

# India bullish on resolving FTA issues with Asean

**SHREYA NANDI**

New Delhi, 19 October

India is hopeful of resolving all outstanding issues related to the review of its trade agreement with the 10-member Association of South East Asian Nations (Asean) bloc. This comes as both sides exchange proposals to sort out the issues of the last two months, said a senior government official.

“After the 10th joint committee meeting (in August), we had discussion with Asean over the outstanding issues. The bloc had given us a proposal, combining all the outstanding issues. After studying that, we have given a counter proposal. We are hopeful that we will soon be able to resolve the outstanding issues,” the official cited above said, without specifying details of the pending issues between both sides. Asean nations include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

The India-Asean trade agreement was enforced from 2010 onwards.

ILLUSTRATION: AJAYA MOHANTY



## Review mode

- Both sides have exchanged proposals over the past two months to iron out differences
- A review was launched in August 2023 to modernise and upgrade the pact
- Both sides plan to finish the review by year-end
- Indian businesses demanding the review to address imbalance in bilateral trade

In August 2023, both sides announced an aim to conclude the review and negotiations of the existing agreement to upgrade it with the changing times. For instance, since the trade deal was signed over a decade ago, crucial areas under the deal such as ‘rules of origin’ norms were not detailed.

Earlier, both sides were expecting to arrive at some sort of conclusion by September-end, before the Asean Summit scheduled for October 26-28. However, despite making progress, both sides were not able to close the review. The idea now is to complete the review by year-end.

Review of the trade agreement between India and the bloc has been a long-standing demand of Indian businesses. This is especially because New Delhi hopes to diversify trade while addressing the ‘current asymmetry of bilateral trade’. In FY25, India’s exports to Asean contracted to \$38.96 billion from \$41.21 billion a year ago.

However, imports witnessed a growth to \$84.15 billion in FY25 against \$79.67 billion in FY24. The trade deficit widened to \$45.19 billion in FY25 from \$38.46 billion a year ago. The deficit was just \$5 billion in FY11.