Study on Benefits of Preferential Trade Agreements

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The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

STUDY ON BENEFITS OF PREFERENTIAL TRADE AGREEMENTS

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FOREWORD

The importance of international trade cannot be ignored. It has served as a platform for "globalization". Traditionally trade was regulated through bilateral treaties between two nations. For centuries, under the belief in Mercantilism, most Nations had high tariffs and many restrictions on international trade. It was in the 19^{th} century that a belief in free trade became paramount.

The rapid growth in regional trade initiatives which began ago a decade or so, seems to have developed into a headlong race with virtually every WTO Member today engaging further on the RTA track as part of its trade strategy. Along the lines of the trend observed in Europe and, now, in the Americas, a pattern of bilateral, plurilateral (sometimes continent-wide) trade agreements is emerging. Cross-regional initiatives among geographically non-contiguous countries are also multiplying as most of the major players at the regional level are increasingly looking beyond their regional borders for partners in selective (most often bilateral) preferential trade agreements. In recent times, these Preferential Trade Agreements have become a global phenomena and more critical covering trade in services, investments, technology transfers and various other issues.

The Chartered Accountants play a very important role in the process of nation building. The Chartered Accountancy education and training enable the Chartered Accountants to provide the specialized services to the society. To effectively and efficiently perform their role, the Chartered Accountants need to be aware of the latest developments in the business scenario and need to be aware of the consequences and implications of various trade related laws on Indian economy.

It is a matter of great pleasure that the Committee on Trade Laws and WTO has brought out this very important publication '**Study on Benefits of Preferential Trade Agreements'**. I am sure the members will be immensely benefited by this publication.

I congratulate CA. Atal Bihari Bhanja for developing the basic draft of the publication and the Chairman of the Committee on Trade

Laws and WTO CA. Anuj Goyal and all the dedicated members of the Committee in bringing out this publication, which is quite relevant to the members of the CA fraternity. I would also appreciate the efforts of Shri Rakesh Sehgal, Additional Secretary, CA. Mohit Baijal, Sr. Assistant Director & Secretary, Committee on Trade Laws and WTO, CA. Kuldeep Vashist, Executive Officer and other Officers and staff in the Committee in finalization of this publication.

CA. Uttam Prakash Agarwal
May 28, 2009 ***President***

PREFACE

Preferential Trade Agreements (PTAs) are agreements among a set of countries involving preferential treatment of bilateral trade between any two parties to the agreement relative to their trade with the rest of the world. Preferences, however, need not extend to all trade between the two, and the coverage could depend on the type of PTAs. Customs unions and the so-called free trade areas are common forms of PTAs. Members of most PTAs belong to a well-defined geographical area, such as for example, the European Union (EU), North American Free Trade Area (NAFTA) and Association of Southeast Asian Nations (ASEAN). For this reason, regional PTAs are called Regional Trade Agreements (RTAs).

Regional Trade Agreements (RTAs) have become in recent years a very prominent feature of the Multilateral Trading System (MTS). Regional trade agreements (RTAs) have proliferated around the world in the past two decades, and now nearly all members of the WTO are party to at least one. Some 421 RTAs have been notified to the GATT/WTO up to December 2008. The coverage and depth of preferential treatment varies from one RTA to another. Modern RTAs, and not exclusively those linking the most developed economies, tend to go far beyond tariff-cutting exercises. They provide for increasingly complex regulations governing intra-trade (e.g. with respect to standards, safeguard provisions, customs administration, etc.) and they often also provide for a preferential regulatory framework for mutual services trade. The most sophisticated RTAs go beyond traditional trade policy mechanisms, to include regional rules on investment, competition, environment and labour.

While agreement in Doha on the DDA sought a commitment to multilateralism, regional alternatives are a significant challenge to the multilateral trading system. When fully in line with WTO provisions, Regional Trade Agreements (RTAs) can complement the strengthening and liberalization of world trade. But by discriminating against third countries and creating a complex network of trade regimes, such agreements may pose systemic risk to the global trading system.

As there are lots of opportunities available for Professionals in the field of International Trade Laws and WTO, the present publication 'Study on Benefits of Preferential Trade Agreements' being brought out by the Committee on Trade Laws and WTO is an attempt to provide the basics related with Preferential Trade Agreements, major Regional Trade Agreements, major RTAs in South Asia, India's engagement in RTAs, Study and suggestions on deriving benefits under the PTAs and the Role of Chartered Accountants in this field, etc. I sincerely hope that readers would find it extremely relevant and useful.

I would like to place on record my sincere thanks to CA. Atal Bihari Bhanja for developing the basic draft of the publication and Dr. Ram Upendra Das, Sr. Fellow, RIS, New Delhi for lending his contribution in bringing out this publication. I would like to place on record my sincere thanks to all the members of the Committee on Trade Laws and WTO for the year 2009- 10 namely, CA. Uttam Prakash Agarwal, President, CA. Amarjit Chopra, Vice-President, CA. Vijay Kumar Gupta, Vice-Chairman, CA. Mahesh P. Sarda, CA. Vinod Jain, CA. Jayant Gokhale, CA. S. Gopalakrishnan, CA. Subodh Kumar Agrawal, CA. Charanjot Singh Nanda, CA. Atul Chunilal Bheda, Shri Manoj K. Sarkar, Shri Anil Agarwal, Shri Krishna Kant, Shri R. Sekar, Shri O. P. Vaish, CA. Sanjay Chandak, CA. Shabbeer Pasha S., CA. Pradeep Kumar Tibrewala and CA. Ram Ratan Modi for their support in bringing out this publication. I would also like to express my appreciation to the efforts put in by Shri Rakesh Sehgal, Additional Secretary, CA. Mohit Baijal, Sr. Assistant Director & Secretary, Committee on Trade Laws and WTO, CA. Kuldeep Vashist, Executive Officer and other Officers and staff in the Committee in finalization of this publication.

I am confident that the publication 'Study on Benefits of Preferential Trade Agreements' will be immensely informative to readers.

CA. Anuj Goyal
Chairman,
May 28, 2009 **Committee on Trade Laws and WTO**

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SECTION-I

BACKGROUND

The recent surge in signing **Preferential Trade Agreements** (PTA) is a global phenomenon. These bilateral agreements have become in recent years a very prominent feature of the Multilateral Trading System (MTS). Two or more countries having complementary trade interests or geographical proximity are normally binding each other into the PTAs. The number of preferential arrangements as well as the world share of preferential trade has been steadily increasing over the last decade. The growing number of PTAs has resulted in a '**spaghetti bowl'** of criss-crossing PTAs with overlapping membership and a complex myriad of trade rules.

The objective of PTA is to open up the markets among a limited number of partner countries and increase trade among themselves in a free and fair atmosphere. Reduction in Customs Tariff to zero level is an added objective to these agreements. Of course, the tariff reduction takes place in a gradual process rather than with immediate effect. Based upon the circumstances, there may be either Trade Creation or Trade Diversion happening in case the trade among the partner countries increases.

Examples of best known preferential trade agreements are;

- The European Union,
- The European Free Trade Association (EFTA),
- The North American Free Trade Agreement (NAFTA),
- The Southern Common Market (MERCOSUR),
- The Association of Southeast Asian Nations (ASEAN) Free Trade Area (AFTA), and
- The Common Market of Eastern and Southern Africa (COMESA).

It has been observed that overlapping RTA (Regional Trade Agreements which is the other name of the PTAs) membership creates impacts on trade and investment patterns; increases the complexity of RTAs, and magnifies the negative effects on trade of complex and varying methods of determining regional content through preferential rules of origin.

DISTINCTIONS BETWEEN VARIOUS FORMS OF RTAs (2)

Preferential Trading Areas

- This is the first tier of integration.
- Trading partners grant partial non-discriminatory tariff reductions to each other, but leave their other tariffs, non-tariff barriers and quantitative restrictions unchanged.

Free Trade Areas

- To eliminate completely quantitative trade restrictions and customs tariffs against each other's goods.
- Member countries retain the sovereign power to decide the trade policies to be imposed on non-members.
- The difference between PTA and FTA arises because of the extent of free trade the parties are intending to do, and also the strength of the participating countries in selected sectors. FTAs are now-a-days becoming more critical covering trade in services, investments, technology transfers and various other issues. So, whereas PTA is used as a smaller tool for achieving trade optimization in the selected sectors, FTA is used as a broader economic integration tool and the differentiation is need based. It is worth noting that India in the past has rejected FTA offer of Mauritius and instead preferred PTA.

Customs Union

- Similar to free trade area

- Adopt uniform import tariffs and common quota restrictions to non-members
- Weakened the ability of member countries to determine national trade policies independently.
- In custom unions, members coordinate on setting common external tariffs, unlike FTAs where members set external tariffs independently.

Common Markets

- Similar to customs union
- Plus free movement of factors of production
- A significant reduction of national sovereignty

An example of a common market is the EEC which is composed of Belgium, Denmark, France, Germany, Ireland, Italy, Luxemburg, Netherlands and the UK.

Economic Unions

- Similar to common markets
- Harmonization of monetary, fiscal and social policies
- A single common policy as an essential prerequisite for the effective functioning of the union
- An example of an economic union is the Benelux which is the economic union formed by Belgium, the Netherlands and Luxembourg.
- In fact Belgium, Netherlands and Luxemburg formed a customs union as early as in 1948 and they became an economic union in 1960.

THEORIES OF DEVELOPMENT OF RTAs (3)

Theoretically, a free trade regime extending globally is the first best choice for achieving maximum global welfare from trade. However, if for various reasons examined earlier, trade liberalisation is initiated or accelerated at the regional level, this is often considered to be the second best option. Regional trade liberalisation would result in increased competition, efficiency and acquisition of new technology through widening of the market and increased specialisation. The net welfare implications would, however depend on the initial conditions and the nature of regional trade liberalisation.

The classical trade theory framework was provided by Jacob Viner (1950). Viner introduced the concept of 'trade creation' and 'trade diversion'. According to him **Trade Creation** takes place when there is movement of factors of production from high domestic cost to a low cost domestic source of one or more partner countries. **Trade diversion** takes place when there is a movement of factors of production from low cost extra-regional producers to high cost regional producers.

Kemal (2005) has pointed out that change in welfare due to preferences granted to members would depend upon whether the most efficient producer in the world is part of the group or is outside the group. If it is part of the group, the economic integration would be welfare promoting. However, even if the most efficient producer is outside the group, forming of regional blocks could result in trade diversion or trade creation depending on the initial conditions. Prior to the formation of a regional block, let us say that the tariff was prohibitive and the country met the entire demand of the product from domestic supplies. However, when the tariff rates are reduced preferentially, some participating regional member States may become competitive enough to enter the regional market, thereby replacing the erstwhile high cost domestic producers. This situation will be trade creating and welfare enhancing.

Thus, in any preferential trading arrangement, trade creating (welfare augmenting) and trade diverting (welfare diminishing) influences will be at work simultaneously and the net outcome on welfare will depend on the strength of the two influences.

Viner made restrictive assumptions of inelastic supply and demand. Subsequently, Meade (1955) relaxed the assumption of zero price elasticity of demand. Lipsey (1957) relaxed the assumption of zero supply elasticity as well. Consumers get the goods cheaper than before PTA was introduced so that they realise pecuniary gains. The domestic firms also realise producer's surplus. However, the importing country loses tariff revenue by shifting to an intra-PTA source. In the case of trade diversion the member country's import price increases, even though domestic consumer prices are lower on account of the tariff reductions. It is not clear a priori whether the direct gain for consumers and producers is larger or smaller than the revenue and terms of trade loss sustained by the importing country. The empirical studies give conflicting results to the desirability or otherwise of PTAs. The analysis presented by Viner, Meade and Lipsey has been static and it has been argued that the dynamic advantages may be even stronger. Traditional trade theory is typically based on perfect competition, constant returns to scale and abstracts from innovations and economies of scale. PTAs increase the market size for producers and allow them to move down the average cost curve by exploiting the economies of scale.

The theoretical literature on regional trade integration covers every side of the argument. Models based on traditional trade theory tend to find PTAs being potentially welfare reducing. However, models based on new trade theories find PTAs to provide avenues for welfare improvements that arise from the dynamic context.

A PTA can trigger increase in both domestic and foreign direct investment because of increased market size. In such a context even small countries offering a congenial investment climate can attract large inflows of foreign direct investment in order to cater to the enlarged regional market. Besides gains from specialisation can be realised by breaking up the value added chain, including for commodities that will eventually be exported from the PTA.

Before the WTO came into operation in 1995, the world witnessed two waves of regionalism. Modern regionalism began with the signing of the Treaty of Rome in 1957 which established a common market of six European countries: the Federal Republic of Germany, France, the Netherlands, Belgium, Italy and Luxembourg. This triggered an upsurge of regionalism all over the world, particularly in Africa and Latin America.

By the early 1970s, most of these regional groupings failed or survived on paper only except the EU, EFTA and ASEAN. The main reasons for their failure to meet external shocks were their excessively inward looking policies, inability to implement deeper integration measures, low level of infrastructure links and similar production structures. In many cases political and security objectives dominated the formation of most of the groupings.

A **second wave** of regionalism started sweeping the economies of the world from the end of the 1980s and the beginning of the 1990s. This saw the unprecedented deepening of the European integration in the form of a single market, the establishment of such mega groupings such as the North American Free Trade Area (NAFTA) and the Asia and Pacific Economic Cooperation (APEC) and the revival and deepening of the existing regional integration schemes in new forms, with a new agenda and sometimes under new names such like the MERCOSUR (South American Common Market), ASEAN free trade area (AFTA), East Asian Economic Caucus (EAEC), African Economic Community (AEC), etc.

The second wave of integration differed markedly from the first wave in several respects. During the second wave we notice the participation of the United States, a country that was earlier the staunchest advocate of multilateralism. Secondly, this phase coincided with globalisation that supported multilateral trade liberalisation as well. Thirdly, these groupings brought together both developed and developing countries as well as economies in transition transcending geographical continuity (eg. Asia Pacific Economic Community).

Fourthly, these groupings are multi-dimensional providing not only for trade preferences, but also co-operation in security as well as in the social and cultural fields. Finally, almost all of them involve a process of deeper integration incorporating liberalisation in services, movement of capital, evolving or harmonizing common standards and competition policies and protection of intellectual property rights. Some of these policies are WTO-plus, implying that they even go beyond the baseline requirements set under WTO.

The recent upsurge of Bilateral Free Trade Agreements (BFTAs) manifests the **third wave** of RTAs. For example, Singapore has signed Free Trade Agreements (FTAs) with New Zealand, Japan, Australia, the US, EFTA and Jordan. Thailand has signed or is contemplating FTAs with the US, New Zealand, Australia, China and Japan.

The increasing numbers of RTAs that include large industrial countries as well take the shape of a '***hub-and-spoke***' structure in world trade. In a hub-and-spoke system, the largest countries sign bilateral agreements with many small countries. Such a system could marginalise the spokes where market access conditions are much less advantageous than in the hub, which offers improved access to all of the spokes.

Thus, RTAs are being embraced by most WTO members as trade policy instruments where economic considerations are only one facet of the complex RTA strategies being pursued by WTO Members which often include broader foreign policy aims such as political and security considerations. Besides, the sluggish progress in multilateral trade negotiations under the Doha Development Round appears to have accelerated further the urge to forge RTAs. The emergence of NAFTA is an illustration of this. However an interesting fact is to note that if MFN duty of the counries is zero or near zero for most of the tariff lines, these countries will not be interested in joining PTAs because of high cost of complying with ROO. The exporter will choose to forgo the preferences and instead bring the goods under MFN rate. Further inclusion of sensitive list, negative list, or long phasing in periods pose some implementation problem.

Under RTA with limited Members, decisions can be taken faster in contrast to the multilateral process under WTO in which decision-making has to be arrived at by consensus among a large group of heterogeneous members. Countries participating in RTAs seek to secure access to large markets. Access to large markets permits opportunities to even smaller countries to attract more domestic and foreign investment. A regional agreement can also help with region specific issues such as environment, border controls, transit, migration or movement of labour or development of trans-boundary infrastructure. Some RTAs have also included dispute resolution mechanisms.

RTAS' KALEIDOSCOPE (7)

RTAs' main trends and characteristics

Mapping RTA proliferation and discerning its trends and characteristics in the global trading system presents several difficulties due to the fast pace and random nature of this proliferation.

Quantifying and qualifying the proliferation of RTAs Reassessing

Quantifying RTAs accurately is a methodological challenge. WTO statistics tend to exaggerate the total number of RTAs since they are based on notification requirements that do not reflect the physical number of RTAs. On the other hand focus is on the "actual" number of agreements confronts us with non- exhaustive and inaccurate figures since it is practically impossible to verify the data for the many RTAs that have either not yet been notified or are at different phases of implementation.

Typology of RTAs:

The typology of RTAs reveals other interesting aspects of this proliferation. Among the options available to countries today, FTA is the one that best reflects their trade policy needs and objectives; CUs on the other hand appear to have become less popular and perhaps out of tune with todays trading climate;

The preference for FTAs is a reflection of the defining characteristics of the current RTA race; the key attributes of this race appear to be speed, flexibility and selectivity and FTA is, in most cases, the configuration that best meets these needs. Although negotiation of an FTA may take years to conclude, evidence suggests that the timing from the launching of the negotiations to their conclusion has been shrinking in recent years, especially for agreements among likeminded countries.

Most significantly, FTAs allow for ambitious preferential regimes while safeguarding a country's sovereignty over its commercial policy since each FTA party maintains its own trade policy *vis-à-vis* third parties.

CUs share the FTAs objective of comprehensive trade liberalization among the parties; however, their formation is driven by policy objectives that together with their configuration requirements severely limit their flexibility as a trade policy instrument compared to FTAs. A CU reflects the traditional objective of regional integration among geographically contiguous countries. Besides this, CUs are often flanked, and in most cases driven, by considerations that reach beyond the realm of trade (i.e. political integration, economic and monetary unions, supranational institutions etc.) On the technical side, a CU requires the establishment of a common external tariff and harmonization of external trade policies; this implies a much higher degree of policy coordination among the parties compared to FTAs and, unquestionably, loss of autonomy over the parties' national commercial policies. As a result CUs entail longer and more complex negotiations and implementation periods.

Furthermore, while the parties to an FTA have, in principle, full flexibility with regard to their individual choice of future FTA partners, participation in CUs, if played by the rules, limits the individual parties' choice for future RTA memberships since a proper functioning of the union requires that any agreement with predominance of FTAs over CUs is in fact historical paradox worth mentioning. A perusal of the drafting history of Article XXIV of the GATT (which contains the legal provisions for the conclusion of FTAs, CUs and interim agreements leading to the formation of FTAs or CUs) reveals that it was not until the Havana Charter that provisions for the formation of FTAs were included in what became GATT Article XXIV. The previous charters only spoke of CUs and interim agreements leading to the formation of CUs. This suggests that the perception of regional economic integration and the means to achieve it the drafting fathers of Article XXIV had in mind, were not likely to be along the lines of the proliferation of cross-regional FTAs that we are witnessing today. It is also interesting to speculate how different the current landscape of RTAs would be if the provisions of GATT Article XXIV only applied to CUs with no related provision for the formation of FTAs.

Some limitations may apply in the form of an MFN clause whereby parties to the agreement commit to extend to each other any more favourable treatment that they may grant to a third party in a future agreement. Some geographically bound FTAs also show a propensity to negotiate agreements with common parties. Examples would include the EFTA states, Australia and New Zealand and ASEAN members among others. However, we should be careful in making any generalizations since other cases, such as NAFTA, disprove any such rule.

In the current trading climate of flexible and speedy RTAs, the preference of FTAs over CUs seems obvious.

The requirement in a CU of a common external tariff and harmonization of the parties' commercial policies does not allow in principle a “go alone” policy whereby one party alone negotiates a preferential agreement with a third party. Such a situation would disrupt the functioning of the CU since products from the third party could enter the union at a preferential rate through the bilateral RTA, implying a loss of tariff revenues for the other members to the union. Examples of such a situation include SACU (FTA between the EU and South Africa) and the GCC (FTA between the United States and Bahrain). Under the WTO, the only legal provision applicable to a North-South RTA covering trade in goods is Article XXIV of the GATT 1994. This provision provides among other requirements a comprehensive trade liberalization schedule based on tariff elimination. Partial scope agreements providing for reduction and/or elimination of duties on a limited number of products are unlikely to be found compatible with such provision. Partial scope agreements are allowed under paragraph 2(c) of the Enabling Clause; however, the recourse to such a provision is only available to developing country Members. Examples of such agreements include the recently notified China-ASEAN and many of the RTAs being negotiated by India.

Configuration of RTAs:

A significant aspect of this proliferation is the evolving configuration of RTAs. With a few exceptions, the bulk of RTAs in the making are based on bilateral RTA configurations rather than the more burdensome plurilateral RTAs. The disproportionate number of bilateral configurations is due to several reasons. From a geopolitical perspective, the opportunities for region-wide plurilateral RTAs are fewer since many of these agreements have already been established during past waves of regionalism. New initiatives are either a revamping of existing regional schemes (i.e. SAPTA to SAFTA) or consolidation of such schemes into broader and in some cases continent-wide integration arrangements. The political dimension of these initiatives combined with the technical complexity of negotiations involving several countries many of which are already bound in existing RTAs, clearly limits the number of such RTAs.

