

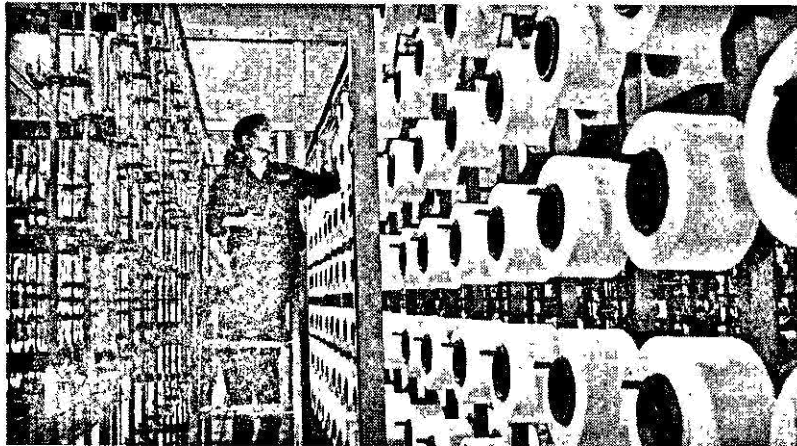
Textile industry keen on FTA with Pakistan

Says both countries stand to benefit substantially; however, issue yet to come up for formal talks

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The country's textile industry is pushing the government to sign a free trade agreement (FTA), or something close to that, with Pakistan. Facing a challenging time in its traditional European market, it is hoping to make up for the loss of business with fresh trade options in that country.

An FTA with Pakistan is already a Prime Ministerial initiative. However, it faces issues and is yet to formally come up on the negotiation table. Both countries had agreed to establish a preferential trade agreement (PTA) during the first meeting between Commerce Secretary Rahul Khullar and his Pakistani counterpart, Zafar Mahmood, in Islamabad last year. Under a PTA, the negotiating countries reduce their tariffs on a particular number of products from the level they maintain with other countries. However,



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unlike an FTA, a PTA does not slash or eliminate duties from a large number of tariff lines.

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ity cotton from there. A little over 90 per cent of India's cotton is genetically modified, popularly termed Bt cotton; this is medium staple. Finer quality is long staple and an FTA would enable our yarn makers to import these from Pakistan. Also, export of articles such as silk and embroidery garments is expected to go up.

"The apparel sector will benefit for sure if the agreement is signed with Pakistan," said Rahul Mehta, president of the Clothing Manufacturers Association of India.

"FTA will be beneficial for both countries as there is good demand in Pakistan for Indian textiles," said A B Joshi, textile commissioner.

It is expected that Pakistan would phase out the 'negative list' of imports with India by this December, which would automatically trigger a Most Favoured Nation status for trade. However, officials in the ministry of commerce and industry have said Pakistan

might not phase out the list totally but do so gradually. In the negative list, Pakistan has put some of the main items of India's interest, such as textiles, pharmaceuticals and automobile components.

However, the commitment from there is to have textiles as part of a liberalised trade regime. "It is a win-win situation for both countries, as the Pakistanis can sell their products easily to us and vice versa," said A Sakthivel, chairman of the Apparel Export Promotion Council. Establishing trust would help real business to grow between the countries, said an industry player.

In October last year, the government had opened duty-free imports from Bangladesh for 48 textile items, which had a negative impact on the Indian textile sector; Bangladesh is not dependent on India for any kind of textile import. It would be different in the case of India and Pakistan, with both standing to benefit from the textile trade.