

**GOVERNMENT OF INDIA
EXTERNAL AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:154
ANSWERED ON:03.12.2003
AGREEMENT FOR FREE TRADE WITH ASEAN COUNTRIES
SULTAN SALAHUDDIN OWASI

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

- (a) whether as a part of its Look East Policy the government propose to sign a major framework agreement for free trade with ASEAN member countries;
- (b) if so, the details thereof;
- (c) by when the agreement is likely to be signed; and
- (d) the main benefits likely to be accrued by this agreement in the economic sector for India and the ASEAN countries?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI VINOD KHANNA)

a), b), c), and d) India signed a Framework Agreement for Comprehensive Economic Cooperation with the ASEAN countries during the Second ASEAN-India Summit on 8 October 2003, in Bali, Indonesia. The Framework Agreement envisages the establishment of an Indo-ASEAN Regional Trade and Investment Area, which includes a Free Trade Area in goods, services and investment.

2. Negotiations on the Free Trade Area in goods are expected to commence in January 2004 and be completed by June 2005. The negotiated FTA would come into force from January 2006. Tariff reduction/elimination will be completed by December 2011 between Brunei Darussalam, Indonesia, Malaysia, Singapore and Thailand and India. Tariff reduction/elimination between the Philippines and India will commence on January 2006 and be completed by December 2016. Tariff reduction/elimination between Cambodia, Laos, Myanmar, Vietnam (CLMV countries) and India would commence from January 2006, to be completed by the CLMV countries by December 2016 and by India by December 2011.

3. For trade in services and investments, the negotiations on the respective agreements shall commence in 2005 and be concluded by 2007.

4. The Framework Agreement includes an Early Harvest Programme (EHP) on trade in goods under which progressive tariff reduction on 105 agreed items shall commence from November 2004. Tariff elimination/reduction shall be completed by Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, Thailand and India by October 2007, and by Cambodia, Lao PDR, Myanmar and Vietnam by October 2010. In addition, India has also given unilateral tariff-concessions to Cambodia, Laos, Myanmar and Vietnam on 111 items.

5. The Agreement provides the roadmap for negotiating a Free Trade Area Agreement (FTA) with ASEAN that would give further impetus to India-ASEAN linkages in trade, investment, services and other areas of economic cooperation, and would facilitate a closer economic partnership between India and ASEAN in the 21st century.