Bilateral agreements may include more than two countries when one of them is an RTA itself (e.g. EC (25) – Turkey (1) is a two party RTA comprising 26 countries). A plurilateral agreement refers to an RTA in which the constituent parties exceed two countries (e.g., EFTA, MERCOSUR, AFTA, SADC, etc.). Other reasons include the apparent paradigm shift from using RTAs as instruments for regional integration to vehicles for strategic market access; this further strengthens the drive for bilateral RTAs, especially in the case of cross-regional RTAs.

Another significant aspect of this proliferation is the emergence of typical RTAs configurations. The simple bilateral (i.e. two countries) and plurilateral configurations are being supplemented by agreements in which one of the parties is itself an RTA; such agreements have been in the making for some time and their number is increasing. An emerging configuration is bilateral RTAs where each party is a distinct RTA. The advent of such agreements points to a consolidation of established trading relationships but also supports the argument raised earlier with regard to the policy choices of plurilateral RTAs and in particular CUs. The fact that several such agreements have been under negotiation for numerous years and that none, thus far, has entered into force underscores the complexity of such negotiations. The bulk of cross-regional RTAs are bilateral agreements, i.e. two parties. One exception is the Trans-Pacific Strategic Economic Partnership (SEP-4) between Brunei, Chile, New Zealand and Singapore. The trend toward cross-regional RTAs raises some interesting questions and makes us ponder to what extent the premise of RTA formation among “natural” trading partners still applies. The advent of cross-regional RTAs could thus be seen as a drive to look further a field once we employ the term “cross-regional” to refer to those RTAs concluded among countries from the following global regions: Euro-Mediterranean area; Asia-Pacific; Western Hemisphere; sub-Sahara Africa; Middle East and Central Asia.

Earlier countries sought Trade Agreements (TAs) that were regional. For example; originally NAFTA was meant to be North Atlantic FTA comprising UK Canada and UK. But it did not materialize because UK preferred EU instead of above NAFTA. Later to counter EU effect, the present NAFTA was formed. A favourable argument for regional Trade Agreements has been put forth by Ben Zissimos of Vanderbilt University. In his study released on June 2007 on "**Why are Trade Agreements Regional**?", he tried to establish that distance may be used to coordinate on a unique equilibrium in which trade agreements are regional. Trade agreement formation is modelled as coalition formation. In a standard trade model with no distance between countries, a familiar problem of coordination failure arises giving rise to multiple equilibria; any one of many possible trade agreements can form. With distance between countries, and through strategic interaction in tariff setting, regional trade agreements generate larger rent-shifting effects than non- regional agreements which countries use to coordinate on a unique equilibrium. Under naive best responses, regional agreements give way to free trade.

However, the sharp increase in the number of cross-regional RTAs may indicate a shift in emphasis from regional priorities to RTAs with extra-regional partners. Substantiating this argument it is notable that the strengthening of regional integration schemes has been overall very modest and in several cases even weakened by the go-alone policy by some of the parties to these agreements. This is especially the case with regional integration schemes among developing countries since they are often less comprehensive in terms of trade liberalization and coverage of trade related areas than those found in cross regional and particularly North-South FTAs; the latter include, in most cases, policy areas such as services, investments, government procurement, and competition among others. Perhaps with the exception of Europe where the process of integration is firmly rooted in the European Union, all other regions manifest growing asymmetries between regional integration processes and the scope and depth of the cross regional RTAs to which individual countries are parties. In this sense and perhaps as a further facet of globalisation RTAs are being employed as tools to overcome regional constraints and open new trade opportunities in the global market space and in this process they are changing long established geographical trade patterns. The large number of RTAs among transition economies is due to geopolitical changes following the collapse of the former Soviet Union. Many of these agreements are likely to be repealed due to accession to existing RTAs and consolidation of bilateral RTAs into larger agreements accounting for 27% and 25 %, respectively, of the total number of notified RTAs in goods and 44% and 33 % respectively for EIAs. Both these clusters will be considerably expanded given that almost all of the RTAs in the making fall under these two categories.

The Global Landscape of RTAs: state of play and future developments

Europe

Europe is the region with the largest number of RTAs, accounting for almost half of the agreements notified to the WTO and in force. The main regional groupings are the European Union (EU) and the EFTA. South-Eastern Europe is consolidating into a third trading group under the auspices of the Stability Pact; this sub-region achieved in 2005 a matrix of bilateral FTAs and negotiations to replace these agreements with a plurilateral agreement were launched in 2006. Existing ties between this sub-region and the EU are being further institutionalized: EU accession negotiations with Croatia were officially the so called CEFTA plus agreement was signed on 19th December 2006. The implications of this agreement will be the repeal of all the bilateral RTAs concluded among the Stability Pact's countries.

Launched in October 2005 (along with Turkey), and a Stability and Association Agreement (SAA) between the EU and Serbia and Montenegro is underway. In the Mediterranean basin, the establishment of a Euro-Mediterranean FTA between the EU and its Mediterranean partners made further progress in 2005/06; at the 5th Euromed Trade Ministerial Conference in March 2006, Euromed Trade Ministers took stock of progress and officially launched negotiations for the liberalisation of trade in services to boost the existing Association Agreements; they also agreed to deepen agricultural liberalisation and to reinforce the institutional and legal framework.

Other developments include the endorsement of the Pan-Euro-Mediterranean Protocol of origin by Morocco, Israel and Egypt. Beyond its immediate neighbourhood, the EU has focused on furthering already commenced RTA negotiations; these include FTAs with MERCOSUR, the GCC and the six Economic Partnership Agreements (EPAs) with sub groupings of the African Caribbean and Pacific (ACP) countries. In a change of policy stance, the EU has also signaled an interest to launch new FTA negotiations; prospective candidates include Korea, India and the countries parties to the ASEAN, the CACM and the CAN. As for the EFTA States, their FTAs with Tunisia and Korea entered into force in June 2005 and September 2006 respectively while the FTA with Lebanon was notified in December 2006; an FTA with the SACU countries was signed in June 2006.

EFTA States have opened FTA negotiations with Thailand in 2005 and with the countries the former Yugoslav Republic of Macedonia (FYROM) is also a candidate country; however, accession negotiations have not started yet. In the sub-region, the EU has SAAs with Croatia and FYROM, it has signed an SAA with Albania, and it is negotiating one with Bosnia-Herzegovina. The Mediterranean partners are Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria, Tunisia and Turkey. A grid of bilateral RTAs in trade in goods is already in place and parallel ones are being established by the EFTA States and Turkey. The EU Algeria FTA was notified in July 2006. The EC is negotiating with six different groups of countries: ECOWAS plus Mauritania; CEMAC plus DRC and Sao Tomé and Principe; East and Southern Africa (ESA), the CARIFORUM (CARICOM plus Dominican Republic) and the Pacific Islands of the GCC in 2006 and they are considering one with India.

The Americas

The United States has been an active RTA player throughout 2005 and 2006. It has signed FTAs with Colombia, Peru and with five Central American countries and the Dominican Republic (DR-

CAFTA) and it has further pursued negotiations with Ecuador and Panama. Further afield, it has secured deals with some Northern African and Middle Eastern countries as part of its Middle East Free Trade Initiative: the FTA with Oman has been signed while the FTAs with Morocco and Bahrain have both entered into force; negotiations have been launched with the United Arab Emirates (other prospective FTAs could include Egypt, Kuwait, Qatar and Tunisia).

In Asia-Pacific, the United States has opened FTA negotiations with Korea and Malaysia in an effort to strengthen ties with ASEAN countries. The other two NAFTA members have also been active; Canada has opened FTA negotiations with Korea and is considering possible FTAs with CARICOM, MERCOSUR and the Dominican Republic. Mexico is also intent on expanding its RTA network and is considering FTAs with Ecuador, Korea and MERCOSUR; its FTA with Japan has entered into force and negotiations are going on with Singapore. Further South in the Americas, Panama has concluded an FTA with Singapore and CARICOM has ratified agreements with Cuba and Costa Rica. The Andean Community members, while working as a group towards an FTA with MERCOSUR, are pursuing several other FTAs on an individual basis: in addition to its FTA with the United States, Peru is engaged in negotiations with Singapore and has concluded The CAFTA-DR was signed on August 5, 2004. The agreement entered into force for El Salvador and the United States on March 1, 2006, for Honduras and Nicaragua on April 1, 2006, and for Guatemala on July 1, 2006. Entry into force for Costa Rica and the Dominican Republic is pending.

The United States has an FTA with Singapore and ongoing negotiations with Thailand. Mexico and MERCOSUR signed in 2002 a framework agreement for the creation of an FTA an early harvest agreement with Thailand in view of a fully-fledged FTA; as for Colombia and Ecuador, they are both engaged in FTAs with the United States; Venezuela, for its part, is in the process of acceding to MERCOSUR. Turning to MERCOSUR, it has signed framework agreements aiming at the establishment of FTAs with the GCC, India, Israel, Egypt, Morocco and the SACU, and is undertaking a joint FTA feasibility study with Korea. The Colombia-US FTA has been signed while the Ecuador-US FTA is under negotiation. Chile too is expanding its FTA network; the Trans-Pacific Strategic Economic Partnership (SEP-4) with New Zealand, Brunei and Singapore, entered into force in November 2006, it has signed an FTA with China, and a framework agreement for a possible FTA with India; it has also opened negotiations with Japan, and has held preliminary FTA talks with Thailand. Countries in Asia-Pacific are consolidating their drive towards regionalism at an accelerated pace.

The apathy towards RTAs is long gone and a network of regional and cross-regional RTAs is clearly in the making. Notwithstanding the existence of sub-regional groupings most of the RTAs being created are on a bilateral basis with some instances of collective RTA negotiations (mainly involving the ASEAN group); as a result overlapping memberships are on the increase and so is the complexity in intra-regional trade relations. Rationalization of these bilateral relationships into region wide integration schemes is however on the agenda with several initiatives being either pursued (ASEAN + 3) or suggested. At the country level, Japan appears to have fully jumped on the RTA bandwagon; developments over the last two years suggest that its focus on partnerships with Asian countries has broadened to include cross-regional partners; following the entry into force of its FTA with Mexico, Japan has launched negotiations with Chile and the GCC countries, has agreed to open FTA negotiations with Vietnam in early 2007 and it has commenced feasibility studies for FTAs with Australia, India and Switzerland. As for Korea, in addition to In Asia: ASEAN, the Asia-Pacific Trade Agreement (APTA) formerly named the Bangkok Agreement, and the South Asian Association for Regional Cooperation (SAARC). In the Pacific: the CER between Australia and New Zealand and the Pacific Islands Forum. Examples include APTA (Bangladesh, China, India, Republic of Korea, Laos and Sri Lanka) and the BIMSTEC (Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand) both of which include countries that are members of ASEAN and SAFTA. The ASEAN + China, Korea and Japan process was institutionalized in 1999 at the ASEAN+3 Summit held in Manila. The Process aims at strengthening and deepening East Asia cooperation and foresees the establishment of a region wide FTA; in this regard ASEAN has concluded an FTA with China, is negotiating one with Japan and the one with Korea is under consideration. Japan has proposed a Comprehensive Economic Partnership for East Asia (CEPEA) which adds India, Australia and New Zealand to ASEAN+3; a similar proposal has been made by India under the name of “Pan- Asia Free Trade Area”. Japan has FTAs with Singapore and Malaysia; signed one with the Philippines; and it is negotiating with Indonesia, Korea, Thailand as well as ASEAN. its FTAs with Chile and the EFTA States, it has signed an FTA with Singapore; it has launched negotiations with ASEAN, Canada, the United States, India and Japan, and it is considering FTAs with Australia, MERCOSUR, Mexico and the EU. The regional giant, China, is not lagging behind; it has signed an FTA with Chile and Pakistan, launched negotiations with the GCC, Singapore, Australia and New Zealand, and is considering an eventual agreement with India, in what would be the world's largest FTA in terms of population. Chinese Taipei is also seeking to conclude RTAs agreements; in addition to its FTA with Panama, it has signed FTAs with Guatemala and Nicaragua and is negotiating others with the Dominican Republic, El Salvador and Honduras.

The ASEAN group is negotiating with India, Japan, Australia and New Zealand, as well as considering an FTA with Korea and possibly the EU. At the same time, some ASEAN countries (Singapore, Thailand and Malaysia) are negotiating individual agreements. Singapore's FTAs with Jordan, India, Korea and Panama have entered into force and so has the SEP-4; it has ongoing FTA negotiations with Canada, China, Mexico, Pakistan, Peru and it is considering further FTAs with Egypt and Sri Lanka; as for its ongoing FTA negotiations with Bahrain, Kuwait, Qatar and the UAE, a decision was taken in November 2006 to include these under a Singapore-GCC FTA whose negotiations are scheduled to start in 2007. Thailand has also become an active RTA player in recent years: its FTAs with Australia and New Zealand have entered into force; it has concluded a framework agreement with India and signed FTAs with Bahrain; it has FTA negotiations with the EFTA States, Japan, Peru and the United States; and it is considering FTAs with Chile and Pakistan. Malaysia has signed an FTA with Japan and a partial scope agreement with Pakistan; it has launched negotiations with Australia New Zealand and the United States and it is considering an FTA with India.

Turning to South Asia, SAARC members are busy implementing the South Asian Free Trade Area (SAFTA). Beside regional initiatives, India and Pakistan appear to be very keen not to be left behind in the RTA race and to conclude their own preferential deals. In addition to its FTA with Singapore, India has signed an FTA with Mauritius; partial scope agreements with Chile, MERCOSUR, SACU and Thailand; it has FTA negotiations with ASEAN, the GCC countries and Korea; and more RTAs are under consideration with China, Japan, Indonesia and Malaysia and the EU. As for Pakistan, it has concluded an FTA with Sri Lanka, a partial scope agreement with Malaysia and it has signed an FTA with China; it is negotiating FTAs with the GCC and Singapore; and it is considering an FTA with Indonesia.

In the Pacific, in addition to what has already been noted earlier, Australia is considering an FTA with the GCC countries. As for the Pacific Islands Forum, the Pacific Island Countries Trade Agreement (PICTA) among them has entered into force and they are negotiating an EPA with the EU.

Central Asia

Integration initiatives in Central Asia have been mainly directed at re-establishing the economic links that existed before the fall of the communist bloc. However, most early attempts to reproduce those links through plurilateral initiatives, i.e. the CIS FTA, have not materialized and although the CIS institutional framework is still present, preferential liberalization has been achieved through an overlapping network of bilateral agreements and other plurilateral initiatives; the latter include the Single Economic Space between Kazakhstan, Russia, Belarus and Ukraine; the Eurasian Economic Community between Russia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan; and the Central Asian Cooperation Organization, The EAEC emerged from a CU between Russia, Belarus and Kazakhstan with the later accession of Kyrgyzstan and Tajikistan. Ukraine and Moldova have been granted the status of observers. Whose members are Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Russia? Other regional organizations include the ECO whose members, among other initiatives, have signed in 2003 the ECO trade agreement (ECOTA) providing for tariff reductions and have agreed in 2005 on the common objective of forming an FTA in future. CACO replaces the Central Asia

Economic Union, which was composed by Kazakhstan, Kyrgyzstan and Uzbekistan.

When Tajikistan joined in 1998, it was renamed Central Asian Economic Cooperation. Its final name, CACO, was adopted in 2002 and then Russia joined the group in 2004. ECO, which was founded originally in 1985 by Iran, Turkey and Pakistan, was later joined by Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajakistan, Turkmenistan, and Uzbekistan.

The most significant initiatives in the regional drive towards closer economic integration include the Agadir Agreement between Jordan, Egypt, Tunisia and Morocco; the agreement was signed in February 2004 and was scheduled to enter into force in January 2006; however, that does not seem to have been the case. The other initiative is the Pan-Arab Free Trade Area; the agreement has been ratified by its members and is currently in force. As for the Gulf countries, the GCC has established itself as a CU and is engaged in several RTA negotiations both with regional and cross-regional partners. On the cross-regional front, the GCC shares a peculiarity that has been observed also in other CUs whereby while most RTA negotiations are engaged as a group, in others (in this case the United States), GCC members have chosen a “go alone” policy.

Sub-Sahara Africa

Among all world regions, African RTAs come closest to the traditional concept of regional integration based on the geographical proximity of the RTA partners and political co-operation through economic integration. The ambitious goals of most African RTAs (CU, common markets and economic and monetary unions); their low level of intra- regional trade; poor implementation of several agreements; and their overlapping membership, tend to confirm the dominant role played by regional politics in the design of the region's RTAs. Turning to extra-regional preferential trade relations, these have been based, until recently, on non-reciprocal preferences under schemes such as the GSP, the African Growth Opportunity Act (AGOA), and the EU-ACP programmes. Most countries of the continent benefit from such preferential schemes, the exception being countries in North Africa and in Southern Africa that have foregone unilateral preference for reciprocal RTAs with partners in Europe, and more recently in the Western Hemisphere, Asia-Pacific and the Middle East. Pan-Arab FTA members are: the GCC countries plus Egypt, Iraq, Jordan, Lebanon, Libyan Arab Jamahiriya, Morocco, Sudan, Syrian Arab Republic, Tunisia, and Yemen.

The shift to reciprocal preferences will soon extend to most Sub-Saharan countries with the EPAs replacing the long-standing unilateral preferences granted by the EU under its ACP policy. The EPA process has taken centrestage of African RTA developments in recent years and it is likely to significantly affect intra-RTA dynamics given the asymmetry in members' configuration among these agreements and existing integration schemes. The EPA process is supposed to build upon and strengthen existing regional integration arrangements; while this may be the case in Western and Central Africa, where negotiations are taking place with the ECOWAS and CEMAC configurations (with the sole inclusion of Mauritania in ECOWAS and Sao Tomé and Principe and DR Congo in CEMAC), it may not be so apparent in Eastern and Southern Africa where the EPA negotiations fore- see two configurations (East and Southern Africa (ESA) and SADC minus) with members from four distinct regional integration schemes. Considering that each of these RTAs is already (EAC and SACU) a CU, or planning to become one (SADC and COMESA) it is expected that the ESA and SADC EPAs may clash significantly with the integration agendas of the existing RTAs. The UEMOA has already been a functioning monetary union since 1994; the ECOWAS, comprising all UEMOA members plus other West African countries, decided to merge with UEMOA. On 1 January 2005, ECOWAS launched the CET to become a CU, providing for three years of transition period. The COMESA, the SADC, the EAC and the SACU. Examples of such conflicts are numerous. The most blatant is Tanzania, which is in a CU with Kenya and Uganda, and negotiating with the SADC EPA while Kenya and Uganda have opted for the ESA EPA. Conversely, SADC members Malawi, Mauritius, Zambia and Zimbabwe have chosen to negotiate with ESA while COMESA members Angola and Swaziland (the latter is also a SACU member) have opted for the SADC EPA configuration. A further complicating factor is the standing of South Africa with respect to these negotiations given its membership in SACU and its FTA already in place with the EU.

SECTION-II

WTO's RULES

When a WTO member enters into a regional integration arrangement through which it grants more favourable conditions to its trade with other parties to that arrangement than to other WTO members' trade, it departs from the guiding principle of non-discrimination defined in Article I (MFN clause) of GATT, Article II of GATS, and elsewhere. WTO Members are however permitted to enter into such arrangements under specific conditions, which are spelled out in three sets of rules:

- Paragraphs 4 to 10 of Article XXIV of GATT (as clarified in the Understanding on the Interpretation of Article XXIV of the GATT 1994) provide for the formation and operation of customs unions and free-trade areas covering trade in goods;

- The so-called Enabling Clause (i.e., the 1979 Decision on Differential and More Favorable Treatment, Reciprocity and Fuller Participation of Developing Countries) refers to preferential trade arrangements in trade in goods between developing country Members; and

- Article V of GATS governs the conclusion of RTAs in the area of trade in services, for both developed and developing countries.

- Other non-generalized preferential schemes, for example non-reciprocal preferential agreements involving developing and developed countries, require Members to seek a waiver from WTO rules. Such waivers require the approval of three quarters of WTO Members. Examples of such agreements, which are currently in force, include the US — Caribbean Basin Economic Recovery Act (CBERA), the CARIBCAN agreement whereby Canada offers duty-free non-reciprocal access to most Caribbean countries, Turkey-Preferential treatment for Bosnia-Herzegovina and the EC-ACP Partnership Agreement.

