

Shri Manubhai Shah: To take the latter part of the question first, the basic policy of industrial development has been that nothing will be allowed to be merely assembled in this country. Within three years or so the product must be practically hundred per cent. indigenous. Therefore there is no question of components in large quantities coming in from outside. Regarding the cost of production, as I had said in the earlier answer it will have to be costed out when production starts.

Shri Sonavane: Will it be within the reach of the poor agriculturists?

Mr. Speaker: All agriculturists are poor. Next question.

European Common Market

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*495. { **Shri Kodiyan:**
 { **Shri Raghunath Singh:**
 { **Shri Kalika Singh:**

Will the Minister of Commerce and Industry be pleased to state:

(a) whether Government have studied the implications of the proposed European Common Market plan in so far as it affects our trade with countries which come under the plan; and

(b) if so, what steps have been taken to see that our export trade with these countries is not adversely affected by the plan?

The Minister of Commerce (Shri Kanungo): (a) Yes, Sir.

(b) Direct representations have been made to the Six member states of the European Economic Community. Consultations and discussions have also been held in the GATT with a view to securing liberal facilities for the entry of Indian goods into the European Common Market. The Government of India also intend to participate in the GATT tariff negotiations beginning September, 1960 to seek a reduction of European tariffs on Indian goods.

Shri Kodiyan: Which are the commodities that will be affected due to this European Common Market? What is the expected decline in our export of goods and what is the value of export earnings that we may lose on account of this?

Shri Kanungo: So far during the first phase of tariff reductions in the Common Market our trade has not been affected specifically on those conditions. The second phase has started and we have to assess it after a while. There are about 40 major items of export to those countries with varying rates of tariff in the different countries. When all the phases are completed, that is, when they have dismantled their tariff barriers between themselves, the anticipation of the Common Market protagonists are that the volume of trade may increase whereas our apprehensions are that it may affect our trade to a certain extent. But this can be assessed only after a while.

Shri Kasliwal: The hon. Minister has said that certain consultations have been held. May I know whether as a result of those consultations any assurance was given to the Government that our products which are exported to those countries will not generally suffer?

Shri Kanungo: As I said, actual tariff negotiations will begin in September, 1960. That is the point when we have got to see whether we can get any tariff concessions. Also, if we ask for tariff concessions we will have to give tariff concessions. It is a matter of negotiation.

Shri Kasliwal: Is it not a fact that a senior official of the Commerce and Industry Ministry was sent to negotiate with these six countries and, if so, what is the report he has made in this connection?

Shri Kanungo: No. A delegation including government officials went out for exploring the possibility of increasing our export trade. They

were not expected to negotiate on the tariffs. Incidentally they met the authorities of the European Common Market and they had informal discussions about it.

Shri Tridib Kumar Chaudhuri: May I know whether Government of their own have made any assessment of the position as regards the effects of this reduction of tariffs on our exports?

Shri Kanungo: As I said, the first phase of the Common Market has not affected our trade specifically because of tariffs.

Shri Hem Barua: In view of the fact that U.K. proposes to be a member of this European Common Market plan, may I know whether the Imperial Preferences which U.K. generally grants to Commonwealth countries are considered sufficient by our Government to meet our demand for a market abroad, and whether this possibility was considered or not?

Shri Kanungo: I suppose the hon. Member is referring to what is called the EFTA, the European Free Trade Area. Well, that has not come into operation yet. When it comes into operation, then the treaty of 1939, where there were some preferences in U.K. for India, will have to be altered; and the negotiations for that are provided in the treaty. But it is yet too early to assess the effects of that.

Shri Hem Barua: I mean only this. U.K. proposes to join the European Common Market plan, and forty Members of the British Parliament have demanded it. We have certain advantages with U.K. so far as the market is concerned, and that is because of the Imperial Preferences granted by U.K. to the Commonwealth countries, including India. Therefore, I want to know, when U.K. joins the European Common Market plan, whether these Imperial Preferences granted by U.K. to the Commonwealth countries are considered sufficient by our Government, as against the European Common Market, because that is

going to narrow down our foreign market.

Shri Kanungo: U.K. has not joined the European Common Market. In fact, they have set up another combination of States which are commonly called the EFTA States. If they do enter into arrangements or join the European Common Market, then we will certainly ask for the revision of the Treaty of 1939.

Shri Kодиyan: May I know whether the study conducted by the Government is based on the assumption that the European Common Market and the Free Trade Area will be two separate competing entities or there will be close collaboration between these two, that is the Common Market and the Free Trade Area? In that case . . .

Mr. Speaker: Why "in that case"? I will not allow two questions. Only one question. It may be answered.

Shri Kanungo: As a matter of fact, there are two entities today, one the Common Market which has passed over the first stage and is getting into the second stage; and the other the Free Trade Area which is in the preliminary stages. What arrangement the Free Trade Area will have with the European Common Market we do not know yet. Our studies at the moment are based upon the two trading groups.

Shri Kодиyan: May I know whether Government has raised any objection to British participation in this Common Market?

Mr. Speaker: He said "no".

Shri Kanungo: We cannot object to what any other country does. But certainly if . . .

Shri Kодиyan: If it affects us adversely.

Shri Kanungo: . . . if it affects us, then we have a right to consultation on the revision of the 1939 Treaty.