

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

UNSTARRED QUESTION NO:566

ANSWERED ON:09.12.2013

FREE TRADE AGREEMENTS

Azad Shri Kirti (Jha);Kateel Shri Nalin Kumar;Roy Shri Arjun;Singh Shri Rajiv Ranjan (Lalan);Sivasami Shri C.

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

- (a) the details of countries with which India has entered into Free Trade Agreements (FTA);
- (b) whether the Government proposes to enter into new FTA or review the existing FTAs for enhanced trade, cooperation and investments and if so, the details thereof and the time likely to be taken to conclude the ongoing negotiations;
- (c) the details of the total import/export carried on with these countries, commodity and country-wise during each of the last three years and the current year along with the names of the countries with which transaction takes place in currencies other than dollar;
- (d) whether any assessment has been made by the Government regarding the impact of these FTAs on the balance of trade, domestic manufacturing sector, services and investments and providing long term sustainable benefits to India and if so, the details thereof; and
- (e) whether the Centre for International Trade, Economics and Environment has requested the Government to safeguard public interest while negotiating the FTAs and if so, the details thereof and the action taken thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. E.M. SUDARSANA NATCHIAPPAN)

- (a) The details of countries with which India has entered into Free Trade Agreements (FTA) are given below:

THE ANSWER FOR THIS QUESTION NO.566 ANY BE ATTACHED TO THE ANNEXURE.

- (c) Total trade (import/export) with India's FTA partner countries during each of the last three years and the current year is given in the Annexure.
- (d) Impact evaluation of FTAs is a continuous process which starts even before FTA negotiations are entered into. Before entering into negotiations with its trading partners, studies are undertaken internally, as well as through the Joint Study Group (JSG) to study the feasibility of the proposed FTAs, including their impact on 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 interest of the domestic industry and agriculture sector, 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 recourse to the measures such as anti-dumping and safeguards. Every FTA has a joint review mechanism which monitors the implementation of the FTA. India's trade and economic relations with all its FTA partners have increased substantially.
- (e) Yes. The Centre for International Trade, Economics and Environment has requested the Government to safeguard public interest while negotiating the FTAs and has recommended that India's strategy to negotiate and implement free trade agreements should take into account, inter alia, the following points:
 - (i) There should be a better alignment/coherence of India's trade policy with the objectives of other major macroeconomic policies such as National Manufacturing Policy;
 - (ii) All relevant stakeholders such as business association including bodies representing micro, small and medium enterprises and civil society and community-based organisations should be given due representation in trade policy-making process and its implementation;
 - (iii) Comprehensive analyses of market access and other opportunities in prospective partner-country markets including analyses of factors relating to enhancement of competitiveness of India's exports through right mix of import intensity should be undertaken before initiating trade negotiations. Negotiations should start after a thorough understanding of sustainability impact of free trade agreements in respect to their economic, social and environmental sustainability;
 - (iv) Impact of third-party FTAs (that is between two or more countries with which India has significant trade relations but does not have

a free trade agreement) on the Indian economy should be analysed.

The Department of Commerce has studied the recommendations and is undertaking widespread stakeholder consultations to ensure that all possible viewpoints are taken into account while negotiating free trade agreements.