MAJOR REGIONAL TRADE AGREEMETS

(Source: www.wto.org)

AFTA	ASEAN Free Trade Area	Brunei Darussalam Cambodia Indonesia Laos Malaysia Myanmar Philippines Singapore Thailand Vietnam
ASEAN	Association of South East Asian Nations	Brunei Darussalam Cambodia Indonesia Laos Malaysia Myanmar Philippines Singapore Thailand Vietnam
BAFTA	Baltic Free-Trade Area	Estonia Latvia Lithuania
BANGKOK	Bangkok Agreement	Bangladesh China India Republic of Korea Laos Sri Lanka
CAN	Andean Community	Bolivia Colombia Ecuador Peru Venezuela
CARICOM	Caribbean Community and Common Market	Antigua & Barbuda Bahamas Barbados Belize Dominica Grenada Guyana Haiti Jamaica Monserrat Trinidad & Tobago St. Kitts & Nevis St. Lucia St. Vincent & the Grenadines Surinam
CACM	Central American Common Market	Costa Rica El Salvador Guatemala Honduras Nicaragua
CEFTA	Central European Free Trade Agreement	Albania, Bosnia and Herzegovina, Croatia, Former Yugoslav Republic of Macedonia (FYROM), Moldova, Montenegro, Serbia and United Nations Interim Administration Mission in Kosovo
CEMAC	Economic and Monetary Community of Central Africa	Cameroon Central African Republic Chad Congo Equatorial Guinea Gabon
CER	Closer Trade Relations Trade Agreement	Australia New Zealand

CIS	Commonwealth of Independent States	Azerbaijan Armenia Belarus Georgia Moldova Kazakhstan Russian Federation Ukraine Uzbekistan Tajikistan Kyrgyz Republic
COMESA	Common Market for Eastern and Southern Africa	Angola Burundi Comoros Democratic Republic of Congo Djibouti Egypt Eritrea Ethiopia Kenya Madagascar Malawi Mauritius Namibia Rwanda Seychelles Sudan Swaziland Uganda Zambia Zimbabwe
EAC	East African Cooperation	Kenya Tanzania Uganda
EAEC	Eurasian Economic Community	Belarus Kazakhstan Kyrgyz Republic Russian Federation Tajikistan
EC	European Communities	Austria Belgium Bulgaria Cyprus Czech Republic Denmark Estonia Finland France Germany Greece Hungary Ireland Italy Latvia Lithuania Luxembourg Malta Poland Portugal Romania Slovak Republic Slovenia Spain Sweden The Netherlands United Kingdom
ECO	Economic Cooperation Organization	Afghanistan Azerbaijan Iran Kazakhstan Kyrgyz Republic Pakistan Tajikistan Turkey Turkmenistan Uzbekistan
EEA	European Economic Area	EC Iceland Liechtenstein Norway
EFTA	European Free Trade Association	Iceland Liechtenstein Norway Switzerland
GCC	Gulf Cooperation Council	Bahrain Kuwait Oman Qatar Saudi Arabia United Arab Emirates
GSTP	General System of Trade Preferences among Developing	Algeria Argentina Bangladesh Benin Bolivia Brazil Cameroon Chile Colombia Cuba Democratic People's

	Countries	Republic of Korea Ecuador Egypt Ghana Guinea Guyana India Indonesia Islamic Republic of Iran Iraq Libya Malaysia Mexico Morocco Mozambique Myanmar Nicaragua Nigeria Pakistan Peru Philippines Republic of Korea Romania Singapore Sri Lanka Sudan Thailand Trinidad and Tobago Tunisia United Republic of Tanzania Venezuela Vietnam Yugoslavia Zimbabwe
LAIA	Latin American Integration Association	Argentina Bolivia Brazil Chile Colombia Cuba Ecuador Mexico Paraguay Peru Uruguay Venezuela
MERCOSUR	Southern Common Market	Argentina Brazil Paraguay Uruguay
MSG	Melanesian Spearhead Group	Fiji Papua New Guinea Solomon Islands Vanuatu
NAFTA	North American Free Trade Agreement	Canada Mexico United States
OCT	Overseas Countries and Territories	Greenland New Caledonia French Polynesia French Southern and Antarctic Territories Wallis and Futuna Islands Mayotte Saint Pierre and Miquelon Aruba Netherlands Antilles Anguilla Cayman Islands Falkland Islands South Georgia and South Sandwich Islands Montserrat Pitcairn Saint Helena Ascension Island Tristan da Cunha Turks and Caicos Islands British Antarctic Territory British Indian Ocean Territory British Virgin Islands
PAN-ARAB	Pan-Arab Free Trade Area	Bahrain Egypt Iraq Jordan Kuwait Lebanon Libya Morocco Oman Qatar Saudi Arabia Sudan Syria Tunisia United Arab Emirates Yemen

PATCRA	Agreement on Trade and Commercial Relations between the Government of Australia and the Government of Papua New Guinea	Australia, Papua New Guinea
PTN	Protocol relating to Trade Negotiations among Developing Countries	Bangladesh Brazil Chile Egypt Israel Mexico Pakistan Paraguay Peru Philippines Republic of Korea Romania Tunisia Turkey Uruguay Yugoslavia
SACU	Southern African Customs Union	Botswana, Lesotho, Namibia, South Africa, Swaziland
SADC	Southern African Development Community	Angola Botswana Lesotho Malawi Mauritius Mozambique Namibia South Africa Swaziland Tanzania Zambia Zimbabwe
SAPTA	South Asian Preferential Trade Arrangement	Bangladesh Bhutan India Maldives Nepal Pakistan Sri Lanka
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement	Australia New Zealand Cook Islands Fiji Kiribati Marshall Islands Micronesia Nauru Niue Papua New Guinea Solomon Islands Tonga Tuvalu Vanuatu Western Samoa
Trans-Pacific SEP	Trans-Pacific Strategic Economic Partnership	Brunei Darussalam Chile New Zealand Singapore
TRIPARTITE	Tripartite Agreement	Egypt India Yugoslavia
UEMOA / WAEMU	West African Economic and Monetary Union	Benin Burkina Faso Côte d'Ivoire Guinea Bissau Mali Niger Senegal Togo

REGIONALISM vs. MULTILATERALISM

SCOPE OF RTAs (1)

Regionalism is described in the Dictionary of Trade Policy Terms, as "actions by governments to liberalize or facilitate trade on a regional basis, sometimes through free-trade areas or customs unions". In the WTO context, regional trade agreements (RTAs) have both a more general and a more specific meaning: more general, because RTAs may be agreements concluded between countries not necessarily belonging to the same geographical region; more specific, because the WTO provisions which relate specifically to conditions of preferential trade liberalization with RTAs.

A note of Caution:

RTAs can complement the multilateral trading system, help to build and strengthen it. But by their very nature RTAs are discriminatory: they are a departure from the MFN principle, a cornerstone of the multilateral trading system. Their effects on global trade liberalization and economic growth are not clear given that the regional economic impact of RTAs is ex- ante inherently ambiguous. Though RTAs are designed to the advantage of signatory countries, expected benefits may be undercut if distortions in resource allocation, as well as trade and investment diversion, potentially present in any RTA process, are not minimized, if not eliminated altogether. An RTA's net economic impact will certainly depend on its own architecture and the choice of its major internal parameters (in particular, the depth of trade liberalization and sectoral coverage). Concurrent MFN trade liberalization by RTA parties, either unilaterally or in the context of multilateral trade negotiations, can play an important role in defusing potential distortions, both at the regional and at the global level.

The increase in RTAs, coupled with the preference shown for concluding bilateral free-trade agreements, has produced the phenomenon of overlapping membership. Because each RTA will tend to develop its own mini-trade regime, the coexistence in a single country of differing trade rules applying to different RTA partners has become a frequent feature. This can hamper trade flows merely by the costs involved for traders in meeting multiple sets of trade rules. The proliferation of RTAs, especially as their scope broadens to include policy areas not regulated multilaterally, increases the risks of inconsistencies in the rules and procedures among RTAs themselves, and between RTAs and the multilateral framework. This is likely to give rise to regulatory confusion, distortion of regional markets, and severe implementation problems, especially where there are overlapping RTAs.

INTERACTION BETWEEN REGIONAL TRADE AGREEMENTS AND THE MULTILATERAL TRADING SYSTEM

- In the traditional, conceptual debate on "regionalism vs. multilateralism", it has been argued that RTAs, by moving generally at a faster pace than the MTS and sharing its goals, represent a way of strengthening the latter. The positive effects of RTAs on the integration of developing countries in the world economy are also usually noted. These views have been contested on the grounds of the fundamental changes observed in the geographical scale and trade-policy scope of the RTA process. It has been argued that the impact of these changes, coupled with the lack of flexible accession provisions in many RTAs hampers their effectiveness in contributing to the growth of world trade and the traditional synergies between the RTA and multilateral processes.

- Overlapping RTA membership impacts on trade and investment patterns; increases the complexity of RTAs, and magnifies negative effects on trade of complex and varying methods of determining regional content through preferential rules of origin.

- Conversely, it has been argued that the constitution of RTA networks acts as a positive force for the multilateral system. Parties to individual RTAs within a network move toward the harmonization of rules of origin with the view to greater integration. Diagonal cumulation schemes under preferential rules of origin regimes reduce barriers and facilitate trade among participating economies, by simplifying and harmonizing customs procedures.

- If globalisation refers to not only involving trade, but also referring to the spread of technology, labor, capital and goods & services, globalisation seems to take a more important role than regionalisation.
- Regionalism is a restrictive practice and the effective prosperity, integration and benefit out of Globalisation may not be achieved by the countries involved in RTAs.
- The RTAs are like a sideway of the liberalising process of the states, who want to go further than the recent multilateral commitments.
- Regionalism leads to multilateral trade liberalisation or globalisation.
- RTAs have assisted countries to have a rule based trading system which otherwise they have not been able to reach under the WTO. Countries seem more comfortable as RTAs, hence the proliferations' and the less need to bargain under the multilateral trading system.
- Many FTAs are politically motivated.
- An FTA with natural partners and major trading partners should yield good results.
- Regional integration is only a stepping stone to full economic integration.
- Many of the RTAs are WTO-plus agreements. RTAs contain provisions that go beyond the WTO rules in areas such as services and intellectual property, much to the detriment of developing countries.
- RTAs are neither stepping stones nor obstacles to the trading system. They are a creation of WTO whose members are perfecting them to suit individual economic interests. RTAs are simply taking a legal and valid route that the WTO members and WTO did not anticipate.
- RTAs are a step in the integration process for a real multilateral community and a real global trade.

- Regional trade agreements can actually support the WTO's multilateral trading system.
- Regional agreements have allowed groups of countries to negotiate rules and commitments that go beyond what was possible at the time multilaterally.
- Services, intellectual property, environmental standards, investment and competition policies are all issues that were raised in regional negotiations and later developed into agreements in the WTO.
- The groupings that are important for the WTO are those that abolish or reduce barriers on trade within the group.
- The WTO agreements recognize that regional arrangements and closer economic integration can benefit countries. It also recognizes that under some circumstances regional trading arrangements could hurt the trade interests of other countries.
- Other provisions in the WTO agreements allow developing countries to enter into regional or global agreements that include the reduction or elimination of tariffs and non-tariff barriers on trade among themselves.

RTA NOTIFICATION SYSTEM OF WTO

WTO members (as, previously, GATT contracting parties) are bound to notify the regional trade agreements (RTAs) in which they participate. Nearly all of the WTO's Members have notified participation in one or more RTAs (some Members are party to twenty or more). Notifications may also refer to the accession of new parties to an agreement that already exists, *e.g.* the notification of the accession of Bulgaria and Romania to the European Union Customs Union.

In the period 1948-1994, the GATT received 124 notifications of RTAs (relating to trade in goods), and since the creation of the WTO in 1995, over 240 additional arrangements covering trade in goods or services have been notified.

Dealing with non-notified RTAs

A number of RTAs currently in force have not been notified to the WTO, in particular preferential arrangements between developing countries. This is often cited as hindering any comprehensive and precise evaluation of the RTA phenomenon *vis-à-vis* the multilateral trading system.

Multilateral surveillance

RTAs notified to the WTO are subject to surveillance in various Bodies, at various levels of depth and complexity, depending upon which provision the notifying Member avails itself of. On 6 February 1996, the WTO General Council established the **Committee on Regional Trade Agreements**. Its duties are too;

- Examine the individual regional agreements;
- Consider the systemic implications of the agreements for the multilateral trading system and the relationship between them.
- Consider how the required reporting on the operation of agreements should be carried out
- Develop procedures to facilitate and improve the examination process.

NOTIFICATIONS OF RTAs IN FORCE TO GATT/WTO
as of 15 April 2008

(www.wto.org)

	Accessions	New RTAs	Total
GATT Art. XXIV (FTA)	2	111	**113**
GATT Art. XXIV (CU)	6	7	**13**
Enabling Clause	1	23	**24**
GATS Art. V	3	48	**51**
Total	**12**	**189**	**201**

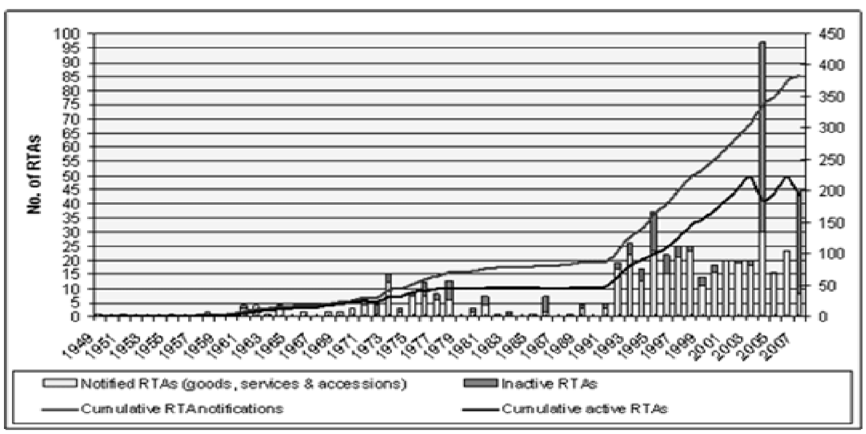
CONSIDERATION PROCESS as of 15 April 2008

(www.wto.org)

Status	WTO provision			Grand Total
	Enabling Clause	GATS Art. V	GATT Art. XXIV	
FP to be done	0	9	10	**19**
FP on hold	0	3	28	**31**
FP in preparation	0	11	15	**26**
FP distributed	0	7	12	**19**
FA in preparation	11	21	26	**58**
FA distributed	0	0	18	**18**
Report adopted	2	0	17	**19**
No report	8	0	0	**8**
CTD	3	0	0	**3**
Grand Total	**24**	**51**	**126**	**201**

EVOLUTION OF REGIONAL TRADE AGREEMENTS IN THE WORLD, 1948-2007

The following Chart shows all RTAs notified to the GATT/WTO (1948-2007), including inactive RTAs, by year of entry into force.



(Source: WTO Secretariat)

SECTION-III

MAJOR RTAs in SOUTH ASIA – AN INDIAN PERSPECTIVE

AGREEMENT ON SOUTH ASIAN FREE TRADE AREA (SAFTA) (5)

- The Agreement was signed during the 12th SAARC Summit held in Islamabad on 4-6 January 2004 by all the member states of the South Asian Association for Regional Cooperation (SAARC), namely, India, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka.

- The SAFTA agreement has been entered into force on 1 January 2006 and the customs rules were notified w.e.f. 1 July 2006. **This Agreement superseded the Agreement on SAARC Preferential Trading Arrangement (SAPTA).** India, Pakistan and Sri Lanka are categorized as Non-Least Developed Contracting States (NLDCS) and Bangladesh, Bhutan, Maldives and Nepal are categorized as Least Developed Contracting States (LDCS).

- The entry into force of the Agreement thus launches the South Asian Free Trade Area which would be completed by 1st January 2016. The first round of customs duty reduction would take place, as agreed by the Member States, in July/August 2006.

- It may be recalled that the Twelfth Meeting of the Committee of Experts (COE) on SAFTA held at the SAARC Secretariat, Kathmandu on 29 November – 1 December 2005 successfully concluded the negotiations on the following issues which now form an integral part of the Agreement:

- The salient features of the four Annexes of SAFTA Agreement are as under:

  i. Sensitive Lists – of products that would be temporarily exempt from reduction in customs tariffs to be applied across the board for all other products; The summary of the Sensitive Lists are as under:

Sl. No.	Name of the Contracting States	No of tariff lines for LDCS	No of tariff lines for Non-LDCS	Consolidated list
1	Bangladesh	1249	1254	-------
2	Bhutan	-----	-----	137
3	India	744	865	------
4	Maldives	-----	-----	671
5	Nepal	-----	-----	1335
6	Pakistan	-----	-----	1183
7	Sri Lanka	----	------	1065

India has offered Bangladesh market access for 8 million pieces of garments; 3 million pieces of using fabrics from India, an additional three million garments with the condition of using fabrics of either Indian or Bangladesh origin and a further two million pieces without any condition. India has since decided to do away with the sourcing condition for these eight million pieces of garments from Bangladesh and this would be operationalised through a Memorandum of Understanding between two sides.

ii. Rules of Origin – specifying the conditions that would have to be met by products to qualify for application of reduced customs tariffs on export to another SAARC Member State;

a. For giving preferential access, the goods shall have undergone substantial manufacturing process which is defined in terms of twin criteria of Change of Tariff Heading (CTH) at four-digit Harmonized Coding

System (HS) and value content of 40% (30% for LDCSs).

b. Apart from the general rules, to provide for Products-Specific Rules (PSR) for 191 tariff lines to accommodate the interest of LDCSs given their limited base for natural resources and undiversified industrial structure. The Products Specific Rules have been provided clearly on technical grounds i.e. where both inputs and outputs are at the same four-digit HS level.

iii. Mechanism for Compensation of Revenue Loss (MCRL) for the Least Developed Contracting States:

a. The compensation to LDCSs, except to Maldives, would be available for four years; to Maldives it would be for six years.

b. The compensation would be in the form of grant in US dollar.

c. The compensation shall be subject to a cap of 1%, 1%, 5% and 3% of customs revenue collected on non-sensitive items under bilateral trade in the base year, i.e., average of 2004 and 2005. The compensation shall be administered by the Committee of Experts as per the Administrative Arrangements defined in this Annex.

iv. Technical Assistance to Least Developed Contracting States in agreed areas.

The main areas covered are - capacity building in standards, product certification, training of human resources, data management, institutional upgradations, improvement of legal systems and administration, customs procedures and trade facilitation, market development and promotion.

❖ Under Article 7 - Trade Liberalisation Programme (TLP) – in the first phase, India, Pakistan and Sri Lanka will bring down their customs tariff to 20% by 1st January

2008. As far as the LDC Member States i.e. Bangladesh, Bhutan, Maldives and Nepal are concerned, they would reduce their customs tariff to 30%. It has also been agreed by the COE that the first tariff reduction would be effected on 1st July 2006 by all Member States with the exception of Nepal which was to do so on 1st August 2006.

- It may also be noted that India, Pakistan and Sri Lanka would bring their customs tariff down to the level of 0-5% for the export products of Bangladesh, Bhutan, Maldives and Nepal by 1st January 2009. However, Bangladesh, Bhutan, Maldives and Nepal are required to do so by 1st January 2016.

- With the coming into force of the Agreement, the SAFTA Ministerial Council (SMC) and the SAFTA Committee of Experts (COE) have also been established under Article 10 of the Agreement. The SMC is the highest decision-making body and is responsible for implementation of the Agreement. It consists of Commerce/Trade Ministers of the Member States and is required to meet at least once annually or more often as and when considered necessary. The COE, consisting of one nominee from each Member State at the level of senior economic official, is to support the SMC and monitor, review and facilitate implementation of the Agreement. The COE is to meet once every six months or more often as necessary.

BIMSTEC

- The Initiative was taken by Thailand in 1994 and with the admission of Myanmar in December 1997 it was named as "Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation" (**BIMST-EC**) to serve as a bridge linking ASEAN and SAARC. It may be noted that the initiative involves three members of SAARC (India, Bangladesh & Sri Lanka) and two members of ASEAN (Thailand, Myanmar). During the first BIMST-EC Summit held in July 2004, the initiative has been renamed as the Bay of Bengal Initiative for Multi Sectoral Technical and Economic Co-operation (**BIMSTEC**) with the admission of Bhutan and Nepal as members to the grouping. It may be mentioned that the initiative involves 5 members of SAARC (India, Bangladesh, Bhutan, Nepal & Sri Lanka) and 2 members of ASEAN (Thailand, Myanmar). BIMSTEC is visualized as a 'bridging link' between two major regional groupings i.e. ASEAN and SAARC.

- Six areas of Trade and Investment, Technology, Transportation and Communication, Energy, Tourism and Fisheries were identified for cooperation.

- The Second Economic/ Trade Ministers meeting in April 2000 decided to constitute an Inter Governmental Group (IGG) to prepare a Concept Paper on possible approaches towards a PTA leading to an FTA.

- IGG's recommendation was considered by the Ministers in their third meeting held in Yangon in 2001 and a Group of Experts was constituted to examine in detail the two approaches.

- GOE has recommended to go for a 'negative list approach' for FTA in BIMST-EC.

- The Framework Agreement on the BIMST-EC FTA was signed on 8 February 2004 by Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand during the Fifth BIMST-EC Economic Ministers' Meeting. Bhutan and Nepal had joined BIMST-EC as new members formally, only the day prior to the signing of the Framework Agreement.

- The Framework Agreement includes provisions for negotiations on FTA in goods, services and investment. A Trade Negotiating Committee (TNC) has been constituted to carry forward the programme of negotiations. Thailand is the chair country for the TNC. The negotiations are at an advanced stage on FTA in Goods and the negotiations on the Agreement on Services & Investment have also commenced.

GLOBAL SYSTEM OF TRADE PREFERENCES (GSTP)

1. The Agreement establishing the Global System of Trade Preferences (GSTP) among Developing countries was signed on 13th April, 1988 at Belgrade. It was entered into force in April, 1989 after a long process of negotiations which started in 1976. Till date, Forty-four countries have ratified the Agreement and have become participants.

2. The GSTP establishes a framework for the exchange of trade concessions among the members of the Group of 77. It lays down rules, principles and procedures for conduct of negotiations and for implementation of the results of the negotiations. The coverage of the GSTP extends to arrangements in the area of tariffs, para-tariff, non-tariff measures, direct trade measures including medium and long-term contracts and sectoral agreements. One of the basic principles of the Agreement is that it is to be negotiated step by step improved upon and extended in successive stages.

