

FTA talks with EU in Aug may cover access to public procurement market

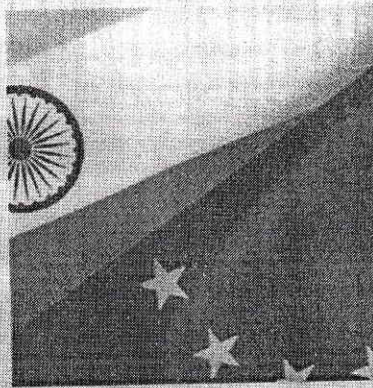
Abhishek Law
New Delhi

The sixth round of discussions on India-European Union (EU) free trade agreement (FTA) is "likely" in August and may cover opening up of the public procurement market and granting of access, a letter addressed to the Steel Ministry by the Commerce Ministry, and reviewed by *businessline* shows.

Discussions would "factor in the provisions of public procurement order" (giving priority/preference to India-made offerings) and existing policies of MSME preferences, the Commerce Ministry has assured.

Accordingly, the Steel Ministry has been asked to list goods and services, including construction services, that fall under of the Ministry's government procurement list. The list will also cover requirement details of its central public sector enterprises (CPSEs) and sub-ordinate entities that are "not exposed to market forces".

"In case there is any specific concern or issues on such inclusion, the same, along with appropriate justification,



may kindly be communicated to this office (Commerce Ministry)..." the letter from a senior official of the Commerce Ministry states.

The Steel Ministry has also been asked to prepare the list, considering that trade negotiations on similar lines will be held with other countries including Canada, GCC nations, Israel, the US and Australia.

Regarding the ongoing negotiations between India and EU for an FTA, "five rounds have already been completed" and the "sixth is likely to be held in early August", the letter states, adding that the proposed India-EU FTA, *inter alia*, includes a chapter on Government Procurement.

The chapter on Government Procurement comprises taking on obligations in terms of related legislation,

policies, rules and "offering Market Access". In case of India's market access offer, it "shall be restricted to entities of the Central level only" and will not cover any sub-central level entities, that include State governments, local governments and local bodies.

Interestingly, the EU is reportedly asking India for full liberalisation of the government procurement market of Central and State entities.

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"In the last round of negotiations, both parties (India and EU) have agreed to share their respective market access offer schedule by end-July," the Commerce Ministry letter stated, adding that "the FTAs ensure that goods and services, including construction services and suppliers of such foreign goods and services receive national treatment in government procurement of FTA partners."

The scope of market access under the government procurement will cover "all procurement of goods and services of all central ministries, departments and their attached sub-entities; all their public sector undertakings, subsidiaries, and JVs."