

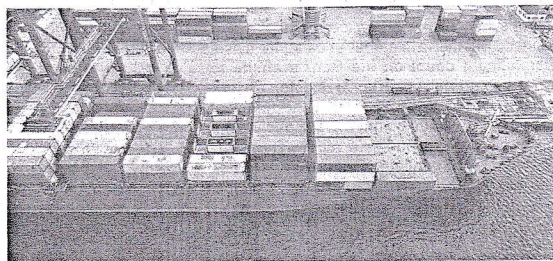
# Govt seeks industry inputs for trade pact with Malaysia

**STOCKTAKING.** Review based on feedback will help increase exports, bridge trade deficit

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Saddled with a high trade deficit more than a decade after implementing a free trade agreement with Malaysia, India is set to begin a review process of the pact in a joint commission meeting to be held soon with its trade partner to expand and diversify the trade basket and make it more balanced, sources have said.

"The Commerce Department has sought inputs from various industry bodies and export promotion councils on the tariff and non-tariff barriers they face in Malaysia, the regulatory issues that are acting as hindrances and the measures that could help trade facilitation. These would be part of India's agenda in the joint commission meeting



**YAWNING GAP.** In 2010-2011, when the India-Malaysia CECA was signed, India's trade deficit with Malaysia was at \$2.65 billion; it widened to \$5.49 billion in 2023-24

for reviewing the India-Malaysia free trade pact. The idea is to increase exports and bridge the trade deficit," a source tracking the matter told *businessline*.

The free trade pact or CECA (Comprehensive Economic Cooperation Agreement) between Malaysia and India was implemented in July 2011 covering trade in goods, ser-

vices, investments and economic cooperation. In the area of goods in the CECA, both countries offered tariff liberalisation beyond the India-ASEAN FTA commitments on items of mutual interest for both.

#### **TRADE DEFICIT UP**

However, like in the case of the India-ASEAN FTA, India's trade deficit increased

with Malaysia after the implementation of the CECA. In 2010-2011, when the India-Malaysia CECA was signed, India's trade deficit with Malaysia was at \$2.65 billion with its exports valued at \$3.87 billion and imports at \$6.52 billion. The trade deficit widened to \$5.49 billion in 2023-24, with India's exports to Malaysia at \$7.26 billion and imports at \$12.75 billion.

The government has asked various sectors to list out products where tariffs in Malaysia are still high and could lead to greater market access if lowered.

"Information has also been sought on any non tariff barriers being faced by Indian exporters, for instance those related to sanitary & phytosanitary standards and technical barriers to trade," the source said.