3. So far only two Rounds of negotiations have been concluded under GSTP. The number of products covered for tariff concessions is very limited and so was the number of countries which participated in negotiations.

4. In the 16th Session of the GSTP Committee of Participants (COP) held in Geneva on 10th December, 2003 the Committee discussed the importance of GSTP at this critical juncture and the need for member countries to reflect on the benefits of revitalizing and enhancing South-South trade, as it was in the interest of the developing countries. The Committee of Participants established an Ad-Hoc Working Group to recommend measures for revitalization of GSTP. On the basis of the recommendations of the Ad-Hoc Working Group, the Third Round of negotiations under GSTP was launched in the Special Ministerial Session of the Committee of Participants held in Sao Paulo during UNCTAD XI Conference held in Sao Paulo, Brazil on 16th June, 2004.

5. As per the decision taken in the Special Ministerial Session, a Negotiating Committee has been constituted to carry forward

the Third Round negotiations. The Committee has constituted two Negotiating Groups viz. the Negotiating Group on Rule Making to review the Rules of Origin and related issues and the Negotiating Group on Market Access for market access negotiations. The Negotiating Groups commenced negotiations in November, 2004. India is participating in these negotiations. The Third Round was done in November, 2006.

GENERALISED SYSTEM OF PREFERENCES (GSP)

A. The Generalised System of Preferences (GSP) is a non-contractual instrument by which Industrialized (developed) countries unilaterally and, on the basis of non-reciprocity, extend tariff concessions to developing countries. The Generalised System of Preferences (GSP) was formally accepted in 1968 by the Members of the UN at the second UNCTAD Conference in New Delhi. The underlying principles of the scheme are Generally, Non-discrimination and Non-Reciprocity. The `Enabling Clause', which emerged as a result of the Tokyo Round in 1979, provided the legal basis for GSP preferences.

B. Preferential Tariff treatment is granted on a non-reciprocal and non-discriminatory basis by most developed countries to exports from developing countries, with most favored national treatment (MFN) duties reduced or eliminated.

C. List of countries granting the GSP schemes and details of these schemes can be accessed on the website www.unctad.org/gsp.

D. Important to India are GSP given by USA, EU, Japan etc.

E. Rules of Origin to be fulfilled.

F. Graduation process defined for no concessions

INDIAN OCEAN RIM - ASSOCIATION FOR REGIONAL COOPERATION (IOR - ARC)

- IOR - ARC was founded in 1995 with the first meeting on Working Group held in Mauritius.

- The focus for economic cooperation is in the areas of Trade Facilitation, Promotion and Liberalization, Promotion of Foreign Investment, Promotion of Scientific and Technological exchanges, Promotion of Tourism, Promotion of Movement of Natural persons and Service providers, Development of Infrastructure and Human Resources

INDIA'S ENGAGEMENT IN RTAs

India has decided to upgrade all current FTAs to FTA plus, covering non-merchandise trade areas as well. This policy is to be followed in all such current and future negotiations. The bilateral agreements with China and Korea have been proposed and joint study groups have been established. An India-Japan study group to examine the feasibility for a similar agreement has also been established. It is hoped that this group will enable the two countries to evolve a strategic partnership. India is also deepening its linkages with the EU and the US as a part of its continuing efforts to seek constructive and mutually beneficial partnerships with key entities around the world. India has signed or going to sign preferential trade agreements with USA, EU, Pakistan, Bhutan, Bangladesh, Chile, Singapore, APTA, Korea, GCC, MERCOSUR, Thailand, ASEAN, Afghanistan, Srilanka, Mongolia, Nepal, China, Maldives and Japan. The FTA with Srilanka, Thailand and CECA with Singapore are the most active RTAs for India.

The detail descriptions of the Trade Agreements as hosted in the official website of Ministry of Commerce, Govt. of India are given below. The relevant agreements were downloaded on 20.05.2008 from the website www.commerce.nic.in

1) Joint Study Group on CECA between India and Malaysia

2) India-United States Commercial Dialogue

3) India-US Trade Policy Forum Joint Statement

4) Joint Study Group to explore the Feasibility of CECA between India and Indonesia

5) Preferential Trade Agreement (PTA) Between India And SACU

6) India-Mongolia Trade Agreement

7) India – Pakistan Trading Arrangement

8) Asia Pacific Trade Agreement (Bangkok Agreement)

9) Trade Agreement between India and Maldives

10) Trade Agreement between India and Bangladesh

11) Agreement on Trade, Commerce and Transit between India and Bhutan

12) Indo- Nepal Treaty of Trade

13) Trade Agreement between India and Ceylon

14) India-Srilanka FTA

15) CECA Between India and Singapore

16) India – EU Trade & Investment Agreement

17) The India-EU Strategic Partnership - Joint Action Plan

18) Preferential Trade Agreement (PTA) With Chile

19) CECPA between India with Mauritius

20) Framework Agreement with GCC States

21) Free Trade Agreement between India and Gulf Cooperation Council (GCC)

22) India-Mercosur PTA

23) Framework Agreement for FTA between India and Thailand

24) Framework Agreement on Comprehensive Economic Cooperation between India and ASEAN

25) India-Afghanistan PTA

26) (CECA) between India & Russia

27) Trade Agreement between India and China

28) Joint Study Group between India and China

29) Agreement on Trade Promotion and Economic and Technical Cooperation between India and Republic of Korea

30) Trade Agreement between India and Democratic Republic of Korea

31) Joint Study Group Between India And Korea (CEPA Between India And Korea)

32) Agreement on Commerce between India and Japan

33) Japan – India EPA/CEPA Negotiation

REPORT OF THE JOINT STUDY GROUP ON THE FEASIBILITY OF ESTABLISHING A COMPREHENSIVE ECONOMIC COOPERATION AGREEMENT (CECA) BETWEEN INDIA AND MALAYSIA

- India and Malaysia entered into a Bilateral Investment Promotion and Protection Agreement (BIPA) which came into force on 12th April 1997. The BIPA provides for National and Most Favoured Nation Treatment to the investment made by investors from both countries, protection for investments against expropriation, free transfers of funds, and a mechanism for settlement of disputes between investor and the host Governments. In view of the deeper economic engagement envisaged between the two countries through the CECA, a review of the BIPA would be required to further enhance investment flows between the two countries.

- Prime Minister's of both the countries had met on 20 December 2004 and agreed to the setting up of a Joint Study Group (JSG) to explore the feasibility of Comprehensive Economic Cooperation Agreement (CECA) between the two countries. Subsequently, the Minister of Commerce and

Industry, India and the Minister of International Trade and Industry, Malaysia, in their meeting on 17 January 2005, emphasised the desirability of a CECA.

- The Joint Study Group was constituted in March 2005 and comprised Government officials and economists from India and Malaysia. It has recommended that the India - Malaysia CECA may cover, among other things:
  - Trade in Goods;
  - Trade in Services;
  - Investment;
  - Measures for promoting bilateral economic cooperation in identified sectors; and
  - Other areas to be explored for furthering bilateral economic partnership.
- The JSG Report was submitted in January, 2007 and adopted by both the governments on 11th August 2007.
- As per the recommendations of the JSG, negotiations towards India-Malaysia CECA has commenced with the first meeting of the TNC(Trade Negotiation Committee) taking place on 4-5 February 2008 in Kuala Lumpur. The TNC agreed to conclude the negotiations by March 2009.
- India and Malaysia have strong complementarities in services, which can be further explored through collaboration in all sectors and modes. The areas of significant interests identified by the Joint Study Group are: Information Communication Technology (ICT) & ICT-related services, tourism (including meetings, incentives, conventions and exhibitions (MICE), medical and education), financial services, transport, construction services, BPO, after sales services, education and training services, health and diagnostics services, consultancy services and movement of natural persons.

FORMATION OF AND TERMS OF REFERENCE FOR THE INDIA-UNITED STATES COMMERCIAL DIALOGUE

The Terms of Reference was signed at New Delhi on 23rd day of March, 2000.

I. Organisation of the Commercial Dialogue

A. Its aim will be to (a) facilitate trade (b) maximise investment opportunities across a broad range of economic sectors, including information technology, infrastructure, biotechnology, and services.

B. This will be a forum where emerging issues affecting bilateral trade may also be discussed. Information about any proposed endeavour will be widely disseminated and made available to interested business and non-governmental organisations and their members.

C. To ensure regularity in the conduct of the Dialogue, the Indian Department of Commerce and the U.S. Department of Commerce will maintain close contact with their private sector enterprises and business associations that are engaged in relevant activities to bring Indian and U.S. business representatives together. The participation of small and medium-sized enterprises will be encouraged. Officials from other government agencies/departments also may participate in the Dialogue.

D. In general, the commercial dialogue will take place through government-to-government meetings led by the Indian Minister of Commerce & Industry and the U.S. Secretary of Commerce or their designees and followed by joint government-private sector meetings.

II. Operational Provisions

A. Within 90 days of the signing of these Terms of Reference, the Indian Department of Commerce and the U.S. Department of Commerce will consult and develop a plan and procedures to implement these Terms of Reference.

B. When the discussions and any related activities warrant, the private sector participants in a specific meeting may assemble a report and/or recommendations to be provided to the Government of India and the United States Government through the Indian Department of Commerce and the U.S. Department of Commerce and to appropriate business organisations with interest in these discussions.

C. The validity of Commercial Dialogue was extended upto 23rd March 2006.

JOINT STATEMENT: INAUGURAL SESSION OF US - INDIA TRADE POLICY FORUM

The Joint Statement was issued at New Delhi on November 12, 2005. The sequences of events were;

1. The Minister of Commerce and Industry of India Shri Kamal Nath and U.S. Trade Representative Ambassador Rob Portman co-chaired the inaugural session of the US-India Trade Policy Forum in New Delhi on Saturday, November 12, 2005.

2. The Forum meeting was preceded on November 11 by a full day of intensive consultations between senior officials drawn from concerned departments from the two countries.

3. The establishment of the Trade Policy Forum was announced during the visit to U.S. in July'05 this year by Indian Prime Minister Dr. Manmohan Singh.

4. It is designed to expand bilateral trade and investment relations between India and the United States. Multilateral issues such as the ongoing Doha Development Round negotiations also were featured in the Forum. The Trade Policy Forum will be part of the overall Economic Dialogue between India and the United States.

5. The agenda for this first meeting of the Forum included discussions on Tariff and Non-Tariff Barriers; Agriculture; Investment; Services; Intellectual Property; and the Doha Round.

6. Discussions on all these issues took place in a constructive spirit. Both sides emphasized information gathering in this first meeting of the Forum. Each side sought a clearer understanding of the other's policies in the areas covered by the agenda.

7. After reviewing bilateral issues of interest to each side in these areas, Minister Nath and Ambassador Portman agreed on a series of next steps with a view to facilitating and promoting greater trade and investment flows between the two countries. The two sides agreed to establish focus groups on Agriculture, Tariff/Non-Tariff Barriers/Services, Investment and Innovation & Creativity, that will meet on a regular basis, functioning under the supervision of the Forum vice-chairs Commerce Secretary S.N. Menon and Deputy U. S. Trade Representative Ambassador Karan Bhatia.

JOINT STUDY GROUP (JSG) TO EXPLORE THE FEASIBILITY OF COMPREHENSIVE ECONOMIC COOPERATION AGREEMENT (CECA) BETWEEN INDIA AND INDONESIA

During the visit of H.E. Dr Mari Elka Pangestu, Minister of Trade, Indonesia to India from 7-9 August 2005, a bilateral meeting between Commerce & Industry Minister and Minister of Trade, Indonesia was held in New Delhi on 8th August 2005. During the meeting it was agreed that even while focusing on strengthening India's ongoing engagement with ASEAN, the two countries could also examine the possibility of entering into a bilateral comprehensive economic cooperation arrangement in the long term.

During the visit of the Indonesian President to India on 23.11.2005, a Memorandum of Understanding (MoU) on setting up of a Joint Study Group (JSG) on CECA comprising of senior government officials of the two sides has been signed. A JSG was accordingly constituted and the first meeting of JSG took place on 30-31 October 2007 in Jakarta.

PREFERENTIAL TRADE AGREEMENT (PTA) BETWEEN INDIA AND SACU

South Africa, Lesotho, Swaziland, Botswana and Namibia have formed the South Africa Customs Union (**SACU**) with a common Custom Tariff Policy. A Joint Working Group (JWG) consisting of Government representatives from both sides was set up to examine the proposal to prepare a draft Frame Work Treaty for the Preferential Trade Agreement (PTA) between India and SACU countries. In a meeting of JWG held in Namibia on 6-7th September 2004, the draft Framework Agreement was finalized. Action is being taken to complete the procedural requirement for signing the agreement. The sixth session of the India-South Africa Joint Ministerial Commission Meeting held in New Delhi on 5-6 December 2005. Both sides agreed that a comprehensive Free Trade Agreement within a reasonable time and in the interim, a limited scope agreement providing for exchange of tariff concessions on select list of products, between India and SACU would give further impetus to bilateral trade and urged its early conclusion.

AGREEMENT ON TRADE AND ECONOMIC COOPERATION BETWEEN INDIA AND MONGOLIA

The latest Trade Agreement available in the Ministry of Commerce website pertains to the Agreement dated 16^{th} September 1996. The basic feature of the Agreement is normal like mutual cooperation in trade, free convertibility of currencies, MFN status to the partner country and trade facilitation etc. However, the Agreement is for indefinite period unless some of the country opts to be out from the agreement by giving six months notice.

INDIA – PAKISTAN TRADING ARRANGEMENT

India and Pakistan have no formal trade agreement. India has granted Most Favoured Nation Status to Pakistan since 1996. Pakistan maintains a Positive List of importable items from India, which now consists of 1075 items as under:

I. The list of 773 items as per Trade Policy 2005-2006. (Already exists)

II. As per order dated 3.11.2006 of Gov. of Pakistan.

Efforts for a FTA with Pakistan have been taken up and at negotiation stage.

ASIA PACIFIC TRADE AGREEMENT (BANGKOK AGREEMENT)

- The Agreement was signed in 31st July 1975 for contributing to expansion in trade through exchange of tariff concessions among developing country members of the Economic and Social Commission for Asia and the Pacific(ESCAP) region.
- The Agreement is currently operational between Bangladesh, India, Republic of Korea, China and Sri Lanka.
- China's accession to this agreement was finalized in April 2000.
- The revised text of the Bangkok Agreement renamed as 'Asia Pacific Trade Agreement' (APTA), has been signed in the First Session of the Ministerial Council held in Beijing on 2 November 2005. As per the decisions taken in the Ministerial Council, the concession exchanged under the Third Round of negotiations of Bangkok Agreement was implemented from 1st July, 2006.

TRADE AGREEMENT BETWEEN INDIA AND MALDIVES

- The Agreement was initially made effective for 1 year from 31st March 1981. Thereafter, it is valid unless any of the party intends to come out of the Agreement.
- Both the countries have objectives of promotion of trade and economic relation.
- Most Favoured Nation status shall be given to each other in comparison to the third countries. However certain exclusions were permitted.
- Freely convertible currencies shall be used in making payments among selves.

- Encouragement and Facilitation shall be given to Trade Delegation Meetings, Fairs and Exhibitions.
- Certain Safeguards were provided in Article VI.
- Merchant cargo-bearing vessels of either Contracting Party shall be granted most-favoured nation treatment in respect of entry into, stay in and departure from the ports of the other Party as well as in the use of the facilities therein in accordance with laws, rules and regulations in force in the said other Party. However both the countries can take some valid exceptions for their domestic maritime activities.
- Certain Essential commodities needed by Maldives shall be supplied by India through special quotas.

TRADE AGREEMENT BETWEEN INDIA AND BANGLADESH

The Agreement was signed on 21st March 2006 and made effective from 1st April, 2006 and the validity is initially for three years with option of further modification for another three years. Both the Countries have;

- Undertaken to explore all possibilities, including economic and technical cooperation, for promotion, facilitation, expansion and diversification of trade between the two countries on the basis of equality and mutual benefit.
- Agreed to take appropriate measures in accordance with the evolving international trading system for mutual benefit of developing countries and least developed countries.
- Agreed to take appropriate and special measures during periodic reviews and diversifying their mutual trade specially in respect of specific products as may be agreed upon.
- All payments and charges in connection with trade between the two countries shall continue to be effected in freely convertible currencies.
- Agreed to accord to the commerce of the country of the other Government, treatment no less than that accorded to the

commerce of any third country subject to certain exceptions as given in Article VII.

- Agreed to make mutually beneficial arrangements for the use of their waterways, roadways and railways for commerce between the two countries for passage of goods between two places in one country through the territory of the other.

- Each Government will grant merchant vessels of the other country while entering, putting off and laying at its ports the most-favoured-nation treatment.

- To utilize to the maximum extent possible on the basis of shipper's preferences, the native vessels for shipping cargoes imported or exported under this Agreement at competitive freight rates.

AGREEMENT ON TRADE, COMMERCE AND TRANSIT BETWEEN INDIA AND

BHUTAN

- This Agreement came into force with effect from the 29th July 2006 and shall remain in force for a period of ten years.

- Free Trade and Commerce including sale of lottery tickets shall be allowed among both the countries.

- Both the countries may impose such liberal non-tariff restrictions on certain goods of Indian origin as may be necessary for the protection of industries in the respective countries.

- All exports and imports of Bhutan to and from countries other than India will be free from and not subject to customs duties and trade restrictions of India. The procedure for such exports and imports and the documentation are detailed in the Protocol to this Agreement which also prescribes sixteen different routes for exit/entry points. Transit Declarations prescribed for movement of goods inter-Bhutan through the Indian Territory.

- Protection and Safeguard Measures provided in Article VI.

- Trade between India and Bhutan will continue to be transacted in Indian Rupees and Bhutanese Ngultrums.

- Each of the Governments agrees to provide appropriate refund to be mutually decided annually in respect of excise duties on goods of its origin exported to the other.

- Merchant ships sailing under the flag of Bhutan shall be accorded treatment no less favourable than that accorded to ships of any other foreign country in respect of matters relating to navigation, entry into and departure from the Indian ports, use of ports and harbour facilities in India, as well as loading and unloading dues, taxes and other levies, except the coastal trade.

INDO- NEPAL TREATY OF TRADE

- On 2nd March 2002, the validity of India-Nepal Treaty of Trade and Protocol was extended for a period of 5 years w.e.f. 6.3.2002. The Validity of the Treaty of Trade in its existing form stands extended for a further period of five years from 6th March 2007 to 5th March 2012.

- Rules of Origin along with local content and substantial manufacturing clauses introduced.

- Fixed Quota for Vanaspati (100, 000 MT), acrylic yarn (10, 000 MT), copper products (10,000 MT) and zinc oxide (2,500 MT) introduced for free imports into India through specific routes. Imports more than these quantities shall attract MFN duty.

- 22 Routes for doing trade among these countries were identified.

- Basic Customs Duty and Quantitative Restriction were removed from 14 products.

- Alcoholic Liquors/Beverages (*) and their concentrates except industrial spirits, Perfumes and cosmetics with non-Nepalese/non-Indian Brand names, Cigarettes and Tobacco were not put into the preferential list of products.

- Additional Customs duties on all Indian exports were waived by Nepal.

- Certain Protection and Safeguard Measures were put. The disputes were to be referred to the The India-Nepal Inter-Governmental Committee (IGC)

- Indo-Nepal **Treaty on Transit** is signed separately for making Traffic-in-transit exempt from customs duties and from all transit duties or other charges, except reasonable charges for transportation and such other charges, as are commensurate with the costs of services rendered in respect of such transit. The revalidated and modified Treaty was entered into force on the 6th January, 1999, was valid till the 5th January, 2006 and The Validity of the Treaty of Transit in its existing form stands extended for a further period of seven years with effect from 5.1.2006 to 4.1.2013. Customs Transit Declaration certificate required to be submitted while importing from / exporting to third countries by Nepal and goods are transported through India.

- **AGREEMENT OF CO-OPERATION BETWEEN INDIA NEPAL TO CONTROL UNAUTHORISED TRADE** is also being signed separately to control all types of unauthorized trade. The agreement was initially signed w.e.f. 6th December 1991, amended on 5th March, 2002 and validated upto 5th March, 2007. This Agreement has also been renewed w.e.f. 6.3.2007 in its present form.

TRADE AGREEMENT BETWEEN INDIA AND CEYLON

The Government of India and the Government of Ceylon, had signed a Trade Agreement on 28th day of October, 1961and have agreed as follows:-

- To maintain as far as is practicable the traditional pattern of trade hitherto existing, and to explore all possibilities of expanding trade.

- Within the framework of its laws and regulations, afford all facilities for the importation of goods produced in the country of the other Contacting Party.

- Shall give full consideration to the suggestions made by the other Party facilitating the export and import of specific commodities.
- In recognition of the changing patterns of prodution and consumption resulting from the fruition of the economic development plans of India and Ceylon, the two Contracting Parties undertake to explore, through consultation from time to time, the possibility of trading in new goods.
- The two Contracting Parties shall endeavour their utmost to maintain the volume of the trade between their respective countries at the highest possible level having due regard to the changing patterns or production and consumption.
- Use their best endeavours to promote the development of shipping of both countries.

INDIA-SRILANKA FTA

A Bilateral Free Trade Agreement was signed between India and Sri Lanka in New Delhi on 28 December 1998 and has been in operation since March 2000. The Tariff Rate Quota Mechanisms for the import of Tea and Garments were finalised in April 2000 in New Delhi. The agreement was renegotiated at various authority levels during June to July 2002.

