

Exporters Fearful of a Freeze Amid Big Chill

Indian engineering and apparel traders fear their shipments to Canada could be disrupted

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Kolkata: With India and Canada enmeshed in a diplomatic row, engineering and apparel exporters fear that their shipments to this growing market could be disrupted. Both nations have paused negotiations for a Free Trade Agreement, which has further upset the exporters at a time when India's merchandise exports during April to August 2023 have fallen to \$172.95 billion from \$196.33 billion in the same period a year earlier.

India was negotiating an interim Indo-Canada Early Progress Trade Agreement (EPTA), which would have finally culminated into a Comprehensive Economic Partnership Agreement (CEPA) or a wide-ranging FTA. After the relaunch of FTA negotiations between the two countries in March 2022, nine rounds of negotiations had already been held until July this year.

Talking to ET, Arun Kumar Garodia, chairman of EEPC India, the apex bo-

Diplomatic Row May Hit Trade

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dy of engineering exporters said: "Like all other countries, Canada too had opted for China plus policy as they were facing problems from Chinese suppliers. The automatic choice for Canada was India. Exports to Canada were growing gradually. Though the current diplomatic row between the two countries has not yet impacted exports, if this continues for a longer ti-

me, then India will lose the advantage of the China plus policy. Solutions should come out so that the bilateral trade talks on FTA should resume helping both the countries."

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Federation of Indian Export Organisations (FIEO) director general Ajay

Sahai said, "We are hoping that the situation will be sorted out diplomatically or else it will have an impact on the FTA talks going ahead. Even though Canada is not yet a major trade partner with India, the country has a lot of possibilities."

Apparel exporters from Tirupur were also hoping for the FTA to happen so that the exports to Canada, which stood at ₹1,304 crore in FY23, could increase.

KM Subramanian, president of Tiruppur Exporters Association, said, "Canada is a growing market but is not a major one as of now. But losing any market, big or small, harms the apparel exporters."

Bilateral trade between India and Canada has grown significantly in recent years, reaching \$8.16 billion in 2022-23. India's exports (\$4.1 billion) to Canada include pharmaceuticals, gems and jewellery, textiles, and machinery, while Canada's exports to India (\$4.06 billion) include pulses, timber, pulp and paper, and mining products.