



JSA Prism India-UK Trade Agreement

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Chapter 12 of the India–United Kingdom Comprehensive Economic and Trade Agreement: Framework for digital trade

On July 24, 2025, India and the United Kingdom (“UK”) signed the Comprehensive Economic and Trade Agreement (“CETA”). It’s a comprehensive trade agreement with 30 (thirty) chapters that covers products, services, investments, and collaboration. Chapter 12 of the CETA (“**Chapter 12**”) focuses exclusively on digital trade including information technology, e-commerce, and data-driven services to both economies.

Chapter 12 reflects an increasing importance of digital commerce in the bilateral trade relationship, where services trade and technology-enabled sectors constitute a significant proportion of overall economic exchange.

Key takeaways

Legal recognition and trade facilitation

Chapter 12 requires the parties to accord legal recognition to electronic contracts, electronic authentication, and electronic signatures. It obligates the parties to maintain legal frameworks that do not deny validity solely on the basis that a transaction is conducted electronically. Chapter 12 also encourages the use of paperless trading systems in customs and trade administration and includes a commitment to accept electronic copies of trade administration documents. For consumers, it ensures smoother access to digital services, such as online banking, insurance claims, and e-commerce platforms.

Data flows and localisation

Chapter 12 requires that measures adopted for electronic invoicing be designed to facilitate the cross-border exchange of usable information between the parties’ invoicing systems. At the same time, it recognises India’s regulatory space to maintain localisation obligations and data transfer restrictions, such as those reflected in the Reserve Bank of India’s payment data rules.

Chapter 12 provides that after the enforcement of CETA, where a party concludes a trade agreement with a third country with data protection provisions, cross-border data transfer, or data localisation provisions, the other party can request consultations to discuss a possible extension of similar provisions under this CETA. However, this does not affect the operation of each party’s domestic personal data protection laws, nor does it require the extension of benefits arising from regulatory cooperation measures, including those relating to authorisation, licensing, certification, or prudential rules in financial services.

Consumer protection and digital trust

The parties have agreed to adopt or maintain measures to protect consumers engaged in online commercial activities against fraudulent, misleading, or deceptive practices. Chapter 12 requires the establishment of transparent and effective measures to address unsolicited commercial electronic messages (spam), including providing consumers with the ability to prevent ongoing reception. The agreement also promotes fair competition by addressing exploitative business practices, such as misleading advertising or abuse of dominant positions in digital marketplaces.

Source code and intellectual property protection

Chapter 12 contains a provision prohibiting either party from requiring the transfer of, or access to, the source code of software owned by a person of the other party, as a condition for market access. This requirement is imposed on mass-market software but not on software developed for critical infrastructure or for public procurement. Moreover, Chapter 12 clarifies that the provision does not preclude a regulator or court from ordering access to source code for some investigations, law enforcement, or regulatory ends in conformity with domestic law.

Cooperation on standards and interoperability

Chapter 12 requires joint efforts by the parties towards making sure that international standards and guidelines are taken into account in their respective digital regulatory frameworks. The objective is to promote interoperability of digital systems and to avoid unnecessary barriers to digital trade. It includes provisions for mutual co-operation in the aspects of future technologies, digital identity systems, and electronic trust services by mutual consent.

Cybersecurity

Chapter 12 includes provisions recognising the importance of maintaining robust cybersecurity measures to support digital trade. The parties commit to cooperation on cybersecurity issues, including sharing best practices, strengthening the resilience of digital infrastructure, and fostering collaboration between their respective Computer Emergency Response Teams (CERT). The text also highlights the role of risk-based approaches and voluntary frameworks in mitigating cyber threats, while ensuring that regulatory measures are consistent with international practices and do not create unnecessary barriers to trade.

General exceptions and safeguards

The obligations under Chapter 12 are subject to general exceptions similar to those in the World Trade Organization framework. Measures necessary to achieve objectives such as the protection of public morals, the maintenance of public order, or the protection of human, animal, or plant life or health are permitted. This ensures that commitments under the digital trade chapter do not prevent either country from pursuing legitimate domestic regulatory objectives.

Conclusion

Chapter 12 of the CETA represents a significant move forward in India's strategy towards digital trade. It expresses the intent to comply with international standards while retaining the freedom to aim for domestic objectives. For Indian businesses, Chapter 12 has numerous benefits. Information technology and information technology-enabled service firms can operate with more legal certainty. Small and medium enterprises and exporters enjoy the less fragmented recognition of digital contracts and authentication. Startups involved in SaaS, artificial intelligence, and fintech gain from protection of proprietary code and potential access to the UK market under more straightforward

rules. For regulators, this move raises significant questions about how best to balance obligations under the CETA with the requirements of domestic regulation, consumer protection, and cybersecurity.

The chapter will probably shape the drafting of the Digital India Act and could also be a precedent for India's future trade negotiations with other partners, including the European Union and ASEAN. Its relevance thus goes well beyond the bilateral relationship with the UK.

E-commerce

E-commerce is a developing and ever-evolving sector, and our lawyers provide flexible solutions which adapt to this continuously changing field. Our proficiency stems from the breadth of our technical knowledge combined with an approach which embraces the unique challenges in this sector.

JSA provides advice on governing e-commerce business in India which includes Indian Contract Act, Information and Technology Act, Foreign Direct Investment Policy etc. Our start-up practice provide advice on matters related to e-commerce platforms, advertising and marketing content, and relevant commercial support. We also advise both foreign and domestic entities in investing in e – commerce entities in India. Our world-leading Data Privacy Practice provides clients with the data protection, privacy and information management guidance they need to stay on the cutting edge of data collection while avoiding the pitfalls. Our data privacy lawyers focus on prevention, and provide guidance on crisis management, public relations, law enforcement reporting and mandatory notifications when breaches occur.

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