

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

UNSTARRED QUESTION NO:2650

ANSWERED ON:16.12.2008

IMPACT OF FTAs ON INDIAN INDUSTRY AND AGRICULTURE

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

- (a) whether the Government has made any study about the impact of Free Trade Agreements (FTAs) with Asian Countries on our industry and agriculture;
- (b) if so, the results of the study and the details of FTAs made so far alongwith the terms of reference;
- (c) the details of the ongoing negotiations for India-ASEAN Comprehensive Economic Cooperation Agreement;
- (d) whether products to be brought under zero per cent duty has been identified by the member countries;
- (e) if so, the details thereof; and
- (f) the extent to which the volume of trade in India will be increased by such agreements?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI JAIRAM RAMESH)

(a)& (b) Before entering into negotiations with its trading partners, studies are undertaken internally, as well as through joint study groups to study the feasibility of the proposed FTAs, including their impact on the domestic industry. Consultations are also held with the domestic stakeholders including the Apex Chambers of Commerce and Industry, industry associations as well as the administrative Ministries and Departments. In order to protect the interests of the domestic industry, these Agreements provide for maintaining sensitive/ negative lists of items on which limited or no tariff concessions are granted under the FTA. In addition, in case of a surge in imports and injury to the domestic industry, a country is allowed to take measures such as anti-dumping and safeguards.

India has signed Free Trade Agreements with the following countries

(i) The India-Sri Lanka Free Trade Agreement covering only goods was signed on 28 December 1998 and its implementation began in March 2000.

(ii) India and Singapore have signed a Comprehensive Economic Cooperation Agreement (CECA) on 29 June 2005 which became effective from 1 August, 2006. The CECA includes, inter-alia, free trade agreements in goods, services and investment.

(iii) The Agreement on South Asian Free Trade Area (SAFTA), covering goods, was signed by the SAARC member countries (Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka) during the 12th SAARC Summit in Islamabad on 6 January 2004 and has come into force from 1 January 2006. The tariff liberalization programme under SAFTA has commenced from 1 July 2006.

(iv) India also has bilateral trade treaties with Nepal and Bhutan, under which duty-free access has been provided to goods from these two countries, on non-reciprocal basis.

(c) Negotiations towards Trade in Goods Agreement have been concluded but the Agreement is yet to be signed. Negotiations towards Services and Investment Agreement are underway.

(d) & (e) In view of reply in Part (c), the question does not arise.

(f) On account of volatile nature of international trade, it would be difficult to precisely predict the growth in India's international trade because of Free Trade Agreements; however, India's trade with its FTA partners is increasing steadily and India has a favorable balance of trade with its FTA partners. India's average value of exports & imports with its main FTA partners during 2004-2008 is as follows:

Exports of India to its select FTA Partners

Values in US\$ Million

S. No.	Country	2004-5	2005-6	2006-7	2007-8
1	AFGHANISTAN	165.44	142.67	181.58	248.86
2	BANGLADESH	1,631.12	1,664.36	1,626.58	2,916.79
3	BHUTAN	84.58	99.17	57.46	86.65
4	MALDIVES	47.61	67.58	68.67	89.55
5	NEPAL	743.14	859.97	927.77	1,506.05
6	PAKISTAN	521.05	89.23	1,348.55	1,944.17
7	SRI LANKA	1,413.18	2,024.67	2,253.82	2,825.16
8	SINGAPORE	4,000.61	5,425.29	6,064.19	7,367.54
	Total	8,606.73	10,972.94	12,528.62	16,984.77

India`s Imports from its select FTA Partners

Values in US \$ Million

S. No.	Country	2004-5	2005-6	2006-7	2007-8
1	AFGHANISTAN	47.01	58.42	34.48	109.23
2	BANGLADESH	59.37	127.03	228.31	257
3	BHUTAN	71	88.77	141.33	194.38
4	MALDIVES	0.61	1.98	3.05	4.15
5	NEPAL	345.83	379.85	305.73	627.72
6	PAKISTAN	94.97	179.56	323.01	287.8
7	SRI LANKA	378.4	577.7	470.26	631.12
8	SINGAPORE	2,651.40	3,353.77	5,485.26	8,117.64
	Total	648.59	4767.08	6991.43	10229.04