

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:387

ANSWERED ON:20.12.2005

TRADE WITH PAKISTAN

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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Government has imposed any restriction on the import of certain goods fromj Pakistan;
- (b) if so, the details thereof alongwith the reaction of Pakistan on this restriction;
- (c) whether Pakistan has restricted import of medicines and raw sugar from India;
- (d) if so, the reasons therefor alongwith the action taken by the Government in this regard:
- (e) whether the Government intends to export machinery, wheat, rice, edible oil and other agricultural products to Pakistan; and
- (f) if so, the steps the Government has taken or proposes to take in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGO VAN)

(a) & (b):

(c) to (f): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (c) To (f) OF LOK SABHA STARRED QUESTION NO. 387 FOR ANSWER ON 20.12.2005 REGARDING 'TRADE WITH PAKISTAN'.

(a) & (b): India has not imposed any restriction on the imports from Pakistan as India has already granted Most Favoured Nation (MFN) Status to Pakistan. Imports are regulated under our Foreign Trade Policy.

(c) & (d): Pakistan is yet to reciprocate by granting MFN status to India and has cited extraneous political, economic and other reasons for this. Instead, Pakistan follows Positive List approach. India`s export to Pakistan is, therefore, restricted to the items in the Positive List, as notified from time to time, by the Government of Pakistan. The present Positive List of Pakistan consists of 773 items.

As far as export of Medicines to Pakistan is concerned, it is according to the items in the Positive List of Pakistan. Recently they have included Vaccines for Hepatitis B and Anti Rabies and Medicines and vaccines for thalassaemia, cancer and HIV/AIDS in their Positive List.

In August 2005 Pakistan announced its decision to include sugar in their Positive List of importable items from India. Raw and refined sugar can now be imported into Pakistan from India by Public as well as Private Sectors, including through land route (Attari-Wagah) on the same duties and taxes as levied on its import from worldwide sources. Under our current Foreign Trade Policy, export of sugar is freely allowed under Open General Licence (O.G.L.) without any quantitative restriction and can be undertaken by the sugar mills, either directly or through the exporters as per their commercial prudence. However, keeping in view the stock position, the Government has decided to allow export of sugar (including to Pakistan) by those factories that imported raw sugar under Advance License Scheme. There is no data regarding export of sugar to Pakistan since its inclusion in the Positive List.

(e) and (f): Wheat and rice are not included in the Positive List of Pakistan. However, certain categories of agricultural products, edible oils and machineries are in the Positive List of Pakistan. Export of any item to Pakistan, which is in the Positive List, would depend upon the domestic supply and demand from Pakistan. As far as agricultural products are concerned, in May 2005, Government of Pakistan announced its decision to import twelve items from neighboring countries on duty free basis by road including Wagah Border. This list includes four agricultural products, namely Potatoes, Tomatoes, Onions and Garlic, and export of these items commenced through Attari-Wagah Border in July, 2005. Since then 938 Metric Tonnes (MT) of Garlic and 526 MT of Potato have been exported by road.

The following positive steps have been initiated to boost bilateral trade:

- (a) India and Pakistan have set up a Joint Study Group (JSG) at the level of Commerce Secretary to adopt strategy for boosting trade

between the two countries.

(b) South Asian Free Trade Area Agreement (SAFTA), of which both India and Pakistan are signatories, is scheduled to come into force from 1st January, 2006. The Trade Liberalization prescribed under SAFTA would be applicable to all items except those items which have been included in the Sensitive (Negative) List under SAFTA. While India's Sensitive List has 884 items, that of Pakistan has 1183 items.