

DUTY ELIMINATION

India signs free trade agreement with Asean for eight years

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BANGKOK

India on Thursday signed an agreement with the 10-member Association of Southeast Asian Nations (Asean) for duty-free import and export of 4,000 products, ranging from steel to apparel to sugar and tobacco, over a period of eight years.

After six years of negotiations, the pact on trade in goods under the comprehensive economic cooperation agreement (CECA) was signed

by commerce and industry minister Anand Sharma and Asean economic ministers here. The pact would kick in from 1 January.

While the agreement opens the 1.7-billion consumer market to each other, it also eliminates duties on 80% of goods traded between the two regions by 2016.

Under the trade pact, India has included 489 items from agriculture, textiles and chemicals in the negative list, meaning these products will be kept out of the duty reduction.

Addressing concerns of do-

mestic planters, black tea, coffee, pepper and rubber have been included in the sensitive list, which could mean duties will be cut by 2019 only. However, duty on these items at no time will be eliminated.

Farmers in south India, especially Kerala, fear lower duty on plantation crops such as coffee and pepper would lead to a deluge of imports from Asean members such as Indonesia and Malaysia.

Sharma had said on Wednesday that the pact is well balanced and is in harmony with India's "Look East" policy.

He had also said the whole debate of CECA adversely impacting domestic planters was based on "uninformed" speculations. The bulk of the trade between the two regions includes textiles, steel, processed foods, plantation crops, iron and steel, ready-made garments, chemicals, etc.

"It will give Indian business access to the large Asean market; Indian industry does not have many concerns (and) sensitivities on agri-products have been taken care of," said O.P. Lohia, the leader of a business delegation from industry body Federation of Indian Chambers of Commerce and Industry, who was present at the signing ceremony.

India's exports to Asean were about \$17 billion (Rs81,770 crore today) in 2007-08 and imports were at \$23 billion. PTI