

India eyes duty concessions from Lanka

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India is seeking customs duty concession on a number of goods including cars, commercial vehicles and machinery from Sri Lanka under a comprehensive free-trade agreement (FTA), talks for which are underway, an official said. India has also sought easier visa norms to facilitate entry of professionals from the country, the official added.

The 14th round of talks between senior officials of India and Sri Lanka concluded recently in Colombo. Issues which came up for the talks included rules of origin,

goods, services, and technical barriers for trade. On the other hand, Sri Lanka has sought removal of a quota on apparel exports to India. The island nation is asking for duty concessions on tea and certain agricultural commodities.

The official said that as elections are announced in Sri Lanka, the next round of negotiations between the two countries will be held after that.

The two nations have already implemented a free-trade agreement in goods and now they are negotiating to expand the pact by including more goods and services.

The India-Sri Lanka Free Trade

Agreement (ISFTA) came into force in March 2000. It enhanced economic relations between the two countries by reducing tariffs on a wide range of goods. Since ISFTA focused on goods, both countries have been negotiating for several years to expand it into a Comprehensive Economic Partnership Agreement, which would include services, investment, and other areas of economic cooperation.

Under the current FTA, India allowed limited imports of garments from Sri Lanka at a 50 per cent tariff (or customs duty) concession for up to 8 million pieces annually, with a requirement that 6 million of these pieces use Indian fabric.