

India eyes rebalanced ASEAN trade pact in ongoing review

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India is demanding a more balanced outcome from the ongoing review of its trade pact with the ASEAN bloc, as negotiators seek to resolve outstanding differences at the next round of talks in October ahead of the ASEAN Summit the following month, sources said.

At the recent ASEAN-India Economic Ministers consultation in Manila, ASEAN formally noted India's position that the review of the ASEAN-India Trade in Goods Agreement (AITIGA) should result in a "balanced framework."

DISAGREEMENT PERSIST

"There is an overall acceptance within the bloc that there needs to be more balance in the AITIGA. But disagreements persist over the market access being sought by India to increase its exports and the extent of reciprocal access that ASEAN countries are seeking in the Indian market," a source tracking the matter said.

In 2025-26, bilateral trade between India and ASEAN reached \$128.38 billion, with the bloc accounting for 10.55 per cent of India's total global trade, underscoring the importance of the partnership. The bloc, which expanded from ten members to eleven last year, includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Timor-Leste, and Vietnam.

However, India's trade deficit with the grouping continued to widen, touching \$51.55 billion, compared with about \$7 billion when the ASEAN-India trade pact was implemented in 2010. India's exports to the bloc were estimated at \$38.41 billion, while imports stood at \$89.96 billion.

ASEAN agreed to a review of AITIGA following India's concerns over the widening trade deficit between the two partners, but reaching an agreement on the terms of the review has proved difficult. "There were expectations that the AITIGA review would be concluded at last year's ASEAN-India Summit in October 2025, but it was not pos-



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sible as all differences could not be ironed out," the source said.

At the September 22 ASEAN-India Economic Ministers consultation, attended by senior officials from India and the ASEAN countries, the participants acknowledged the "complexities inherent in the negotiations," reflecting the diverse interests and sensitivities of all parties.

"The meeting reaffirmed its commitment to continue engaging in negotiations in good faith, with a pragmatic and flexible approach," the joint statement said. It added that the outcome of the review should make the agreement more effective, user-friendly, mutually beneficial, and trade-facilitative for businesses, while contributing to deeper regional economic integration and more resilient supply chains.

INDIA'S POSITION

More importantly, the statement specifically noted India's position that the review should result in a balanced framework.

As part of the review, India is seeking to correct tariff asymmetries and remove non-tariff barriers to expand market access for its exports across sectors. It also wants changes to the rules of origin to prevent the circumvention of tariffs by Chinese goods routed through ASEAN while providing greater flexibility to Indian exporters.

While India is seeking greater access for its exports and tighter rules to prevent trade diversion, ASEAN countries are seeking reciprocal access to the Indian market, as well as greater flexibility in rules governing their exports and simpler customs and origin procedures.