

India, Peru set to thrash out issues on FTA document

Seventh round of talks may begin on April 8

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India and Peru are looking to iron out major issues on the text of the proposed free-trade agreement (FTA) that both nations are eyeing, government officials said. The two nations are aiming to share the document and offer a list of services as well as goods before the seventh round, scheduled to begin in New Delhi on April 8, they said.

Negotiations for the India-Peru Trade Agreement commenced in 2017 and the fifth round concluded in August 2019. However, the negotiations came to a pause due to Covid. Talks between the two nations resumed in February 2024 and the sixth round was completed in the same month in Lima. "The agreement will create more trade opportunities for the citizens and enterprises, and also strengthen economic and commercial ties," said a joint statement released last month.

Peru is India's 43rd largest trading partner, and also the third-largest export destination for India in the Latin America and Caribbean (LAC) region, after Brazil and Chile.

Focus on a trade agreement with Peru also comes at a time when India has been trying to diversify its exports in terms of products as well as region.

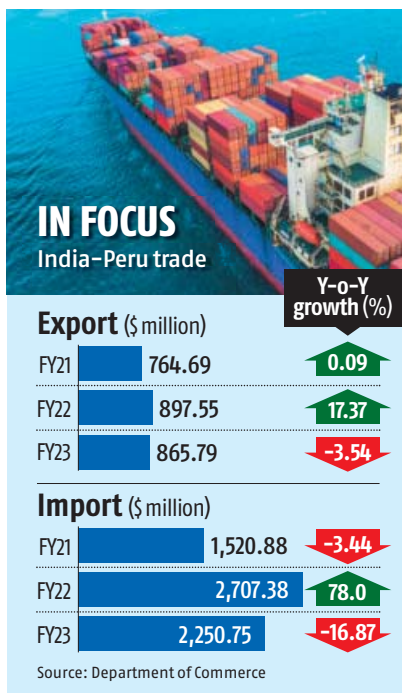
Considering that goods exported from India constitute less than 2 per cent of LAC nations' total imports, government officials believe that there is a scope for expansion of India-LAC bilateral trade.

In the past, India had signed a limited trade deal with Chile and Mercosur nations, comprising Argentina, Brazil, Uruguay and Paraguay. Apart from Peru, India is currently negotiating trade deals with Oman, the United Kingdom (UK) and the European Union (EU).

Last week, India signed a trade agreement with the four-member European Free Trade Association (EFTA) nations.

Trade between India and Peru was \$3.2 billion in FY23. Key Indian exports to Peru include cars, cotton yarn and pharmaceuticals. The Latin American nation primarily exports gold, copper ores and concentrates to India. India exported goods worth \$865.91 million during the last financial year and imported goods stood at \$2.25 billion. According to think tank Global Trade Research Initiative (GTRI), gold could be a major concern for India since even minor tariff concessions may lead to a surge in imports. Peru is the fifth-largest gold supplier to India.

"Tariff concessions on gold, accounting for \$1.8 billion or 80 per cent of India's imports from Peru in FY23, is the most challenging issue for India. Gold, a high-value product with low volume, attracts 10 per cent basic Customs duty in India. For instance, after tariff concessions under the India-UAE Free Trade Agreement, gold imports from the UAE, India's second-largest gold supplier, doubled in 2023 compared to 2022," said a GTRI report released last month.



UK FTA talks paused until after LS polls

The UK and India have paused talks on trade deal until after the Lok Sabha elections, as major issues on goods, services and investment remain outstanding. The 14th round of negotiations has now closed, a person familiar with the matter said, to be resumed after the general elections over six weeks from April 19.

That will leave officials with only a short window to resolve the more contentious parts of the deal if the UK wishes to conclude a deal before its own general election, expected later this year. **BLOOMBERG**