

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:1811
ANSWERED ON:29.11.2002
BILATERAL DEAL ON TEXTILES
CHINTAMAN NAVSHA WANAGA;IQBAL AHMED SARADGI

Will the Minister of TEXTILES be pleased to state:

- (a) whether India and the European Union (EU) are examining the possibility of a limited bilateral deal in textiles to compensate New Delhi for the likely loss of over 250 million euro arising out of diversion of trade to Pakistan due to duty-free access being granted to it by EU;
- (b) if so, whether any final decision in this regard was reached during the 12th Session of the India EU joint commission held in Brussels on July 10, 2002; and
- (c) if so, the outcome of the talks held ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI BASANAGOUDA R. PATIL (YATNAL))

(a) to (d) : The scheme of Generalised System of Preferences (GSP) of the European Union (EU) for the period 1st January 2002 to 31st December 2004 inter-alia provides for suspension by the EU of customs duties for all products which have not graduated under special tariff arrangements to combat drug production and trafficking. Pakistan is one of the beneficiary countries under this special arrangement. As this may adversely affect India's exports to EU, India had taken up this issue with EU through bilateral consultations held in February 2002 and July 2002 and consultations under the Dispute Settlement Mechanism of WTO on 25th March 2002. During these consultations it was highlighted that India would stand to lose substantial trade on account of duty concessions given to Pakistan. The EU was requested to rectify the adverse trade impact due to such concessions. The EU has not yet addressed our concerns in this regard. Further course of action would be taken in accordance with the WTO rules.