuters.com/article/us-britain-eu-may-speech-idUSKCN122oLM?il=0> accessed on 3 October 2016.

^{ix} Government of India, Ministry of External Affairs, "India-UK Joint Statement during the visit of Prime Minister of the United Kingdom to India", 7 November, 2016. <http://www.mea.gov.in/bilateral-documents.htm?dtl/27584/IndiaUK+Joint+Statement+during+the+visit+of+Prime+Minister+of+the+United+Kingdom+to+India+IndiaUK+Strategic+Partnership+looking+forward+to+a+renewed+engagement+Vision+for+the+decade+ahead> accessed on 7 November, 2016.

^x Vikas Dhoot, "India, U.K. must help each other break down barriers: May", *The Hindu*, 7 November 2016; PM's address at India-UK Tech Summit, New Delhi, 7 November 2016 http://www.pmindia.gov.in/en/news_updates/pms-address-at-india-uk-tech-summit-new-delhi/ accessed on 8 November 2016.

^{xi} For details, see the Government of the United Kingdom, "Changes to the Immigration Rules", 3 November 2016. <https://www.gov.uk/government/news/changes-to-the-immigration-rules> accessed on 3 November 2016.

^{xii} Alan Travis and Sally Weale, “Amber Rudd announces crackdown on overseas students and work visas”, *The Guardian*, 4 October 2016 <https://www.theguardian.com/uk-news/2016/oct/04/rudd-announces-crackdown-on-overseas-students-and-new-work-visas> accessed on 4 October 2016.

^{xiii} “Theresa May Offers Conditional Visa Restriction Relaxation for India,” *The Wire*, 7 November 2016.

<http://thewire.in/78495/india-uk-relations-may-visa/> accessed on 7 November, 2016.

^{xiv} Prasun Sonwalker, “Britain PM Theresa May’s India Visit was underwhelming, says critics”, *Hindustan Times*, 13 November 2016.