

# FTA strategy tweaks on cards to maximise gains

SHREYA NANDI

New Delhi, 20 October

Underscoring the need for a “careful” assessment of guidelines to negotiate free-trade agreements (FTAs), India is “taking it slow” and recalibrating its strategy to ensure it is able to maximise trade and investment gains from such pacts, two people aware of the matter said.

The Department of Commerce is planning to seek the Union Cabinet’s approval to implement fresh guidelines for negotiating FTAs, one of the persons cited above said.

It is also learnt that a high-level meeting between top commerce department officials and the Prime Minister’s Office took place over the weekend to discuss the standard operating procedure (SOP) for FTAs.

The need for drafting the SOP comes against the backdrop not only of its past FTA experience, but also of the growing importance of sustainability and issues such as government procurement, labour, and digital trade being part of modern trade deals.

There’s also a realisation that creating an institutional memory for future negotiations is critical and should be part of the new SOP.



## REVAMPING PLAN OF ACTION

- ▶ Standard operating procedure will take into account strategy towards modern FTA issues such as environment, labour, and digital trade
- ▶ Will create institutional memory for future negotiations that will be part of SOP

### India FTA story

- ▶ Since 2022, India signed three major trade deals – with the UAE, Australia, and EFTA
- ▶ But pace of FTA negotiations with countries such as Peru, Oman has slowed down
- ▶ To date, 14 FTAs have been signed with trading partners

# India has forged three major trade deals since 2022

“There’s a need for a careful assessment of our FTA (negotiating) strategy. A deeper study is required to understand what will be India’s gains from an FTA with a particular country. Our past experience with FTAs, including the recently signed ones, hasn’t resulted in large gains for India. It has been seen that the trade partner has made larger gains (as compared to India),” the person told *Business Standard*.

That apart, India needs to be wary of the rising imports from China and whether FTAs signed by India are being used to route goods to India, the person said. Barring proposed FTAs with large and strategically important nations — the United Kingdom (UK), the European Union (EU), and Maldives – India, for the time being, has slowed the pace of FTA negotiations with other countries such as Peru and Oman. The idea is to get back to negotiations once India firms up

its guidelines on FTAs. India forged three major trade deals since 2022 — with the United Arab Emirates (UAE), Australia, and European Free Trade Association (EFTA). For close to three years, India was also in discussion with Canada, Israel, and the Gulf Cooperation Council (GCC), although they were not able to launch negotiations due to a lack of common ground or even political issues.

After walking out of the China-backed Asian trade bloc Regional Comprehensive Economic Partnership (RCEP) in 2019, there was a rush to sign trade deals, mainly owing to the realisation that the world has moved into bilateral or regional arrangements and there is a need for India to engage with the rest of the world. This is despite India’s not so pleasant experience in the case of trade deals with Japan, South Korea, and the 10-member Association of Southeast Asian Nations.