

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

UNSTARRED QUESTION NO:2891  
ANSWERED ON:10.02.2014  
ASSESSMENT OF TRADE RELATIONS  
Owaisi Shri Asaduddin

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

- (a) whether a meeting of Trade and Economic Relation Committee the highest body of the Government on trade was held recently in New Delhi;
- (b) if so, the number of trade bodies and Ministries concerned which attended the meeting;
- (c) whether the Ministry of Finance has raised caution on hasty signing of bilateral trade pacts and if so, the details thereof and the reasons therefor;
- (d) whether the Government has assessed the impact of Free Trade Agreements on a regular basis; and
- (e) if so, the future plan chalked out in the Committee meeting for trade pacts with the rest of the world?

**Answer**

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

- (a) & (b): Yes, Madam. The last meeting of the Trade and Economic Relations Committee (TERC) was held on 4th November, 2013 which was attended by all the members. No trade body is a member of the TERC.
- (c) Some concerns were expressed on the suspected adverse impact of FTAs on the domestic manufacturing sector as well as the effect on trade balance.
- (d) Lack of data on preferential imports under the various FTAs has been an impediment towards assessing the impact of these FTAs. While India-Singapore Comprehensive Economic Partnership Agreement has been in force since 2005, all the other important FTAs that India has entered into with its major trading partners (ASEAN, Korea, Japan, Malaysia ) have been in operation only from the year 2010. The Department of Commerce is studying the impact of these FTAs on domestic industry as well as on the export sector even though it is felt that two/ three years is too short a period to come to any conclusive assessment of their impact, and more so because of the lingering impact of the economic slowdown that has affected international trade in general. The full impact of these FTAs would only be evident once the transitional period has played itself out and the agreed tariff liberalizations have been fully implemented. Trade in services is an important component of our international trade and an area where India enjoys tremendous comparative advantage. The impact analysis of FTAs has been hampered by the lack of reliable data on this important sector.
- (e) The Committee decided that the Group would collectively examine in detail India's engagement in FTAs and prepare an agenda for change/ action needed on different fronts to retain our global competitiveness.