

RCEP Hanoi talks: India not willing to go beyond 80% tariff elimination in goods

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India ignored calls for zero tariffs on 92 per cent of traded goods as part of the ambitious Regional Comprehensive Economic Partnership (RCEP) being negotiated between 16 countries, including China, and instead stuck to its offer of 80 per cent.

New Delhi's current position, too, would result in substantial opening up of the Indian market to Chinese goods, as even with a deviation of 6 per cent that India is demanding in special cases, tariffs have to be removed on 74 per cent of items.

"India held its ground at the Trade Ministers meeting in Hanoi on Monday by refusing to give in to demands for tariff elimination of 92 per cent of goods.

"It has stuck to its offer of 80 per cent elimination with a 6 per cent deviation and also a longer implementation period for certain countries like China," a government official told *BusinessLine*.

The RCEP countries, which include the 10-member Asean, India, China, South Korea, Japan, Australia and New Zealand, seek to cre-

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ate the largest free trading bloc in the world accounting for 45 per cent of the world population and over \$21 trillion of gross domestic product.

While India put up a valiant fight to protect its industry in the area of goods, in services, things remain tight. RCEP members are not just hesitating to give offers that would result in improved facilitation of movement of workers within the bloc, many are not eager to even give commitments on freezing the current levels of market access that they offer to all countries (MFN levels).

This is worrying for India as countries like Australia are already tightening their visa norms at MFN levels and if commitments are not given soon, the gains in the area of services may not amount to much.

"We have told RCEP members that committing to their current MFN levels in Mode 4 (movement of professionals) is the starting point for the negotiations and they need to do more," the official said.

While the RCEP countries are talking in terms of implementing the offers over a period of 15 years, India has asked for 20 years to deal with certain countries (such as China).

This means that it could wait for eliminating tariffs on the most sensitive goods for up to 20 years, but for other goods the tariffs have to be phased out much earlier and some even immediately on implementation.

India is in a better position to offer ambitious market openings to the Asean, Japan and South Korea, with which it already has free trade pacts, than China, New Zealand and Australia, with which it has none.

Although the RCEP countries are hoping to conclude the negotiations by the year-end, there are indications that talks may roll over to next year as a lot of loose ends still remain in all the three major areas of negotiations.