Tariff Concessions offered by India

i. Duty concession of 100 % is granted on 1351 products. (**Zero Duty)**

ii. 50% tariff preference on five tea items, subject to a quota of 15 million Kg. per year. India offered two more ports Mumbai and Vishakhapatnam in addition to existing Cochin and Kolkata as entry points for tea with immediate effect. **(Tea)**

iii. 50% tariff concessions on 233 garment products was given on a fixed basis, subject to an annual restriction of eight million pieces, of which six million shall be extended the concession only if made of Indian fabric. On utilization of the unrestricted quota, an additional quota of 2 million pieces out of 8 million pieces is permitted. The quota level per category is increased from 1.5 million to 2 million pieces per category per year. India agreed to provide Kolkata and JNPT (Mumbai) as additional port entry points for garments. **(Garments)**

iv. 50% margin of preference on (2799 products) all items, except for those on the negative list. To be phased out to zero duty in two stages within three years. *100% concession in duty comes into effect from 18.03.2003 on these products.* **(Phased Residual List: IR)**

v. Concessions on 528 Textile items restricted to 25% on Chapters 51-56, 58-60, & 63. (**Textiles)**

vi. Four Chapters under the Textile sector retained in the negative list (Chapters 50, 57, 61 and 62).

vii. Negative List of items to be retained on 429 products. **D (I)**

Tariff Concessions offered by Srilanka

i. **Zero duty** on about 319 items upon entering into force of the Agreement. (**F I)**

ii. 50% margin of preference on 889 products upon coming into force of the Agreement, with up to 70% at the end of the 1st year, up to 90% at the end of the 2nd year and 100% at the end of 3rd year. *100% concession in duty comes into effect from 05.03.2003 on these products.* **(F II)**

iii. For the remaining items of 2724 products, (except for those on the negative list), which is the Residual List, preference would be not less than 35% before the expiry of three years, 70% before the expiry of six years and 100% before the expiry of eighth year. (**Phased Residual List: SLR**)

iv. A Negative List (**D II**): 1180 products.

JOINT COMMITTEE

The provisions are contained in **Article XI** of the Agreement:

a) A Joint Committee shall be established at Ministerial level.

b) The Committee shall meet at least once a year to review the progress in implementation status of this Agreement and to ensure that benefits of trade expansion emanating from this Agreement accrue to both the countries equitably.

c) The Committee may set up Sub-Committees and/or Working Groups as considered necessary.

d) In order to facilitate cooperation in customs matters, both the countries agreed to establish a Working Group on customs related issues including harmonization of tariff headings.

e) The Working Group shall meet as often as required and shall report to the Committee on its deliberations.

f) The Committee shall accord adequate opportunities for consultation on representations made by any country with respect to any matter affecting the implementation of the Agreement.

g) The Committee shall adopt appropriate measures for settling any matter arising from such representations within six months of the representation being made. Each country shall implement such measures immediately.

h) The Committee shall nominate one apex chamber of trade and industry in each country as the nodal chamber to represent the views of the trade and industry on matters relating to this Agreement.

From FTA to Comprehensive Economic Partnership Agreement (CEPA):

A Joint Study Group (JSG) was set up to explore ways and means of deepening and widening economic cooperation through a Comprehensive Economic Partnership Agreement (CEPA). The

JSG completed its study and had submitted its report in October 2003 at New Delhi.

Summary of Recommendations of the JSG (4):

- Enter into a Comprehensive Economic Partnership Agreement AND to establish institutional mechanisms to monitor the progress.
- Build upon the ILFTA by deepening and widening the coverage of trade in goods.
- Enter into broad negotiations covering all service sectors and modes of supply under the GATS framework.
- Facilitate greater investment flows by addressing identified regulatory and operational constraints.
- Implement measures to enhance economic co-operation to complement trade and investment liberalisation.
- To commence negotiations for Mutual Recognition Agreements (MRAs) and recognition of Product Standards.
- Additional flexibility in ROO criteria by abolition of the HS 4 digit level conversion requirement where DVA (domestic value addition) is more than 40%of the FOB of the finished products, dispensing the conversion requirement where CIF value of non- domestic input is less than 7% of the FOB value of the finished products, adoption of 6 digit HS conversion for identified tariff lines and encouragement of exporters of both countries to source inputs of each others.
- A verification procedure for ROO is to be institutionalized for further refining the process of issuance of Certificate of Origins.
- Customs departments of both countries to adopt risk management procedures on high-risk goods and clear low risk goods through the green channels.

- Institutionalise the paperless trading system and on priority basis at the major ports of Mumbai, Chennai, Nhava Sheva and Colombo.
- Identification and elimination of Non- Tariff Barriers and adoption of full transparent mechanisms.

POTENTIAL AREAS FOR INDIANS TO INVEST IN SRILANKA

A list of illustrative but not exhaustive areas, as suggested by a study(6) conducted by FICCI, where Indian investors could exploit their comparative advantages are; Port Development, Information & Communication Technology Projects, Rail Transportation, Petroleum Exploration, Power Generation & Transmission, Film & Entertainment, Tourism, Infrastructure Development, Research and Development in Biotechnology & Agriculture, Land Bridge connecting India with Srilanka, Health and Education etc.

COMPREHENSIVE ECONOMIC COOPERATION AGREEMENT (CECA) BETWEEN INDIA AND SINGAPORE

SALIENT FEATURES OF THE CECA

- The Declaration of Intent was signed on 8th April 2003 at New Delhi.
- The final Agreement was signed by the Prime Minister of both the countries at New Delhi on 29th June 2005 and it became effective from 1st August 2005.
- Comprehensive enough to cover major sectors and areas of trade.
- Each Country shall designate a *contact point* to facilitate communications between the Countries.
- The countries may adopt mutual consultations for settlement of any matter affecting the implementation, interpretation or application of CECA. They have also the option for referring the matter to an Arbitral Tribunal. The detailed procedure for constitution, style of functioning, proceedings and method of

issuing award in regard to the arbitral tribunal have been provided in the CHAPTER 15 on Dispute Settlement.

- The Countries have undertaken to develop and promote mutually beneficial co-operation between themselves in the area of intellectual property rights and rights in plant varieties.

Structure of the Agreement and Annexes:

The original agreement contains 17 chapters and 24 annexes (including 9 Exchange of Letters as annexes).

Analysis of the Agreement and Annexes Related with Trade in Goods:

TRADE IN GOODS

- Each Country shall reduce and/or eliminate its customs duties on imports from the other Country in accordance with Annex 2A and Annex 2B and their respective head notes.

- Non Tariff Measures are not to be imposed by any of the country on imports or exports affected by the other country, unless it becomes necessary and the WTO rules along with the other provisions of this agreement allow a country to do so.

- Determination of customs value of the goods traded shall be done in accordance with the provisions of Article VII of the GATT 1994 and the WTO Agreement on Implementation of Article VII of the GATT 1994.

- Anti-Dumping actions on applicable products is possible by giving 7 working days advance notice to the other country (notice may be communicated to the contact point of the other country) about the investigation. Provision of the WTO Anti-Dumping Agreement along with CECA shall be applicable in such cases.

- Provisions of the WTO Agreement on Subsidies and Countervailing Measures is also applicable in cases where substantial import of any such product availing subsidies causes serious injury or threat of serious injury to domestic industry producing a like or directly competitive product in any country.

- In such cases; either reduction in preferential treatment for customs duty or increase of customs duty up to the level of MFN rate is possible. In the case of a customs duty applied to a good on a seasonal basis, increase is possible up to the level of the MFN applied rate of customs duty that was in effect on the good for the corresponding season immediately preceding the date of the start of the period of investigation.

- The investigation shall be promptly terminated and no measure taken if imports of the subject good represent less than 2 per cent of market share in terms of domestic sales or less than 3 per cent of total imports. The investigation shall in all cases be completed within one year following its date of initiation.

- The safeguard measures shall be taken maximum up to two years from the date of first imposition of the measure and up to three years in exceptional circumstances.

- No bilateral safeguard measure shall be taken against a particular good while a global safeguard measure in respect of that good is in place. When a global safeguard measure is taken in respect of a particular good, any existing bilateral safeguard measure against that good shall be terminated.

- Within 5 years after entry into force of this Agreement, the Countries shall meet to review the need to maintain any bilateral safeguard mechanism at all.

- The Country proposing to apply a safeguard measure shall provide to the other Country mutually agreed adequate means of trade liberalizing compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional duties expected to result from the measure.

- If the Countries are unable to agree on compensation within 30 days in the consultations, the exporting country may take action having trade effects substantially equivalent to the measure applied by the importing country. This action shall be applied only for the minimum period necessary to achieve the substantially equivalent effects.

- Such compensation shall not be provided if the measure is applied for either up to two years *or* up to three years and in the later case, the country imposing the measures provides evidence to the other Country that the industry concerned is adjusting during the period up to the end of the second year respectively.

- Each country retains its rights and obligations under Article XIX of GATT 1994 and the WTO Agreement on Safeguards. A country taking a safeguard measure under Article XIX and the Agreement on Safeguards may, to the extent consistent with the obligations under the WTO Agreements, exclude imports of an originating good from the other country if such imports are not a substantial cause of serious injury or threat thereof.

- Article XII of the GATT 1994 and the Understanding on the Balance-of-Payments Provisions of the GATT 1994 shall be incorporated into and made a part of this Agreement, for measures taken for balance of payments purposes for trade in goods.

- A Country is not prevented from maintaining or establishing a state trading enterprise in accordance with Article XVII of the GATT 1994.

- Each Country shall accept ATA carnets valid for its territory and issued & used in accordance with the conditions laid down in the ATA Carnet Convention in lieu of its national customs documents and due security, for temporary admission of professional equipment necessary for representatives of the press or of broadcasting or television organizations for purposes of reporting or to transmit or record material for specified programs, cinematographic equipment necessary in order to make a specified film or films or other professional equipment necessary in this regard.

CUSTOMS

- A Country shall adopt, apply, further develop and exchange information on the risk management techniques in its customs activities based on its identified risk of goods in order to facilitate the clearance of low risk consignments, while focusing its inspection activities on high-risk goods. Accordingly, each Country undertakes that customs compliance activities at the time of entry shall not normally exceed 5 per cent of total customs transactions.

- The Countries shall co-operate AND exchange views and information on realizing, promoting and developments in paperless trading.

- The Countries shall apply *Advance Rulings* in accordance with the provisions of Article 3.13.

STANDARDS AND TECHNICAL REGULATIONS, SANITARY AND PHYTOSANITARY MEASURES

- Each Country shall implement the principles of reciprocal mutual recognition that provide the most appropriate or cost-efficient approach to the removal or reduction of technical, sanitary and phyto sanitary barriers to the trade in goods between the countries for products and/or conformity assessments of manufacturers/manufacturing processes of products specified in the Sectoral Annexes to Chapter 5.

- Each Country shall accept the test reports and/or results of conformity assessment activities stipulated by the mandatory requirements of that Country specified in the relevant Sectoral Annex, including certificates and marks of conformity that are conducted by the registered conformity assessment bodies of the other Country.

- Countries are encouraged to harmonise their respective mandatory requirements taking into account relevant international standards, recommendations and guidelines in accordance with their international rights and obligations.

- Article 2.4 of the WTO Agreement on Technical Barriers to Trade shall be applicable where adoption of international standards and technical regulation is required.

- A Country shall accept the test reports and/or the results of conformity assessment activities undertaken by registered conformity assessment bodies of the other Country.

- The Countries shall give favourable consideration to accepting the equivalence of each other's mandatory requirements consistent with the purpose of Chapter 5 and the WTO Agreement on the Application of Sanitary and Phytosanitary Measures.

- A Joint Committee on Mutual Recognition ("Mutual Recognition Joint Committee") led by co-chairs from both Countries and comprising an equal number of senior representatives from both countries shall be established. The Joint Committee shall be responsible for administering, facilitating and enlarging the effective functioning of this Chapter 5 and the Sectoral Annexes. Apart from acting as a consultative body, it shall also undertake the administration procedures. Both the countries shall seek an amicable solution through the Mutual Recognition Joint Committee before making a request for an arbitral tribunal being appointed.

- Annex 5A, Annex 5B and Annex 5C are the sectoral annexes, which provide the detailed implementing arrangements in respect of the product sectors specified therein.

INVESTMENT

- Investment has been described broadly to mean every kind of asset and includes; movable & immovable property, other property rights, shares, stocks, debentures & similar interests in companies, rights to money or to any performance under contract having a financial value, intellectual property rights, goodwill, technical processes, know-how as conferred by law or under contract, business concessions conferred by law or under contract including concessions to search, extract or exploit oil, minerals and other natural resources.

- Each Country shall accord national treatment to investors and their investments of the other Country in relation to the establishment, acquisition or expansion of investments in the sectors listed at Annex 6A and Annex 6B. This treatment shall be extended to the management, conduct, operation, liquidation, sale and transfer (or other disposition) of investments.

- Investors of one country whose investments in the other country suffer losses owing to war or other armed conflict, a state of emergency or civil disturbances in the territory of the later Country, shall be accorded national treatment by that country as regards restitution, indemnification, compensation or other settlement, if any. Any payments in this regard shall be freely transferable.

- Each Country shall ensure to investors of the other Country the free transfer of their capital and the returns from any investments. The transfers shall be permitted in a freely useable currency at the market rate prevailing in the date of transfer without undue delay. A Country may adopt or maintain restrictions on payments or transfers related to investments only in the event of serious balance of payments and external financial difficulties or threat thereof.

- A country or any designated authority may exercise its rights of subrogation to indemnify its own investors. But such subrogated rights or claims shall not be greater than the original rights or claims of the said investor.

- The Schedule of Specific Commitments that India undertakes are set out in Annex 6A, which specifies the terms, limitations, conditions and qualifications on national treatment in relation to paragraph 1 of Article 6.3.

- In the case of Singapore, the exceptions and measures specified by Singapore with respect to sectors, sub sectors or activities are set out in its Schedule of Reservations at Annex 6B.

- Each country shall provide national treatment to the investors of the other country with respect to access to its courts of justice, administrative tribunals and agencies in all degrees of jurisdiction both in pursuit and in defence of such investors' rights.

- India shall consider on a case-by-case basis requests from Singapore investors for exemptions from custom duties for import of capital goods (excluding consumables) for the purposes of infrastructure projects in India. Such projects may include but not limited to the sectors like; roads & highways, ports, other sea port related infrastructure like logistics, airports, other aviation related infrastructure, power (generation, transmission & distribution), water resource management, waste management, other urban infrastructure such as pollution control and management, housing including townships and telecommunications.

- If the disputes related to investment issues can not be resolved within six months from the date of request for consultations and negotiations, the investor may submit the dispute to either the courts or administrative tribunals of the disputing Country OR The International Centre for Settlement of Investment Disputes (ICSID) for conciliation or arbitration OR hold arbitration under the rules of the United Nations Commission on International Trade Law (UNCITRAL).

- Provisions of the WTO Agreement on Trade-Related Investment Measures ("TRIMs") are applicable.

- In case the Agreement is terminated, the provisions of Chapter 6 related to Investments, the provisions in Chapter 15 and other provisions in the Agreement necessary for or consequential to the application of Chapter 6 shall continue in effect with respect to investments made or acquired before the date of termination of this Agreement for a further period of fifteen years after the date of termination and without prejudice to the application thereafter of the rules of general international law.

TRADE IN SERVICES

- Market access treatment under different modes of supply of services and service suppliers of the other Country to be no less favourable than Schedule of specific commitments.

- Unless otherwise specified in its Schedule of specific commitments in sectors where market access commitments are undertaken, a country shall not maintain or adopt measures either on the basis of a regional subdivision or on the basis of its entire territory about; limitations on the number of service suppliers, the total value of service transactions or assets, the total number of service operations or on the total quantity of service output, the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ persons necessary for & directly related to the supply of a specific service, measures which restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service and limitations on the quantum of foreign capital investment.

- Each Country shall accord national treatment to services and service suppliers of the other country.

- Any subsequent establishment, acquisition and expansion of investments by a service supplier of the other country shall be regarded as an investment of the other country, for the purpose of determining the applicable national treatment.

- Review of schedules of specific commitments of each country shall be done at least once in every three years.

- Recognition of education or experience obtained, requirements met and licenses or certifications of the service provider granted in the other country.

- Monopolistic suppliers of a service are to be monitored in the relevant market for their action in a manner inconsistent with their country's Schedule of specific commitments. Abusing the monopoly position by such service providers inconsistent with such commitments to be regulated by the country concerned.

- Neither Country shall take safeguard action against nor initiate or continue any safeguard investigations in respect of services and service suppliers of the other Country. Review of the issue of safeguard measures to be done in the context of developments in international foray of which both countries are members.

- A Country shall not apply restrictions on international transfers and payments for current transactions relating to its specific commitments unless serious balance of payments and external financial difficulties or threat thereof arises. Prompt notification & consultations should be made to the other country in this regard.

- Linkage between investments and services sector provided.

AIR SERVICES

The Countries recognise the strategic partnership in civil aviation and the importance of air connectivity to support the expansion of tourism, trade and investments between the Countries. To facilitate the implementation as well as to fully harness the benefits of this Agreement, the Countries shall review and enhance their bilateral ASA and explore further areas of mutually beneficial co-operation. **Article 8.8**

MOVEMENT OF NATURAL PERSONS

- Neither Country shall require labour market testing, economic needs testing or other procedures of similar effects as a condition for temporary entry in respect of natural persons. No contributions to social security funds required and denial of social security benefits in the host country in case of temporary entry.

- Five-year multiple journey visa to be granted to eligible business visitors with easy procedures.

- Maximum 180 days immigration visa allowed to eligible short-term service suppliers.

- Grant of long term temporary entry to eligible intra-corporate transferees up to an extended period of stay of three years at a time and a total term up to eight years.
- Grant of temporary entry and stay for up to one year to professionals to perform training functions related to a particular profession including conducting seminars.
- Grant of entry and working visas to spouses or dependants of persons who have been granted the long-term temporary entry.
- Transparency and maintenance of authorized contact points to help the persons eligible for temporary entry.

E-COMMERCE

- No customs duties in connection with the importation or exportation of digital products by electronic transmission.
- The customs value of imported carrier media bearing digital products to be determined according to the cost or value of the carrier medium alone without regard to the cost or value of the digital products stored on the carrier medium.
- Equal treatment irrespective of nationality of the author (to be from either India or Singapore) shall be accorded to the digital products of the other Country in respect of all measures affecting the contracting for, commissioning, creation, publication, production, storage, distribution, marketing, sale, purchase, delivery or use of such digital products as given to the products of home front. No disguised restriction shall be maintained.
- Provisions do not apply to Government Procurement and the broadcasting sector.
- Transparency shall be maintained in respect of laws, regulations and measures of general application pertaining to electronic commerce.

SCIENCE AND TECHNOLOGY

- The Countries shall develop and promote co-operative activities between themselves for peaceful purposes in the field of science and technology on the basis of equality and mutual benefit.

- The areas of the co-operation may include research, design and development in marine biotechnology, agricultural biotechnology, space research, advanced materials, information technology and other areas.

- The forms of the co-operation may include exchange of information and data, joint seminars, workshops & meetings, visits and exchange of scientists, technical personnel or other experts including through participation in science and technology conferences and seminars, implementation of joint projects & programmes and commercialisation of technologies in both countries and any third country including participation in joint ventures.

- Scientific and technological information of a non-proprietary nature arising from Co-operative Activities may be made available to the public by the government of either Country. The Countries shall ensure the adequate and effective protection of intellectual property rights or other rights of a proprietary nature resulting from the Cooperative activities.

EDUCATION

- The Countries shall encourage close co-operation between their educational institutions.

- Both countries shall facilitate collaborations between the IITs, IISc, and the universities in Singapore to offer post-graduate research and education with industrial linkages to multinational and local companies based in India and Singapore.

- The degrees specified by the University Grants Commission of India & awarded by an approved university or deemed university or an Institution of National Importance of India and similarly degrees awarded by the universities in Singapore shall be recognised for the purposes of qualifying the holder to be considered for admission to the universities of both countries. However, complying with other admission conditions or requirements as may be imposed by the educational institutes in India or Singapore respectively shall still remain applicable.

- A *Joint Committee on Education* shall be established within 12 months from the effective date of this Agreement and its functions shall be; overseeing & reviewing the co-operation and implementation of Chapter 13, identification & recommendation of areas of co-operation and encouragement of their implementation.

MEDIA

The Countries have agreed to exchange views and information on issues relating to the media sector which may include policy & regulatory framework for emerging media services, other issues concerning the media industry, approach to regulation of content, mechanism for promoting private sector activities and encouraging co-operation between their respective industries. A detailed framework for media co-operation is annexed to the agreement as Annex 14A.

ANNEX2A: INDIA'S TARIFF CONCESSION (http://www.commerce.nic.in/ceca/anx2a.pdf)

The provisions of this schedule are expressed at the HS Code 8 digit level. The following modality shall apply for the elimination / reduction of basic customs duties by India:

List of Products for Early Harvest Programme:

On 506 products originating from Singapore, customs duties shall be eliminated entirely from 1st August 2005.

List of Products for Phased Elimination in Duty:

On 2202 products originating from Singapore, the duties shall be removed in five stages beginning from 1st August 2005 and such goods shall receive duty free entry into India from Singapore, effective 1st April 2009. The margin of preference offered by India has been indicated in the List.

