

Govt pushes exporters to make most of FTAs

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New Delhi, 23 November

With the India-Australia economic cooperation and trade agreement (ECTA) set to kick in from January, the government is now pushing exporters to work out a strategy to utilise and reap the benefits of the trade deal.

There is a need to go beyond the usual buyer-seller meets and get more aggressive towards selling products in the Australian market, people aware of the matter told Business Standard.

“The government signed a trade deal with Australia, but going ahead, the FTA (free-trade agreement) utilisation will be the key that will depend on exporters and importers. The commerce department has been doing outreach programmes in smaller cities with respect to the recently-signed trade deals (United Arab Emirates and Australia),” a government official said.

The discussion on FTA utilisation comes in the backdrop of India’s revamped foreign trade strategy.

India has already signed two free-trade agreements since the beginning of this year.

While the FTA with UAE kicked in from May, the pact with Australia is expected to be implemented from January 1, 2023.

FTA utilisation has been one of the key challenges with trade deals that India had signed in the past.

For instance, the process of getting a certificate of origin and related verification process was cumbersome a decade ago since the process was manual.

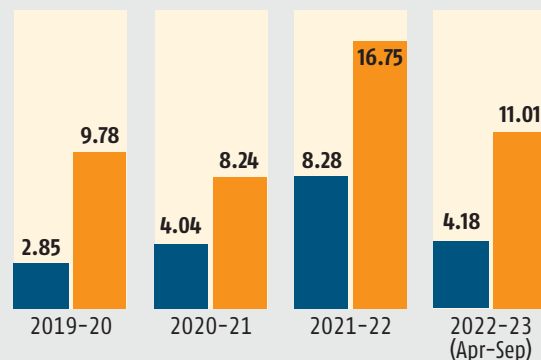
Besides, low awareness about FTAs in the industry and non-tariff barriers, such as adhering to certain standards, have also been some of the challenges.

Arpita Mukherjee, professor, Indian Council for Research on International Economic Relations (ICRIER), said that FTA utilisation most importantly depends on how

TRADE NUMBERS

India-Australia trade

■ Export ■ Import (\$ billion)



Source: Department of Commerce

well the industry and industry associations are sensitised about the agreement.

“Apart from that, it depends on how easy it is for businesses to meet the rules of origin norms or if there are any non-barriers that industry may take more time to get acquainted with,” Mukherjee said.

Exporters said the utilisation of trade deals should pick up now as certificates of origin-related formalities have gone digital. Besides, growing anti-China sentiment can also help India with an added advantage in trade deals that have been signed, they said.

“Gains with respect to India-Australia trade deal should be substantial since the certificate of origin norms and related processes and verification have become simpler since there has been a transition to a digital platform. Therefore, in case of any dispute with the Customs department of any other country, check and sort it out online instead of manually,” Ajay Sahai, director general and chief executive officer of FIEO said.

“Export promotion councils have already started sensitising the exporters and importers about the trade

deals through workshops to help them understand the intricacies,” Sahai said.

Narendra Goenka, chairman of Apparel Export Promotion Council (AEPCC), said that duty-free access for the sector to Australia under the trade pact will bring domestic exporters at par with global competitors. It will also provide an opportunity for Australian companies to embrace the China Plus One policy.

An AEPCC delegation, which recently participated in the International Sourcing Expo in Australia, will now be focusing on growing strategic export partnerships.

These will be with emerging markets of Australia, New Zealand, Fiji, Papua New Guinea and other island nations in the Oceanic region.

“The Indian apparel industry is good for producing spring and summer products, but not as good for making winter garments. Indian factories do not utilise their full capacity while producing winter garments. The zero-duty deal with Australia in the southern hemisphere will keep Indian factories fully utilised during its lean period with orders for spring and summer products,” he said.