

India for distinct tariff plans with all Asean partners

Round-III of review meet from July 29 in Jakarta

SHREYA NANDI

New Delhi, 21 July

India plans to seek flexibility to offer concessions to each of the 10 Association of Southeast Asian Nations (Asean) partners bilaterally in the review meeting of the trade agreement signed between both sides nearly 15 years ago.

The third round of the review meeting is scheduled to take place in Indonesia's Jakarta from July 29 to 31. Both sides aim to complete the review by 2025.

If agreed upon, varied duty concessions for the 10 nations — instead of a common tariff schedule — will not only help India secure a better deal but also allow it to protect sectors that are sensitive to greater market access from some of the Asean countries.

"If India offers a single tariff schedule, it becomes limiting because at times it may be feasible to open up a sector for eight of the 10 nations but not the remaining two countries (due to sensitivities)," a senior government official told *Business Standard*.

The commerce department did not respond to a query sent by *Business Standard*.

Asean holds 11 per cent in India's global trade. The bloc follows a model in which free trade agreements (FTAs) allow each of the member nations to offer a separate tariff schedule, which means that the 10 countries don't have common tariffs. In the case of an FTA signed with India, New Delhi offered a single tariff schedule that put India at a disadvantage.

"If the bandwidth to tweak duties is limited, it is difficult to get a good outcome from the review," the official said.

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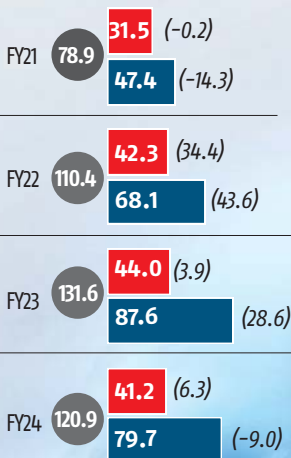
NEED FOR TWEAK

India-Asean trade

■ Exports ■ Imports (\$ bn)

● Total trade (\$ bn)

% change in brackets



Source: Department of Commerce



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'IMPORTS FROM CHINA, ASEAN AT PREDATORY PRICES MAIN CONCERN'

JAYANT ACHARYA
MD & CEO, JSW Steel

‘Different tariff schedules will be a structural issue’

“Concessions could be different for different nations, with little variation. India is looking at flexibility so that it can balance out its economic interest with the partner nation’s interest,” the official added.

According to a report prepared by Delhi-based think tank GTRI, Asean, unlike the European Union, operates as a group of countries with FTA rather than a customs union, resulting in different tariff schedules instead of having a shared one.

“Ideally, India should have reciprocated by offering a different tariff schedule for each Asean member, taking into account the specific sensitivities of trade with each country. Instead, India, on the insistence of Asean offered a single tariff schedule that applies to

all the members. This simplifies the process but doesn’t address the specific sensitivities with individual Asean countries as effectively as separate schedules would,” GTRI said in a report.

Biswajit Dhar, distinguished professor at the Council for Social Development said it will be difficult to change the entire structure of the agreement.

“Offering different tariff schedules will be a structural problem because India will be deviating from the FTA with Asean, and India was well aware of the structure when it started negotiating the trade deal. India will (now) have to give a reason why it is seeking differentiated tariffs to all the Asean members,” Dhar said.