

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO: 1145

ANSWERED ON:28.11.2014

FREE TRADE AGREEMENTS .

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(a) the details of countries with which India has entered into Free Trade Agreements and Preferential Trade Agreements along with the total trade (import/export) with FTA partner countries including ASEAN countries during the year 2014;

(b) whether the Government has made any assessment/evaluation or proposes to make any review of the impact of FTAs signed with various countries including the ASEAN countries on the domestic stakeholders and if so, the details thereof;

(c) whether FTAs have resulted in preferential imports from FTA partner countries and the export from the country has declined and if so, the details thereof indicating items that have recorded major increase in imports during the said period;

(d) whether companies/MNCs from major countries like China, USA and Japan are setting up plants in neighbouring ASEAN countries misusing/abusing the FTA provisions as a result thereof and if so, the details thereof and the reaction of the Government thereto; and

(e) the protective measures taken by the Government to boost exports as well as protect domestic industries and agricultural sector from the adverse impact of import?

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

ANSWER

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

(a) The details of the Free Trade Agreements (including Comprehensive Economic Cooperation Agreements or CECAs and Comprehensive Economic Partnership Agreements or CEPA) and Preferential Trade Agreements entered into by India is given in Annexure 1 and Annexure 2 respectively. The total trade, along with imports and exports with the FTA partner countries including ASEAN countries during the period 2014 is given in Annexure 3.

(b) and (c) Assessment 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. An analysis based on the available preferential import data from some key FTA partners reveals that the percentage of overall preferential imports are low in relation to the overall imports from these partners. However, share of preferential imports to total imports is significant with some trading partners in specific sectors such as iron and steel, plastics and organic chemicals.

(d) The government is not aware of any specific instances of companies being set up by China, Japan and the United States in the ASEAN region for misusing/ abusing the FTA provisions.

(e) 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.