

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

STARRED QUESTION NO:268
ANSWERED ON:25.07.2014
MOST FAVOURED NATION STATUS
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) the volume of trade between India and Pakistan during each of the last three years and the current year, item-wise;
- (b) whether Pakistan has imposed restrictions/conditions on trade of certain items and also grant of Most Favoured Nation (MFN) status to India, if so, the details thereof and the follow-up action taken by India thereon;
- (c) the present status on this issue; and
- (d) the benefits likely to accrue to both the countries as a result of granting MFN status to each other?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE) (SMT. NIRMALA SITHARAMAN)

a) to d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO.268 FOR ANSWER ON 25TH JULY, 2014 REGARDING " MOST FAVOURED NATION STATUS "

(a) The volume of trade between India and Pakistan during last four years are given below:

(In US\$ million)

Year	Export	Import	Total Trade
2010-11	2039.53	332.51	2372.05
2011-12	1541.56	397.66	1939.21
2012-13	2064.79	541.87	2606.66
2013-14	2294.36	426.88	2721.25

Source: Export Import Data Bank of D/o Commerce

Item-wise details of exports to and imports from Pakistan are available on D/o Commerce website : [http://commerce.gov.in/Trade Statistics/ Export Import Data Bank](http://commerce.gov.in/TradeStatistics/ExportImportDataBank).

(b) &(c) India had granted MFN status to Pakistan in 1996. Pakistan is yet to accord MFN status to India. During the 7th round of talks on Commercial and Economic Cooperation between Commerce Secretaries of India and Pakistan held in Islamabad on September 20-21, 2012 it was agreed, inter-alia that Pakistan would transition fully to MFN (non-discriminatory) status for India by December, 2012. Pakistan, however, did not adhere to the timelines.

The Commerce Ministers of India and Pakistan met on 18th January 2014 on the sidelines of the 5th SAARC Business Leaders Conclave held at New Delhi. Both Ministers reaffirmed the commitment of their Governments to expeditiously establish normal trading relations and in this context Pakistan to provide Non-Discriminatory Market Access (NDMA) to India. Pakistan has moved from 'Positive List' regime to a 'Negative List' regime comprising of 1209 tariff lines of import of goods not allowed from India. Both countries have Preferential Trading arrangement under South Asia Free Trade Area (SAFTA) Agreement. Benefits under the SAFTA process are partially blocked by Pakistan through adoption of 'Negative List'. It has been mentioned in the Notification dated 20.3.2012 issued by Pakistan that only 137 items would be allowed to be exported by India to Pakistan through land route of Attari/Wagha border, which is highly restrictive. Connectivity to Afghanistan is also restricted by Pakistan and therefore reciprocated by India. In the recent meeting between Prime Ministers of India and Pakistan on 27th May 2014, it was stated that the two countries could move immediately towards full trade normalization on the basis of the September 2012 roadmap worked out between the Commerce Secretaries of both countries. It has been reported that both Foreign Secretaries will meet in Islamabad on 25th August, 2014 to progress further in our bilateral talks.

(d) At present trade between India and Pakistan takes place through UAE and Singapore to the tune of \$ 3 billion as reported. If MFN status is granted by Pakistan to India, it will open up unhindered direct trade between the two countries. Trade would then take place bilaterally at significantly lower cost. It will also restore Pakistan's international commitment under WTO of reciprocity of MFN status. India will gain considerably by restoration of direct trade connectivity with Pakistan which is estimated to raise our exports quite substantially. Experts believe total bilateral trade can rise to the level of \$ 10-12 billion in the years to come.

