

Govt seeks industry inputs to boost utilisation of India-ASEAN FTA

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In a bid to increase Indian exporters' utilisation of the India-ASEAN free trade agreement, which is way below 50 per cent, the government is collecting inputs from the industry to understand the possible reasons behind the underutilisation or non-utilisation to rectify the problems.

"The Commerce Department wants to evaluate the operational challenges, procedural bottlenecks, or market-related barriers that may be preventing optimal use of the framework," a source tracking the matter told *businessline*.

Formally known as the ASEAN-India trade in goods agreement (AITIGA), the free trade pact implemented in 2010 has resulted in a steady widening of trade deficit between India and the 10-member bloc. The members include Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar and Cambodia.

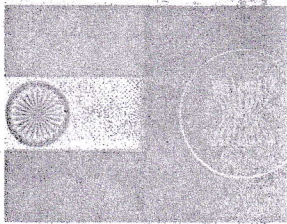
TRADE DEFICIT

India's exports to the ASEAN bloc declined 5.7 per cent to \$38.96 billion in FY25 while imports increased 5.6 per cent to \$84.16 billion, increasing the trade deficit to \$45.2 billion from about \$8 billion in 2010.

Moreover, more than half the exports taking place from India to the ASEAN countries are happening outside the free trade framework with exporters paying regular import duties (MFN rates) and not the preferential or zero-duties agreed under the pact.

INDIA-ASEAN AITIGA

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the problems related to the ASEAN bloc identified by the Commerce Department could be taken up at the discussions," the source said.

As certificate of origin (COO) is crucial to getting benefits under the FTA, the Commerce Department asked exporters a series of questions around it.

Exporters were asked to state whether they are aware of the procedure for applying for COO and whether they faced problems in interpreting the rules of origin for their product category. They were also encouraged to share difficulties in tracing the origin of raw materials or intermediate inputs and mention the challenges and delays in obtaining COOs.

Details were sought on possible experiences of conflicting interpretations of rules between Indian and ASEAN authorities.

Other questions were related to costs involved, including documentation and agency fees, possible difficulties in customs clearance process and inconsistent guidance from logistics providers, agents, or consultants.