1.8.2005	1.4.2006	1.4.2007	1.4.2008	1.4.2009
10%	25%	50%	75%	100%

List of Products for Phased Reduction in Duty:

On 2407 products originating from Singapore, the duties shall be reduced in five stages beginning 1st August 2005 and such goods shall receive entry into India at concessional duties. The margin of preference offered by India has been indicated in the List.

1.8.2005	1.4.2006	1.4.2007	1.4.2008	1.4.2009
5%	10%	20%	35%	50%

List of Products excluded from any concession in Duty:

No concessions in duties shall be offered on 6551 products goods provided in this List. Such goods whether originating or otherwise, shall enter into India from Singapore on the applied MFN duties.

Calculation of Margin of Preference: Margin of Preference (MOP) offered by India to Singapore on specific products, shall be calculated on the Most Favoured Nation (MFN) import duty applicable on the date of import. For example, if the MFN duty on a particular product is 20%, and India offers a MOP of 10% to Singapore, the duty reduction for import from Singapore will become 20% - 10% of 20% = 2%. Hence, the applicable rate of duty for that particular originating product coming from Singapore will be 20-2 = 18%. If the MOP of 100% is offered to Singapore, then such originating goods shall receive duty free entry into India from Singapore.

PROTOCOL AMENDING THE COMPREHENSIVE ECONOMIC COOPERATION AGREEMENT BETWEEN THE REPUBLIC OF INDIA AND THE REPUBLIC OF SINGAPORE

The Republic of India and the Republic of Singapore; Vide ANNEX 2A Bis, made the following amendments were carried out w.e.f. 20.12.2007:

- 307 products (8 digits HS Code level) of the earlier negative list were included in the List of Products for Phased Elimination in Duty. The duties shall be removed in five stages beginning 15th January 2008 and such goods shall receive duty free entry into India from Singapore, effective 1st December 2011.
- 97 products (8 digits HS Code level) of the earlier negative list were included in the List of Products for Phased Elimination in Duty. The duties shall be removed in nine stages beginning 15th January 2008 and such goods shall receive duty free entry into India from Singapore, effective 1st December 2015. The target tariff rates offered by India have been indicated in the List.
- 135 products (8 digits HS Code level) of the earlier negative list were included in the List of Products for Phased Reduction in Duty. The duties shall be reduced in nine stages beginning 15th January 2008 till 1st December 2015 and such goods shall receive entry into India at concessional duties removed in nine stages beginning 15th January 2008 and reducing till 1st December 2015. The target tariff rates offered by India have been indicated in the List.

ANNEX 2B: SINGAPORE'S TARIFF CONCESSION

With effect from 1st August 2005, Singapore has eliminated customs duties on all originating goods from India.

INDIA – EU TRADE & INVESTMENT AGREEMENT

On 28th June 2007, India and the EU began negotiations on a broad-based bilateral trade and investment agreement in Brussels, Belgium. These negotiations are pursuant to the commitment made by political leaders at the India-EU Summit held in Helsinki on 13 October 2006 to move towards negotiations of a broad-based trade and investment agreement. There has already been significant preparatory work. The India-EU High Level Trade Group has been preparing the ground for these negotiations since October 2005 and its report will form the basis for further deliberation.

India and the EU expect to promote bilateral trade by removing barriers to trade in goods and services and investment across all sectors of the economy. Both parties believe that a comprehensive and ambitious agreement that is consistent with WTO rules and principles would open new markets and would expand opportunities for Indian and EU businesses. India and the EU are important trading partners and committed proponents of the multilateral system. Both reiterated their belief in the primacy of the multilateral trading system and reaffirmed their commitment to the DDA round of negotiations.

THE INDIA-EU STRATEGIC PARTNERSHIP - JOINT ACTION PLAN

India- EU relations go back to the early 1960s. India was among the first countries to establish diplomatic relations with the (then) EEC. The 1994 cooperation agreement signed between EU and India took bilateral relations beyond merely trade and economic cooperation. Together with the Joint Political Statement signed in 1993 it opened the way for annual ministerial meetings and a broad political dialogue. The first India-EU Summit in Lisbon in June 2000 marked a watershed in the evolution of this relationship. Since then there have been five Summit-level interactions, the last being the Fifth Summit in The Hague on 8th November 2004. India-EU relations have grown exponentially from what used to be a purely trade and economic driven relationship to one covering all areas of interaction. The Summit in The Hague was a landmark Summit, as it endorsed the proposal to upgrade the India-EU relationship to the level of a 'Strategic Partnership'. The important features of the JOINT ACTION PLAN are as follows;

I. STRENGTHENING DIALOGUE AND CONSULTATION MECHANISMS

II. POLITICAL DIALOGUE AND COOPERATION

- Pluralism And Diversity
- Dialogue on Regional Cooperation in the EU and in SAARC
- Democracy & Human Rights
- Effective Multilateralism
- Peacekeeping, Peace-Building and Post-Conflict Assistance
- Disarmament and Non-Proliferation of WMD and Security Dialogue
- Fight against Terrorism and Organised Crime

III. BRINGING TOGETHER PEOPLE AND CULTURES

- Migration and Consular Issues
- Parliamentary Exchanges
- Education & Academic Exchanges
- Civil Society Exchanges
- Cultural Cooperation
- Increasing Mutual Visibility

IV. ECONOMIC POLICY DIALOGUE AND COOPERATION

- Industrial Policy
- Science and Technology
- Finance and Monetary Affairs
- Environment

- Clean Development and Climate Change
- Energy
- Information and Communication Technologies
- Transport
- Space Technology
- Pharmaceuticals And Biotechnology
- Agriculture
- Customs
- Employment and Social Policy
- Business Cooperation
- Development Cooperation

V. DEVELOPING TRADE AND INVESTMENT

- High Level Trade Group
- World Trade Organisation (WTO)/Doha Development Agenda (DDA)
- Public Private Partnership (PPP)
- Intellectual Property Rights (IPR)
- Technical Barriers To Trade(TBT)/Sanitary And Phytosanitary (SPS) Issues
- Trade Defence Instruments
- Services
- Public Procurement

PREFERENTIAL TRADE AGREEMENT (PTA) WITH CHILE

- A Framework Agreement to Promote Economic Cooperation between India and Chile was signed on January 20, 2005. The Framework Agreement envisaged a Preferential Trade Agreement (PTA) between the two countries as a first step. The Framework Agreement also provides for a Joint Study Group to go into the issues relating to a Free Trade Agreement between the two sides.

- As a follow up to the Framework Agreement, a PTA was finalized after four rounds of negotiations between the two sides. The last round of negotiations was held in New Delhi in November 2005. The PTA has two Annexes relating to the list of products on which the two sides have agreed to give fixed tariff preferences to each other and three Annexes relating to the Rules of Origin, Preferential Safeguard Measures and Dispute Settlement Procedures.

- While India has offered to provide fixed tariff preferences ranging from 10% to 50% on 178 tariff lines at the 8 digit level to Chile, the latter have offered us a similar range of tariff preferences on 296 tariff lines at the 8 digit level.

- The products on which India has offered tariff concessions relate to meat and fish products (84 tariff lines), rock salt (1 tariff line), iodine (1 tariff line), copper ore and concentrates (1 tariff line), chemicals (13 tariff lines), leather products (7 tariff lines), newsprint and paper (6 tariff lines), wood and plywood articles (42 tariff lines), some industrial products (12 tariff lines), shorn wool & noils of wool (3 tariff lines) and some others (7 tariff lines).

- Chile's offer covers some agriculture products (7 tariff lines), chemicals and pharmaceuticals (53 tariff lines), dyes and resins (7 tariff lines), plastic, rubber and miscellaneous chemicals (14 tariff lines) leather products (12 tariff lines), textiles and clothing (106 tariff lines), footwear (10 tariff lines), some industrial products (82 tariff lines) and some other products (5 tariff lines).

- The Agreement was approved by the Cabinet in its meeting held on February 23, 2006, and consequently the PTA has been signed on March 8, 2006. The Parliament of Chile approved it in April 2007 and President of Chile signed the decree on August 16, 2007 implementing the PTA in Chile. The PTA has come into force in India by issue of Custom Notification No. 101/2007-Customs dt. 11.09.2007. Rules of Origin have been notified by Notification No. 84/2007 dated 17.08.2007.

COMPREHENSIVE ECONOMIC COOPERATION AND PARTNERSHIP AGREEMENT (CECPA) BETWEEN INDIA WITH MAURITIUS

Background:

1. A Joint Study Group (JSG) constituted in November 2003 to study the modalities of the CECPA discussed in detail the complementariness and potential synergies between the two economies and, in its report of November, 2004, identified Investment, Trade in Goods and Services and General Economic Cooperation for developing modalities of CECPA.

2. During his visit to Mauritius from March 30-April 2, 2005, the Hon'ble Prime Minister of India conveyed India's acceptance of the report by the Joint Study Group on Comprehensive Economic Cooperation and Partnership Agreement and both sides agreed to set up a high-powered negotiating team for processing and finalizing the recommendations of this report within a twelve-month period. Accordingly an empowered team was constituted for negotiating a Comprehensive Economic Cooperation and Partnership Agreement (CECPA) with Mauritius. Five rounds of talks have so far been held by the empowered team.

Issues under consideration of the Joint Negotiating Team:

1. *Trade in Goods:*

   a) *Preferential Trade Agreement*

Tariffs and Rules of Origin: Texts of Preferential Trade Agreement (PTA) and its annexures, viz. Rules of Origin, Operational Certification Procedures and Trade Defence Measures have been finalised.

b) *Other Related Agreements:*

The following MOUs/Agreements have been signed by India and Mauritius in October, 2005 under the aegis of CECPA.

a. MOU in the field of Consumer Protection and Legal Metrology.

b. MOU between Bureau of Indian Standards (BIS) and Mauritius Standards Bureau (MSB)

c. MOU between Indian Institute of Public Administration (IIPA) and Government of Mauritius.

d. MOU on Preferential Trade Agreement (PTA)

2. *Trade in Services:*

a) Negotiations are being held on the liberalization of Trade in Services with a view to creating a more liberal, facilitative, transparent and competitive services regime in the two countries and to strengthen cooperation in services sector.

b) Issues relating to Financial Services sector, Mutual Recognition Agreements and Movement of Natural Persons are being deliberated upon. Both sides have agreed to explore the possibility of expanding trade in services by synergizing with the Common Market for Eastern and Southern Africa (COMESA) and Southern African Development Community (SADC) markets.

3. *Investment and General Economic Cooperation:*

Issues relating to improving the effectiveness of the existing Double Taxation Avoidance Agreement for the mutual benefit of the two countries and review of the existing Bilateral

Investment Protection Agreement to enhance its scope and effectiveness are being deliberated upon. Discussions have been held for improving the existing legal framework in both countries in this regard and other issues related to facilitation of investment.

4. *Other Areas of Cooperation and Partnership*

Cooperation in the fields of Health, Standards, SMEs development, Education, Information Technology & Telecommunication, Seafood industry and cooperation between private sectors of the two countries have been deliberated upon for investment, capacity building, training, technology transfer and related activities.

FRAMEWORK AGREEMENT WITH GCC STATES

- GCC states are consisting of The Governments of the United Arab Emirates, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait. India has signed a Frame Work Agreement with them for enhancing the exchange of information on foreign trade & Encouraging business communications particularly between the institutions and organizations concerned with foreign trade. Also attention to be given to training and technology transfer.

- The Agreement provides for making appropriate arrangements for capital flows between them, setting up joint investment projects and facilitating corporate investments in various fields of economy, trade and industry. As per Article – 6 of the Agreement, an empowered Joint Committee for Economic Cooperation shall be formed under this Agreement. This Committee shall convene alternatively in the countries of the two Parties on mutually agreed periodicity. Level of participation in the Committee will be specified in advance.

FREE TRADE AGREEMENT BETWEEN INDIA AND GULF COOPERATION COUNCIL (GCC)

1. The Gulf Co-operation Council (GCC) is a customs union comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and

United Arab emirates. They are India's third largest trading partners, with exports to this region constituting about 3-4% of India's global exports and our imports from this region accounting for over 20% of India's global imports.

2. India is in the process of negotiating a Free Trade Agreement with GCC and the first round of negotiation was held on March 21-22, 2006. Trade in Services and Investment Cooperation as well as General Economic Cooperation are proposed to be synergized with the FTA.

INDIA-MERCOSUR PTA

1. MERCOSUR is a trading bloc in Latin America comprising Brazil, Argentina, Uruguay and Paraguay. It has Chile and Bolivia as its associate members. MERCOSUR was formed in 1991 with the objective of facilitating the free movement of goods, services, capital and people among the four member countries. MERCOSUR has become a successful market of about 200 million people, representing about 1 trillion dollars of GDP and 190 billion dollars of trade. It is the fourth largest integrated market after the European Union (EU), North American Free Trade Agreement (NAFTA) and ASEAN.

2. India had a total trade of US$ 1416.65 million with MERCOSUR during 2003-2004. Our exports to MERCOSUR were approximately US$ 566.96 million during 2003-2004 and our imports from MERCOSUR were around US$ 849.69 million during the same period. The region still has a huge potential for Indian exports as our share is just 0.83% of the global imports of MERCOSUR. Our major items of exports to MERCOSUR are drugs, pharmaceuticals and fine chemicals, transport equipment, inorganic/ organic/ agro chemicals, cotton yarn and cotton and manmade fabrics, made-ups, readymade garments, dyes, intermediates and coal tar. The major imports into India from MERCOSUR are edible oils (primarily soya), metalliferrous ores, metal scrap and non-electrical machinery.

3. A Framework Agreement had been signed between India and MERCOSUR on 17th June 2003 at Asuncion, Paraguay. The aim of this Framework Agreement was to create conditions

and mechanisms for negotiations in the first stage, by granting reciprocal tariff preferences and in the second stage, to negotiate a free trade area between the two parties in conformity with the rules of the World Trade Organisation.

4. As a follow up to the Framework Agreement, a Preferential Trade Agreement (PTA) was signed in New Delhi on January 25, 2004. The aim of this Preferential Trade Agreement is to expand and strengthen the existing relations between MERCOSUR and India and promote the expansion of trade by granting reciprocal fixed tariff preferences with the ultimate objective of creating a free trade area between the parties.

5. The India-MERCOSUR PTA provides for five Annexes. These five Annexes had been finalized during six rounds of negotiations in order to operationalise the PTA. These have been signed between the two sides on March 19, 2005, upon the conclusion of G-20 Meeting in New Delhi. The five finalized Annexes are following.

   - Annex I to the PTA - Offer List of MERCOSUR for tariff concession on Indian products in MERCOSUR. It contains 452 products.
   - Annex II to the PTA - Offer List of India for tariff concession on MERCOSUR's products in India. It contains 450 products.
   - Annex III to the PTA - Rules of Origin
   - Annex IV to the PTA - Safeguard Measures
   - Annex V to the PTA - Dispute Settlement Procedure (DSP)

6. The PTA would be operational immediately on the ratification by the legislatures of the MERCOSUR countries.

FRAME WORK AGREEMENT FOR ESTABLISHING FTA BETWEEN INDIA AND THAILAND

India and Thailand have agreed upon a Frame Work Agreement for establishing an India-Thailand FTA with a view to strengthening and enhancing liberalization of trade through the following:

- Progressive elimination of tariffs and non-tariff barriers substantially in all trade in goods. (**Article 3**)

- Progressive liberalization of trade in services between the countries with substantial sectoral coverage by progressive elimination of substantially all discrimination, prohibition of new or more discriminatory measures [except for measures permitted under Article V (1) (b) of the General Agreement on Trade in Services (GATS)], expansion in the depth and scope of liberalisation of trade in services and enhanced co-operation in services to improve efficiency and competitiveness. (**Article 4**)

- Establishment of an open and competitive investment regime that facilitates protects and promotes bi-lateral investment. The provisions of the Agreement for the Promotion and Protection of Investments signed on 10 July 2000 by both the countries shall also be referred in applicable cases. (**Article 5**)

- Establishment of effective trade & investment facilitation measures and expansion of economic co-operation. (**Article 6**)

- Any Country may take action and adopt measures for the protection of its national security or the protection of articles of artistic, historic and archaeological value, or such other measures which it deems necessary for the protection of public morals or for the protection of human, animal or plant life, health and conservation of exhaustible natural resources. However, these actions or measures should not be taken in an arbitrary or unjustifiable discrimination manner. (**Article 9**)

- Any dispute arising between the Parties regarding interpretation, application or implementation of this Agreement shall be settled amicably through consultations. (**Article 10**)

The Agreement was signed on 9th October 2003 at Bangkok among the Minister of Commerce of both the countries. A **PROTOCOL to amend the said agreement** was signed on 30th August 2004 at New Delhi.

EARLY HARVEST SCHEME (ARTICLE 7)

An Early Harvest Scheme (EHS) has been adopted by both the countries covering 82 products for duty free imports. Initially, when the Framework Agreement was signed, 84 products were included in the EHS. However, later on products under HS Code 390210 (Polypropylene, In Primary Forms) and 390760 (Polyethylene Terephthalate in Primary Forms) were excluded from the list of EHS under the PROTOCOL to amend the Agreement signed on 30.08.2004. Application of non-tariff measures adversely affecting trade on early harvest products is discouraged.

Tariff Reduction and Elimination:

a. The products covered under the EHS are subjected to the following tariff reduction and elimination:

Original Period	Amended Period as per the PROTOCOL to amend the Frame Work Agreement	Tariff reduction on applied MFN tariff rates as of 1st January 2004
1.3.2004-28.2.2005	1.9.2004- 31.8.2005	50%
1.3.2005-28.2.2006	1.9.2005- 31.8.2006	75%
1.3.2006	1.9.2006	100%

b. All products where the applied MFN tariff rates are 0% shall remain at 0%.

c. Where the implemented tariff rates are reduced to 0%, they shall remain at 0%.

Trade Remedies and Emergency Measures:

Provisional suspension in giving preferential treatment to any product being covered under EHS is possible, if it is proved that the manner and increased quantity of import of such product into the importing Country has either caused or threatened to cause serious injury to the domestic producers of such product in the importing Country. However there should be prior consultations with the other country, which need to be concluded within 90 days or on any mutually agreed time frame from the date of notification.

FRAMEWORK AGREEMENT ON COMPREHENSIVE ECONOMIC COOPERATION INDIA AND THE ASSOCIATION OF SOUTH EAST ASIAN NATIONS (ASEAN)

- ASEAN includes Indonesia, Malaysia, Philippines, Singapore, Brunei Darussalam, Cambodia, Laos, Myanmar, Thailand and Vietnam. Among them Malaysia, Singapore, and Thailand are all emerging as strong trading partners of India.

- ASEAN and India are natural partners. Geographically, India shares maritime borders with Indonesia & Thailand and a land border of 1,600 kilometers with Myanmar. History-wise, Indian legacy exists in ASEAN.

- The 1st ASEAN Economic Ministers (AEM) – India Consultations were held on 15th September 2002 in Brunei Darussalam where the Ministers, after discussing the Joint Study Report decided to establish an ASEAN-India Economic Linkages Task Force (AIELTF). The AIELTF was asked to prepare a draft Framework Agreement to enhance the ASEAN-India trade and economic cooperation before the 2nd AEM – India Consultations. Subsequently, at the First ASEAN-India Summit held on 5 November 2002 in Phnom Penh, Cambodia, the erstwhile Prime Minister of India made the following major announcements:-

  i. India will extend special & differential trade treatment to ASEAN countries, based on their levels of development to improve their market access to India;

  ii. FTA within 10 years time frame;

- A Framework Agreement on Comprehensive Economic Cooperation between the Association of South East Asian Nations (ASEAN) and India was signed by the Prime Minster of India and the Heads of Nation/Governments of ASEAN members during the Second ASEAN – India Summit on 8th October 2003 in Bali, Indonesia.

- The key elements of the Framework Agreement on Comprehensive Economic Cooperation between the Association of South East Asian Nations (ASEAN) and India cover FTA in Goods, Services and Investment, as well as Areas of Economic Cooperation. The Agreement also provided for an Early Harvest Programme (EHP) which covers areas of Economic Cooperation and a common list of items for exchange of tariff concessions as a confidence building measure.

- The ASEAN-India Trade Negotiating Committee (TNC) was constituted and a series of meetings have been held so far. The ASEAN-India TNC is undertaking negotiations to establish an ASEAN-India Regional Trade and Investment Area (RTIA) which includes a Free Trade Area in goods, services and investment. Due to difference of opinion on Rules of Origin, the EHP agreed under the Framework Agreement on Goods could not be implemented. The TNC is now negotiating the Negative or Sensitive List, the modality for tariff reduction and elimination, Dispute Settlement Mechanism, etc. Negotiations in Trade in Services and Investment are expected to begin shortly.

POSSIBLE AREAS OF COOPERATION BETWEEN INDIA AND ASEAN UNDER THE EARLY HARVEST PROGRAMME (ANNEX-C)

A. Areas of Economic Cooperation

Trade and investment promotion and facilitation activities:

1. Enhancement of India-ASEAN web linkages to enable better exchange of information on:

    - Customs procedures, rules and regulations;

    - Non-Tariff Measures (NTMs), including Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT);

- Intellectual Property Rights (IPR) rules and regulations;
- Investment rules and regulations; and
- Biotechnology.

Identification of focal points in India and ASEAN for the areas highlighted above.

