

Two agencies to create template for future FTA negotiations, says Suresh Prabhu

Industry, exporters have raised concerns on such agreements not benefiting the country

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Commerce and Industry Minister Suresh Prabhu on Friday said that two independent agencies will be appointed for preparing a template to negotiate free trade agreements (FTAs) in the future.

He said the country will now have a completely new approach towards negotiating these agreements.

"We are appointing two independent agencies, who will talk to all the stakeholders...it is a first major change. This will be a new template which will emerge for all future negotiations and we are working on it," he said here at a function.

The announcement assumes significance as concerns have been raised by industry, exporters and trade experts on FTAs be-

ing implemented by India.

They say that these pacts have significantly benefited India's trading partners but not the Indian industry. Several sectors, including steel, have demanded that they be removed from the purview of such agreements as these lead to dumping and significant jump in imports.

Under an FTA, two trading partners significantly reduce or eliminate import duties on majority of the goods traded between them. Besides, both countries liberalise norms to promote services trade and attract investments.

India has, so far, implemented such agreements with ASEAN and countries including Japan, South Korea, Singapore and Malaysia. Several such pacts are also under negotiations with Australia, New Zealand,



Suresh Prabhu, Commerce and Industry Minister

European Union, Israel, and proposed 16-member Regional Economic Cooperation Partnership (RCEP).

Serious concerns have been raised on RCEP negotiations with China as one of the member nations. Several ministries, including steel and food processing, have said that the pact would result in flooding of goods from China.

The trade gap with China has increased to \$63.12 billion in

2017-18, against \$51.11 billion in the previous financial year. India has trade deficit with 10 RCEP member countries including with South Korea and Australia.

Prabhu said, "while we need FTAs, we make FTAs in a way that it will benefit India to begin with and also other countries. We cannot grow at the expense of India losing and, therefore, we are working on this strategy." This would also help in promoting the country's outbound shipments, he added.

SAARC cooperation

Talking about trade with the South Asia Association of Regional Cooperation, the Minister said despite the closeness of the member-countries, "our export in SAARC region itself is sub-optimal".

Huge potential exists to boost exports in this region, he said, adding India is trying to work with the neighbouring countries to increase trade.