

RCEP: India may face heat over token tariff-cut offers

Govt under pressure from industry not to offer more concessions

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With pressure from the Indian industry mounting against removing import tariffs on goods under the proposed Regional Comprehensive Economic Partnership (RCEP) pact, New Delhi has made only "token" improvements in its latest round of offers extended to its 15 partner countries.

India's fresh offer is likely to attract criticism at the next round of negotiations starting October 18 in Seoul from other members including the 10-nation ASEAN, Australia and China which are pressing for greater market access, a government official told *BusinessLine*.

"Representatives from large industrial houses have been meeting Commerce & Industry Minis-

ter Suresh Prabhu to voice their unhappiness with the proposed tariff cuts under RCEP. India has therefore made some token improvements in its offers as part of the fresh round of submissions as it sees no scope of further opening up," the official said.

The Indian industry is unhappy with the offers already made by India to its other RCEP partners which also include South Korea, New Zealand and Japan.

India had earlier improved its offers by reportedly agreeing to eliminate tariffs on close to 80 per cent products for the ASEAN countries but insisted on deviations for members like China, Australia and New Zealand with which it does not have any existing free trade pacts.

On an average the tariff elimin-



ation offered by India was around 70-75 per cent, according to various sources privy to the negotiations.

"Industrialists who have been meeting the Minister have expressed their deep apprehensions about India's commitments under RCEP. They are especially con-

cerned about India agreeing to bring down tariffs on products from China with which India already has a gaping trade deficit," the official said.

Industry body CII also highlighted the dangers of indiscriminate opening up of markets under the RCEP at a negotiating

round hosted by India in Hyderabad earlier this year.

However, most RCEP members want India to improve its offers. In fact, Ramon Lopez, Trade Secretary of the Philippines, which is currently chair of the ASEAN group, said at a press conference following a meeting of Trade Ministers from RCEP countries last month, that the only acceptable re-calibration is a number that is closer to the 90 per cent to 92 per cent and anything lower or higher than that was not acceptable for ASEAN.

"Other RCEP countries were hopeful that India would improve its offers before the South Korea negotiating round. While New Delhi has made some improvements, the changes are marginal. The only saving grace is that other members, too, haven't improved their offers substantially, but their offers were higher to begin with," the official said.

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New Delhi has also said that its offers in goods are subject to an over-all balance in the agreement which would include services. Most RCEP members, including the ASEAN, haven't made substantial offers in services especially in the area of facilitating movement of workers.

If approved, the RCEP will be the largest free trade bloc in the world covering about 3.5 billion of the world population and 30 per cent of the gross domestic product.