2. Trade and investment promotion activities in India and ASEAN via seminars, workshops and trade and investment missions.
3. Facilitation of travel for business people through measures such as simplification of documentation, including visas and fees.
4. Cooperation in the marketing and trading of agro-products.

B. Human Resource Development (HRD), Technical Cooperation & Research and Development (R&D)

1. Small and medium enterprises (SMEs) and family-owned businesses, including training in entrepreneurship and information and communications technology (ICT).
2. ICT and e-commerce.
3. Cooperation among intellectual property rights (IPR) agencies in India and ASEAN, including patents and enforcement of IPR rules and regulations.
4. Technical cooperation in areas such as:
   - Standards and quality control in agriculture products and agro-processing;
   - Production of pulp and paper from non-wood materials; and
   - Production of pulses, cotton and sugar cane.
5. Exchange of publications and information on cotton, jute, kenaf and other textile products.

6. Training in lapidary and mine management and safety.

7. Establishment of twinning programmes between educational and research institutes.

C. Other Areas of Cooperation

1. Cooperation between tourism agencies of India and ASEAN to boost travel between the two regions.

2. Business process outsourcing.

3. Media and entertainment services.

4. Environmental services.

INDIA-AFGHANISTAN PTA

1. A Preferential Trade Agreement was signed between India and Afghanistan on March 6, 2003 in New Delhi which provides for, among others, establishing a Preferential Trading Arrangement between the two countries to promote harmonious development of the economic relations and free movement of goods through reduction of tariffs between the two countries.

2. The Agreement would remain in force till either party gives to the other a notice for the Agreement's termination. By this Agreement, preferential tariff is granted by the Government of Afghanistan to 8 items from India including tea, antisera and medicines, refined sugar, cement clinkers and white cement. India has granted preferential tariff to 38 products (11 products at HS 6digit level at 100% preference margin and 27 products at HS 6 digit code level at 50% preference margin are allowed) from Afghanistan including raisins, dry fruit, fresh fruits and spices.

3. Rules of Origin: The products to be exported to each other have to satisfy the Rules of Origin attached to the Agreement. As per the cumulative rules of origin prescribed therein, in respect of a product which complies with the origin requirements is exported by any Contracting Party and which has used material, parts or products originating in the territory

of the other Contracting Party, the value addition in the territory of the exporting Contracting shall be not less than 30 per cent of the f.o.b. value of the product under export subject to the condition that the aggregate value addition in the territories of the Contracting Parties is not less than 40 per cent of the f.o.b. value of the product under export.

4. Safeguard Measures can be taken by the importing country if the excessive imports cause serious injury to its domestic industry and such measures can be taken with mutual consultations.

5. Preferential treatment to the specified commodities may be halted in case of genuine balance of payment problems.

6. A Joint Committee is being established at Ministerial level. The Committee may set up Sub-Committees and/or Working Groups as considered necessary. The Committee shall nominate one apex chamber of trade and industry in each country as the nodal chamber to represent the views of the trade and industry on matters relating to this Agreement.

7. A Working Group on Customs related issues including harmonisation of tariff headings is also been established.

(CECA) BETWEEN INDIA & RUSSIA

A. In pursuance of the Memorandum of Understanding on cooperation signed on 6.2.2006 the India-Russia Joint Study Group (JSG) was set up in 2006 to finalize a programme for increasing bilateral trade between India and Russia and to explore the feasibility of a Comprehensive Economic Cooperation Agreement (CECA) between India and Russia.

B. The JSG has finalized its report in July 2007. The report covers various aspects of trade between India and Russia in Goods and Services as well as investment cooperation and makes relevant recommendations to enhance bilateral trade and economic cooperation. The report also recommends setting up of a Joint Task Force for monitoring the implementation of its recommendations and further consideration of the issue of signing the CECA between India and Russia.

C. A Statement of Understanding was signed in June 2007 with an intention to set up a Joint Task Force (JTF).

D. The Ministry of Commerce and Industry of the Government of India and the Ministry of Economic Development and Trade of the Russian Federation have now agreed on the terms of reference of the Joint Task Force. The JTF between India and Russia has been set up with the objective of-

- Monitoring the implementation of the recommendations of the India-Russia Joint Study Group with the aim to increase, significantly, India-Russia bilateral trade upto $ 10 billion by 2010; and

- Further considering the possibility of signing of the Comprehensive Economic Cooperation Agreement between India and Russia.

E. The Minister of Commerce and Industry of the Government of India and the Minister of Economic Development and Trade of the Russian Federation held the Second Session of India-Russia Forum on Trade and Investment on 12^{th}-13^{th} February 2008.

TRADE AGREEMENT BETWEEN INDIA AND CHINA

The Agreement was signed on 15^{th} August 1984. It was valid for initially three years and thereafter auto renewal for another three years. The Agreement is normal and prescribes for follow up of MFN Treatment, Freely convertible currencies, Arbitration as trade dispute remedy and Trade Facilitation aspects. It also prescribes for extra attention to be given to 8 products to be exported from China and 8 products to be exported from India.

JOINT STUDY GROUP BETWEEN INDIA AND CHINA

The Joint Study Group was constituted and MEA is the nodal Ministry for the JSG. The final Report of the India-China JSG was signed on 23 March, 2005. The JSG in its Report has recommended that the two governments appoint a Joint Task force to study in detail the feasibility of the benefits that may derive from the possible China-India Regional Trading Arrangement and also give its recommendations regarding its content. A Joint Task Force has already been set up. The first meeting of the JTF was held in New Delhi on 13th March, 2006 wherein the Terms of Reference of the JTF were finalized.

AGREEMENT ON TRADE PROMOTION AND ECONOMIC AND TECHNICAL COOPERATION BETWEEN INDIA AND REPUBLIC OF KOREA

The Agreement prescribes for MFN Treatment, Development of mutually agreed schemes, exchange of technical know-how & personnel, facilities to merchant vessels etc. This agreement was signed on 12th August 1974 and superceeded the earlier TRADE AGREEMENT dated 29 April 1964. Both the countries have prescribed 59 products each for which trade maximization shall be achieved while importing from the partner country.

TRADE AGREEMENT BETWEEN INDIA AND DEMOCRATIC REPUBLIC OF KOREA

This Agreement was effective from 1st March 1978 and had superseded the Trade & Payment Agreement dated 18th February 1974. The Agreement was initially valid for two years and automatically extendable every year unless winding up notice is given by any partner country. The Agreement prescribes for trade maximization for at least 36 products to be exported from each country and import facilitation, MFN treatment, Trade facilitation, Convenient Transportation, Freely Convertible Currency and yearly performance review.

JOINT STUDY GROUP BETWEEN INDIA AND KOREA (CEPA BETWEEN INDIA AND KOREA)

- The Joint Study Group, composed of government officials, economists and representatives of business communities of Korea and India, held its first meeting in January 2005 and has met alternately in India and Korea. As a result of its study, the Joint Study Group concurred that there remains huge potential in all areas to be exploited to develop the existing bilateral economic relations into a more comprehensive and futureoriented one. In this regard, the Joint Study Group concluded that a CEPA between Korea and India would serve as a plausible institutional framework to this end and provide significant benefits for both countries.

- The Joint Study Group recommended that the Korea-India CEPA cover, among other things:

  a) Trade in goods;

  b) Trade in services;

  c) Measures for trade facilitations;

  d) Promotion, facilitation and liberalization of investment flows;

  e) Measures for promoting bilateral economic cooperation in identified sectors; and

  f) Other areas to be explored for furthering bilateral partnership.

- The Joint Study Group also recommended that a Joint Task Force composed of government officials of both countries be appointed to accelerate the process of realizing the benefits that may be derived from the CEPA and start its work of developing a CEPA for completion within a reasonable period of time. The Joint Task Force would bring about specific recommendations on each of the constituent elements of the CEPA for adoption by the two Governments.

- The report of the JSG has been signed by the Co-chairs in Seoul on January 6, 2006. The first meeting of the Joint Task Force between India and Korea was held on 23-24 March, 2006. The negotiations for implementation of the CEPA between both the countries are still going on.

AGREEMENT ON COMMERCE BETWEEN INDIA AND JAPAN

This Agreement was signed on 4th February 1958 between both the countries. The Agreement basically refers to following National

Treatment and MFN policies among the two countries and maintaining State Enterprises for trading etc. The agreement was valid initially for two years and thereafter till any of the country opts to go out of the agreement.

JAPAN – INDIA EPA/CEPA NEGOTIATION

During the visit of Prime Minister Koizumi of Japan to India in April 2005, the Prime Ministers of the two countries directed that the India-Japan Joint Study Group, which was to be launched by June 2005, to submit its report within a year, focusing on measures required for a comprehensive expansion of trade in goods, trade in services, investment flows and other areas of economic relations between the two countries. India-Japan Joint Study Group (JSG) has already been set up and Department of Economic Affairs is the nodal point on the Indian side. The JSG is holding discussions on the above issues. The study group concluded its work in 2006 with a recommendation to start negotiations. In January 2007, India and Japan launched negotiations aimed at concluding a Comprehensive Economic Partnership Agreement (CEPA). This would include trade in goods and services, trade promotion, the facilitation and liberalisation of investment flows, and measures for promoting economic cooperation in identified sectors. Till January 2008 five rounds of negotiations have been held. A **CASE STUDY** has been given at **ANNEXURE - I** which will explain how these negotiations are done to decide the preferential duty structure for various products.

SECTION-IV

SUGGESTIONS FOR DERIVING BENEFITS FROM THE PREFERENTIAL TRADE AGREEMENTS

- It is seen from experiences of Indo-Thai, Indo-Srilanka and Indo-Singapore FTAs that, these countries are very small and only imports of some specific products have injured the Indian industries most. Like; Television industry injured under Thai FTA, Vanaspati/ Edible Oils/ Copper under Srilanka FTA and Chemicals under Singapore CECA. Please note that none of these countries had previous such industries prior to implementation of the respective FTAs. It is only during the course of FTA negotiation / period of implementation, these countries have either built-up capacities (many Indians also have set up industries there to reap benefits) AND diversion of oil / chemicals/ copper from hubs like Malaysia / West African countries and picture tubes from China/ Korea to Thailand. Some of the supplementary steps HENCE which may be taken apart from *RCA & Unit Value Analysis (which are basically based upon post mortem of past trade data with the partner country only*) are:

  - Study of chances of diversion of specific third country products by violating Rules of Origin (ROO) norms through illegal or other methods, since there may be number of cross cutting FTAs all the partner countries already having.

  - Study of Geographical spread of specific product clusters of third countries in and around nearby the partner country for such products which will be included in the preferential lists of imports.

  - Possibility of creating new industries of some particular products which were actually nonexistent prior to FTA negotiation but that partner country has either capacities in producing similar products under a different chapter or can source raw material to produce such products in huge quantities which may ultimately exported into our country to create havoc in India.

- Gearing Ratio calculation where the analysis should be done for incremental imports throughout the periods of concession implementation till it reaches nil duty & stabilizes over the CAGR growth of imports over the period prior to implementation of the FTA.

- Importance of analyzing the CAGR Growth rate of imports over a period prior to implementation of FTA can help in deciding whether;

  - The import growth rate is really beneficial in our country's interest because demand is more and the goods will flow even if no concessions are given. In this case, the industry may not need protection also, as there will be no presence of domestic industry.

  - In case the domestic industry is fragmented and SME concentrated, whether the preferential imports will really cause significant injuries. In that case, adequate Safeguard Measures should be negotiated in parlance with the relevant WTO Agreement.

- The measure issue of non- implementation of Rules of Origin (ROO) clauses are because the ROOs under various FTAs have not yet been integrated with the Indian Customs Act. In absence of such integration, the Customs department is unable to verify the real originality of the preferential products imported under different FTAs. Different situation happens under WTO Agreement on ROO where the safeguard measures are already integrated with the Customs Act by making provision for anti-dumping, countervailing and safeguard measures and institutional authorities exist for such remedies in India. If this can happen for the FTAs, then Indian industries can get enough relief and trade competitiveness can be sustained to large extent.

- *It is felt that*; the Government should initiate the advocacy functions in a better manner and prior consultation with interested industries should be taking place frequently.

- Monitoring systems should be found out and implemented properly.
- Whereas the safeguard actions are prospective based only but no remedy exists for past injuries caused on industries because of cheap imports steps should be therefore taken to remove these anomalies.
- On the services sectors; mutual recognition of the professional qualifications at par with the other country (is) should be done immediately.
- The industries should try to upgrade their skills and create facilities to remain competitive in the *free trade regime*.
- Under the FTAs, a win-win situation for the Indian as well as the partner country's industries should be always welcomed.
- Recent Global Credit Crisis has created havocs worldwide and questions are raised about introduction of precautionary clauses in up-coming PTAs. The Author feels that the crisis is a deep root problem because of mismanagement of public funds by a section of the banks and corporates since long which were hidden under the lucrative covers in favour of capitalism. Governments across the world have begun steps to tackle the problem by framing policy measures and given additional grants to the affected organizations. But the question arises; how far the Governments can afford to use public funds to revive the crisis hit organizations without penalizing the real culprits and revaluating the currencies in favour of US Dollar. The impact on structuring of FTAs may be felt for agreements containing clauses on Investments. The impact on trade in goods and services may not be huge, as equilibrium shall reach where net loss on reducing exports shall be compensated by net gain on increasing imports. Ultimately, the total trade effect for all the participating countries as a whole shall be the same. However, international trade under MFN Duty may see declining trend because of erosion of intrinsic value of US Dollar. For Indian exporters, there will come opportunities if they can identify the potential trading routes under different FTAs and exploit the benefit of Rules of Origin clauses in cross sectional FTAs.

- A major question arises whether the real driver of growth, the small and medium sector enterprises (SMEs) have really derived any benefits under the FTAs? As far as the existing FTAs are concerned, the SMEs have really suffered in case of FTA with Srilanka and Thailand because of inverted duty structure, mis-utilisation of ROO clauses in the partner countries and ignorance about the FTAs. However, the SME sector can really take benefit under different FTAs if they follow these guidances;

    - The industry associations representing them conduct FTA awareness meetings and circulate publications on different FTAs among the members very frequently.

    - The structure of the FTAs are analysed at association level and conveyed to the members properly.

    - The association correctly follows the ROO clauses and invokes the safeguard clauses whenever surge in imports is observed to ruin the domestic markets.

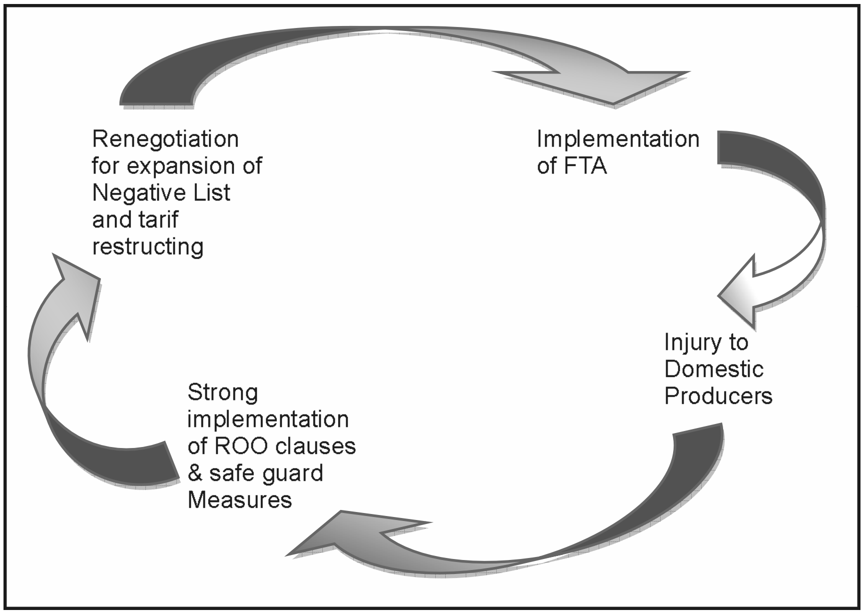
    - The industries should participate in all conferences held frequently by various Govt. Departments and other agencies related to FTA negotiations.

    - Capacity building measures are taken to tackle the problem of non-tariff barriers.

REMOVING THE FTA INJURIES

Strong implementation of the ROO clauses and adopting the Safeguard measures under the FTAs can help in removal of unwanted injuries caused by surge in cheap imports. The situation can be further improved by holding renegotiations for either expansion of India's Negative List or by shifting of the products to low concessional duty category. A *Causal Influence Diagram* narrating the rectification mechanism is produced below.

CAUSAL INFLUENCE LINKS BETWEEN INJURY AND REMEDIES UNDER THE FTA



ROLE OF CHARTERED ACCOUNTANTS IN RTAs

Although the subject is new altogether and involves trans-border econo-political situations, chartered accountants have a great role to play in the RTA regime. CAs, by training and practice attained great acumen over economic happenings, and are very well-versed with technical process of audits and tariff calculations. Also, they are the link between industries and various statutory authorities. Their roles are enumerated below:-

Helping the Governments in Pre-FTA AND Post-FTA Advocacy Functions:

The Government of India normally conducts various field studies and industry interactive seminars / conferences at different locations all over the country before determining the preferential duty structure and negative list items. The objective of the Government to conduct such Pre-FTA studies / conferences is to ascertain which industries need protection and how industries can be benefited most from the implementation of any FTA.

Again after implementation of any FTA, the Government conducts regular reviews on the impact of the FTA on the various sectors of the economy. These studies are normally conducted by the Ministry of Commerce through various research organizations, institutions and universities.

As the chartered accountants are the link between industries and Government, well- acquainted with statistical & quantitative analysis techniques review / compile operational data and their spread is throughout the country, they can help the Governments in these advocacy functions. They can interact with both the Government and Industries and act as catalysts in achieving objectives of these advocacy functions.

Representation on behalf of Industries and other stake holders with the Government Officials:

Understanding, interpreting and forecasting the various parameters of a FTA needs special acumen of a professional. Chartered Accountants already have the necessary background in accounting, data interpretation and negotiation skills with various central & state government officials. They can also very well interact with the industrialists and management of various industries. Hence they are at an advantageous position to represent the Industries and other stake- holders with the Government officials.

Drafting & Vetting of Free Trade Agreements:

Structure of Free Trade Agreements contains various clauses which are drafted normally by the lawyers as advised by the economists, politicians and bureaucrats. However, the horizon of coverages of FTAs is changing from merely including the provisions related to trade in goods into all inclusive complex agreements covering trade in services, investments, protection of IPRs and other emerging issues. Since these agreements are commercial texts with legal language, Chartered Accountants are better to draft and do vetting of these agreements in comparison to the presently involved parties.

Representation at WTO regarding Notification and Final Approval on the FTAs:

All the FTAs needs to be notified to the WTO and approval be obtained for implementation from the Committee on RTAs. The process needs interaction of Government machinery at international level and WTO Secretariate for creating conducive atmosphere for approval. Any aggrieved member of WTO can raise objections and the countries participating in the said FTA needs to defend their action. The representation process can be very well handled by chartered accountants having specialization in the relevant fields rather than the present practice of appointing lawyers for representation.

Cross Sectional Analysis of existing FTAs:

As the number of FTAs is going to increase, there are and will be more overlapping among the trade partner countries. Example being, Exporters from India can export duty free items to Bangladesh under SAFTA and re- route their exports further to EU claiming that the products are of Bangladesh (which enjoys preferential duty access to EU in certain product categories) origin where certain value addition processes are only done. Such type of cross cutting FTAs are huge in nature. If the rules of origin clauses are properly followed, such types of re-exports are certainly to be accepted as legal. There may be potential gain to the Corporate Sector which otherwise would not have been available to them if they directly export from India to EU, unless a full-fledged FTA is in place between India and EU. Of course, there may be negative impact in collection of government revenue and job losses etc. in the first country of origin

Chartered Accountants can study and do the cross sectional analysis of FTAs. They can help the corporate who genuinely follow the Rules of Origin requirements in identifying the potential routes of trading. On the other hand, they can help the Government in identifying such cross cutting FTAs and investigating the financial affairs of the Corporate who are using these routes for illegal or improper trading of goods.

Conducting Impact Study on behalf of Industries, Political Parties and Governments:

Conducting Impact Study of FTAs in regular intervals are essential requirement today as this will create awareness among industries about the economic benefits/ gains, access to safeguard measures and for the Government to re-negotiate the preferential market access to the partner countries. It will also benefit the researchers and academics in understanding the market behavior and taking precautionary steps in future.

The analysing impact of FTAs needs great exercise of interacting with various types of stake holders, understanding the legal provisions of the agreements and data analysis of exports and imports using various analysis models, the Chartered Accountants are therefore having advantage in this field.

Representation before Statutory Authorities for seeking relief under the Rules of Origin / Settlement of Disputes / Safeguard Measure clauses of the relevant FTAs on behalf of either domestic industries or exporters of the foreign countries:

Multilateral agreements are going to dominate international trade and governments shall utilize them as an effective instrument in increasing international trade, social and political relations. Hence industries need to understand the complexities and derive the maximum benefits along with stricter compliance with the legal provisions. Hence compliance of Rules of Origin, Settlement of Disputes and invoking Safeguard Measures are going to be an important part of corporate strategies and actions. Chartered accountants are undoubtedly the best professionals who can represent either the domestic industries or exporters of foreign countries in front of the regulators and statutory authorities.

SECTION-V

ANNEXURE-I

This Consultation Paper was circulated during early 2008 by UNCTAD INDIA through TEXTILE COMMITTEE to get response from the industries and other stake holders to get feedback for JAPAN-INDIA EPA/ CEPA NEGOTIATIONS. This consultation paper has been reproduced as a case study to learn how the negotiators are defining various parameters, removing/ adding/ deciding the tariff lines under various preferential duty structures and the techniques involved in deciding the preferential tariffs for deferent products. It may be assumed that the methodology used by the negotiators is one of the latest one used globally while making negotiations for Preferential Trade Agreements.

CONSULTATION WITH STAKEHOLDERS ON JAPAN-INDIA EPA/CEPA NEGOTIATIONS

BRIEF NOTE ON "SENSITIVE LIST"[1]

1. CONTEXT OF JAPAN-INDIA EPA/CEPA NEGOTIATIONS

In January 2007, India and Japan launched negotiations aimed at concluding a Comprehensive Economic Partnership Agreement (CEPA). This would include trade in goods and services, trade promotion, the facilitation and liberalisation of investment flows, and measures for promoting economic cooperation in identified sectors. Progress towards an FTA started in April 2005 when a joint study group was launched to explore the possibility of a bilateral agreement. The study group concluded its work in 2006 with a recommendation to start negotiations. Till January 2008 five rounds of negotiations have been held. As the agreement on trade would be required to be consistent with WTO rules and principles, India is expected to commit to a zero duty customs regime on

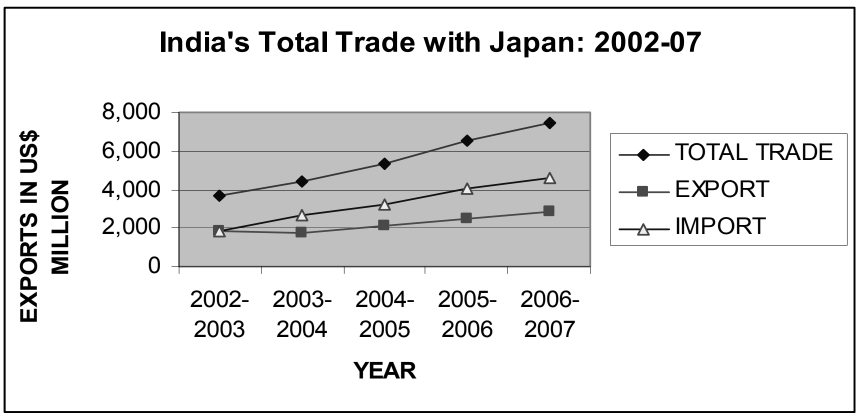
[1] This document has been prepared by UNCTAD India Programme as a draft to facilitate discussion on India's approach to sensitive list in India–Japan EPA/CEPA negotiations. The sensitive list indicated in this document does not purport to represent in any manner India's position on this issue. This document does not represent the views of Department of Commerce, Government of India, or those of UNCTAD or its member states.

substantially all imports from Japan, and similarly Japan is expected to commit to zero customs duty regime on substantially all imports from India. As in other similar trade agreements, both India and Japan would have the flexibility to exclude certain products from the schedule of tariff elimination.

2. EXISTING TRADE PATTERN BETWEEN INDIA AND JAPAN

India's total trade with Japan has almost doubled over the last five years. It increased from US $ 3.7 billion in 2002-03 to US$ 7.4 billion in 2006-07. While exports increased from US$ 1.8 to US $ 2.8 billion, imports from Japan witnessed a higher increase, i.e., from US$ 1.8 billion to 4.5 billion (Figure 1). Consequently, Japan's share in India's global imports is now around 2.3% (average of 2004-07) while its share in India's global export is 2.6% (average of 2004-07).

Figure 1: India's Total Trade, Exports and Imports with Japan.



In terms of composition of India's trade with Japan, we find that India's exports to Japan, considering three year averages (2004-05 to 2006-07), was highest in chapter 27 (Mineral Fuels, mineral oils, etc) and in particular, in 'other petroleum oils and oils obtained from bituminous minerals nes', followed by chapter 71, particularly, in 'diamonds (other than industrial diamonds) cut or otherwise worked but not mounted or set.'. On the other hand, India's major items of imports from Japan, considering three year averages, were from chapter 84 (Machinery and Mechanical Appliances), in particular, 'of other parts of spark-ignition engines'.

Japan is an important trading partner for India. In terms of India's global imports, the items of importance from Japan, are photographic or cinematographic goods (Chapter 37), musical instruments; parts and accessories of such articles (Chapter 92), vehicles other than railway or tramway rolling stock, and parts and accessories thereof (chapter 87), ships, boats and floating structures (Chapter 89), tools implements, cutlery, spoons and forks, of base metal; parts thereof of base metal. (Chapter 82). In terms of India's global exports, Japan's share is high in products of animal origin, not elsewhere specified or included (Chapter 5), live trees and other plants; bulbs; roots and the like; cut flowers and ornamental foliage (Chapter 6), preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates (Chapter 16), fish and crustaceans, molluscs and other aquatic invertebrates (Chapter 3), residues and waste from the food industries; prepared animal fodder (Chapter 23).

3. METHODOLOGY FOR THE 'SENSITIVE LIST'

To arrive at a list of products in which India may not consider offering preferential tariffs in the Japan India EPA/CEPA negotiations, i.e., "the Sensitive List", the analysis has been undertaken at two levels. Firstly, an economic analysis has been undertaken using internationally accepted methodology which shows the competitiveness of India vis-à-vis Japan at six-digit level (HS Codes) of disaggregation of products. Secondly, the stakeholders' feedback is being sought through five stakeholders' consultations covering all regions of India. Written feedback will be invited from stakeholders who include industry associations, state governments, export promotion councils and experts.

3.1. Economic Analysis

The economic analysis undertaken is based on the Harmonised System (HS) of Coding of items devised by the World Customs Organisation (WCO) – 2002 Revision (6 Digit HS 2002 Code or H2 Code). The economic analysis is based on the HS 2002 data from WITS, as the competitiveness analysis required trade data which is not available at HS 2007 codes. For the purpose of discussions with the stakeholders, the sensitive list provided in this document is at six-digit level (HS 2002). Using the concordance table provided by the WCO, the final sensitive list has also been transposed to HS 2007 six-digit level codes. These have been further disaggregated at 8-digit level. The 6 Digit HS 2002 Code covers 5233 items (as per the World Integrated Trade Solutions (WITS) dataset of UNCTAD). The methodology undertaken to arrive at the sensitive list is based on competitiveness analysis and adopts two different approaches (a) Standard Revealed Comparative Advantage Analysis (RCA); and (b) Unit Value analysis. The standard RCA analysis shows that a country is comparatively less competitive in producing a product as compared to other country if **RCA < 1** where RCA between India and the Japan is defined as:-

RCA $_{\textbf{INDIA-JAPAN}}$ = India's export to the world in i^{th} sector /total export of India to world / Japan's export to the world in the i^{th} sector / total Japan's export to the world

<u>*Steps undertaken to arrive at the sensitive list are as follows:*</u>

STEP I. Using the six-digit level HS codes, RCA for India with respect to the Japan is estimated for all tariff lines available in WITS. All tariff lines for which RCA was found to be less than 1 were identified, which are 2232 tariff lines. 2757 tariff lines where RCA>1, were removed from further consideration. For 244 lines RCA was not estimated as either India or Japan had zero exports to the world.

STEP II. Unit Value Analysis is undertaken to identify those products where the import prices from Japan to India are lower than the prevailing domestic prices in India. It is presumed that imports of these products would adversely affect Indian producers through lowering of domestic prices and reduced market share. To identify such products, export unit values are estimated by using the data on value and quantity of exports. The import price for India from the Japan is arrived at by computing the export unit values of Japan to India; while domestic prices in India are arrived at by using the proxy of export unit values of India to the world. Since the latter will be lower than the domestic prices, a factor of 13%[2] is added to the export unit values vis-à-vis the world to arrive

2 A World Bank study (Ferranti 2002) has shown that India suffers a cost disadvantage of about 9% on account of transportation and freight related cost factors alone. The same study shows that for countries in the bottom quartile of at the domestic prices. This factor is added to take into account the cost disadvantage to domestic industry in India on account of factors such as infrastructure deficiencies and internal freight. Unit value ratio, i.e., ratio of the export unit value of Japan to India to the export unit value of India to the world (inflated by 13%) is computed for 2389 tariff lines for which exports from Japan to India is available. Out of 2389 tariff lines, UV is greater than zero but less than one (0<UV< 1) for 805 tariff lines.

STEP III. After undertaking the standard RCA and Unit value analysis, the tariff lines covering the products where India is more competitive than Japan and have lower domestic prices as compared to import price from Japan are excluded from the total list. **The overlap of the two analyses shows that in 521 tariff lines India is less competitive vis-à-vis Japan both in terms of RCA and unit value analysis**. For 223 tariff lines neither RCA nor UV is available, i.e., no economic analysis could be undertaken. A feedback from the stakeholders is specially required on these tariff lines.

STEP IV. Out of the overlap tariff lines i.e., 521, tariff lines with tariffs at less than 5% (0-3%) are removed. There were 20 such lines. To these tariff lines under Article XXVIII are added. There are 22 such tariff lines out of which one tariff line was already included on the basis of RCA and UV analysis. The tariff lines under sensitive list are now 522. From these 27 tariff lines are removed as they are basic raw materials, which are required by the industry. We now have 495 sensitive tariff lines.

STEP V. On the basis of the WTO notified subsidies given by Japan to agricultural products under the Amber Box programme,

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income distribution (based on per capita GDP in 1990), the average transport costs for importable goods was 20 per cent of the value of imports (India is marginally above the bottom quartile). It was also observed that in 2003 the Government of India granted about Rs.40, 000 Crore in the form of duty drawback, incentives, DEPB and other schemes designed to give exporters a level playing field in international markets. This amount was approximately 13% of the total value of exports in the year 2003. After weighing these indices, it was judged that an inflationary adjustment factor of 13% would be suitable for reflecting the cost disadvantage. Therefore, the export unit value of India is inflated by 13%.

28 agricultural products have been identified where exports from Japan are currently very low or nil due to existing high tariffs but Japan might become more competitive if India's tariffs are lowered. These 28 tariff lines are added to arrive at a total of 523 tariff lines. Out of these lines, we find that in some tariff lines either production levels in India or those in Japan are very low. These are 47 tariff lines. We remove these lines and arrive at 476 tariff lines. The total trade coverage of the list of 476 tariff lines is 23 % (based on DGCI&S data).

These 476 tariff lines constitute the Final Sensitive List. These are listed in Annex I.

For 223 tariff lines neither RCA nor UV is available, i.e., no economic analysis could be undertaken. A feedback from the stakeholders is especially required on these tariff lines. These tariff lines are listed in Annex 2**.**

Steps Undertaken in the Economic Analysis to Arrive at Sensitive List for Discussion with the Stakeholders

STEPS UNDER-TAKEN		TOTAL NUMBER OF TARIFF LINES	TARIFF LINES REMOVED /ADDED	TARIFF LINES REMAIN-ING
	TOTAL NUMBER OF TARIFF LINES FOR STEP I	5233		
STEP I	REMOVE TARIFF LINES WITH RCA>1. NO RCA AVAILABLE FOR		2757	2232 WITH RCA<1; 244
	TOTAL NUMBER OF TARIFF XLINES FOR STEP II	2389		
STEP II	REMOVE TARIFF LINES WITH UNIT VALUE>1		1584	805

STEP III	OVERLAP BETWEEN STEP I AND STEP II		284	521
TARIFF LINES FOR WHICH NEITHER RCA NOR UV IS AVAIABLE	ANNEX II			223
	TOTAL NUMBER OF TARIFF LINES	521		
STEP IV	REMOVE TARIFFS LESS THAN 5% (0-3%)		20	501
	ADD ARTICLE XXVIII		21	522
	REMOVE BASIC RAW MATERIALS		27	495
STEP V	TARIFF LINES ADDED ON ACCOUNT OF SUBSIDIES GIVEN BY JAPAN		28	523
	REMOVE IF PRODUCTION IN INDIA OR JAPAN VERY LOW		47	476
FINAL SENSITIVE LIST FOR STAKEHOLDERS FEEDBACK				**476**
TOTAL TRADE COVERAGE				**23%**

3.2 Stakeholders' Feedback

The final sensitive list arrived at by the economic analysis may not reflect the ground realities in many cases. This is the reason why stakeholders' feedback is required. The feedback can be sent in writing to UNCTAD-India. The details are in Annex III. In particular, feedback is required in the following format:

- Identify the tariff lines that you think could be removed from this sensitive list. Please support your suggestion with adequate reasons and statistics. Some of the reasons could include the following:

  (i) Domestic production of the product concerned is inadequate to meet domestic demand, hence industry highly import dependent;

  (ii) No significant domestic industry of the product concerned exists;

  (iii) Only 1-2 main producers of the product concerned, leading to possibility of price fixing or absence of competition in the domestic market;

  (iv) The product concerned is an important raw material for downstream industry; and

  (v) Downstream user industry of the product concerned is fragmented, with many small producers

- Are there any items on the sensitive list which you think can be effectively substituted by other items? YES/NO

  If yes, could you identify these items?

- Are there additional items which should be included in the sensitive list? Which would these be? Please support your suggestion with adequate reasons and statistics. Some of the reasons could include the following:

  (i) Japan is more cost competitive in the product concerned;

  (ii) Significant spare capacity in Japan in the product concerned;

  (iii) Greenfield investments made in the recent years in India in the product concerned;

  (iv) Output from SSIs constitute more than 20% of the total domestic output; and

(v) Significant imports of the product concerned into Japan from its preferential trading partners might result in trans-shipment into India.

(vi) Japanese investments in India in the product concerned.

4. INDIA'S EXPORT INTERESTS IN JAPAN

To identify the tariff lines where India may have export interest in Japan and would not like Japan to include these tariff lines in its sensitive list, we follow the following steps:

<u>STEP I:</u> Identify the tariff lines where India's RCA>1. These are 2755 lines.

<u>STEP II:</u> Identify the tariff lines where UV >1. These are 1584 lines.

<u>STEP III:</u> Take an overlap between the two. These are 681 tariff lines.

<u>STEP IV:</u> For agricultural products, take producer price data from FAO. In the products where Japan's prices are at least 5 times more than India's prices, we identify these as India's competitive products, for exports to Japan. These are 696 tariff lines. However, out of these in 178 tariff lines either exports of India is low (less than US$ 1 million) or imports of Japan from the world is low (less than US 5 million). Removing these 178 tariff lines we have 518 tariff lines.

<u>STEP V:</u> These identified tariff lines (518) are divided into two groups, one where India's exports to the world is greater than US $ 10 million and Japan's imports from the world is greater than US $ 40 million. This list becomes India's <u>"**Priority Export List of India".**</u> There are 119 tariff lines in this list. The list is presented in Annex IV. Annex V contains the list of <u>" Low Export Priority List of India</u>."

<u>(NOTE: ANNEX I, II, III, IV & V mentioning the tariff lines / questionnaires are omitted here, as not much necessary for the reader of this book and also this will unnecessarily increase the size of this book)</u>

ANNEXURE–II

LIST OF IMPORTANT WEBSITES

World Trade Organisation	http://www.wto.org/
Advisory Centre on WTO Law	http://www.acwl.ch/
International Trade Centre	http://www.intracen.org/
International Trade Forum	http://www.tradeforum.org/
NAMA watch	http://www.namawatch.org/
The International Centre for Trade and Sustainable Development	http://www.ictsd.org/
Third World Network	http://www.twnside.org.sg/
Trade Observatory	http://www.tradeobservatory.org/
United Nations Commission on International Trade Law	http://www.uncitral.org/
United Nations Environment Programme (UNEP)	http://www.unep.org/
World Trade Law (Database)	http://www.worldtradelaw.net/
European Investment Bank	http://www.eib.org/
International Centre for Alternate Dispute Resolution	http://www.icadr.org/
World Investment Report	http://www.unctad.org/wir
World Intellectual Property Organisation	http://www.wipo.org
World Association of Investment Promotion Agencies	http://www.waipa.org/

United Nations Conference on Trade and Development	http://www.unctad.org/
International Economic Development Council	http://www.iedconline.org/
United Nations Industrial Development Organisation	http://www.unido.org
World Economic Forum	http://www.weforum.com
World Bank	http://www.worldbank.org/
Bilaterals.org	http://www.bilaterals.org/
Ministry of Commerce, Govt. of India	http://www.commerce.nic.in/

ANNEXURE–III

GLOBAL RECONCILIATION IN THE ACCOUNTING & AUDITING SECTOR

The World Trade Organization Council for Trade in Services has described the sector of Accounting & Auditing under the Provisional CPC. However, the category of "Accounting, auditing and bookkeeping services" (CPC 862) is further sub-divided, as follows:

Accounting and auditing services (CPC 8621)

- *Financial auditing services (CPC 86211)*

  Examination services of the accounting records and other supporting evidence of an organization for the purpose of expressing an opinion as to whether financial statements of the organization present fairly its position as at a given date and the results of its operations for the period ended on that date in accordance with generally accepted accounting principles.

- *Accounting review services (CPC 86212)*

  Reviewing services of annual and interim financial statements and other accounting information. The scope of a review is less than that of an audit and therefore the level of assurance provided is lower.

- *Compilation of financial statements services (CPC 86213)*

  Compilation services of financial statements from information provided by the client. No assurances regarding the accuracy of the resulting statements are provided. Preparation services of business tax returns, when provided as a bundle with the preparation of financial statements for a single fee, are classified here. Exclusion: Business tax preparation services, when provided as separate services, are classified in sub-class 86302 (Business tax preparation and review services)

- *Other accounting services (CPC 86219)*

  Other accounting services such as attestations, valuations, preparation services of proforma statements, etc.

CASE STUDY OF CANADA

(http://www.acsbcanada.org)

Canada is about to join a growing worldwide migration to common financial reporting standards. International Financial Reporting Standards (IFRS) will soon become the basis of reporting for public companies in Canada, replacing Canada's own Generally Accepted Accounting Principles (GAAP.) The Canadian Accounting Standards Board announced this change in January, 2006 after two years of extensive consultation and public discussions across this country. The decision has been welcomed, both here and abroad, as serving the best interests of Canadian business and investors alike.

Capital markets have gone global and Canada accounts for less than 4% of the global capital markets. If every country speaks a different accounting language, investors have difficulty comparing companies and investors ultimately bear the costs of translation. A global accounting language is the best solution for both public companies and investors. Many participants in the Canadian capital markets were becoming increasingly uncomfortable with Canadian standards that were neither one thing nor the other -- that is, neither IFRS nor U.S. GAAP, but a mix of both. Why IFRS? With businesses increasingly making decisions in a global context, the move to IFRS will place Canada on the same reporting playing field as more than 100 other countries, including the United Kingdom and other European Union nations, as well as Australia. Japan, China, India, Brazil, South Korea and Israel, to name a few, are in the process of converging with IFRS.

Even the United States is signaling an interest in IFRS. Late last year, the U.S. Securities and Exchange Commission (SEC) decided to accept IFRS from foreign private issuers on an equal footing with U.S. GAAP. This means that Canadian companies reporting using IFRS will no longer be required to reconcile their financial statements to U.S. GAAP -- a significant cost saving. In addition, there is a formal agreement and work program to converge U.S. GAAP and IFRS and significant progress has already been made. Most recently, the United States is considering whether to adopt IFRS for its domestic issuers. Canada's implementation plan for changing over to IFRS has been praised south of the border for its high quality.

Canada United States Free Trade Agreement

This FTA does not specifically name the Accounting and Auditing sector. However, this agreement has generally provided for cross-border trade in financial services. Important clauses have been reproduced here after deleting the not necessary words;

Article 1404: Cross-Border Trade

- No Party may adopt any measure restricting any type of cross-border trade in financial services by cross-border financial service providers of another Party that the Party permits on the date of entry into force of this Agreement, except to the extent set out in Section B of the Party's Schedule to Annex VII.

- Each Party shall permit persons located in its territory, and its nationals wherever located, to purchase financial services from cross-border financial service providers of another Party located in the territory of that other Party or of another Party. This obligation does not require a Party to permit such providers to do business or solicit in its territory. Subject to paragraph 1, each Party may define "doing business" and "solicitation" for purposes of this obligation.

- Without prejudice to other means of prudential regulation of cross-border trade in financial services, a Party may require the registration of cross-border financial service providers of another Party and of financial instruments.

- The Parties shall consult on future liberalization of cross-border trade in financial services as set out in Annex 1404.4.

Article 1405: National Treatment

- Each Party shall accord to investors of another Party treatment no less favorable than that it accords to its own investors, in like circumstances, with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of financial institutions and investments in financial institutions in its territory.

- Subject to Article 1404, where a Party permits the cross-border provision of a financial service it shall accord to the cross-border financial service providers of another Party treatment no less favorable than that it accords to its own financial service providers, in like circumstances, with respect to the provision of such service.

- A Party's treatment affords equal competitive opportunities if it does not disadvantage financial institutions and cross-border financial services providers of another Party in their ability to provide financial services as compared with the ability of the Party's own financial institutions and financial services providers to provide such services, in like circumstances.

Article 1406: Most-Favored-Nation Treatment

- Each Party shall accord to cross-border financial service providers of another Party treatment no less favorable than that it accords to the cross-border financial service providers of any other Party or of a non-Party, in like circumstances.

- A Party may recognize prudential measures of another Party or of a non-Party in the application of measures covered by this Chapter. Such recognition may be:

  a) accorded unilaterally;

  b) achieved through harmonization or other means; or

  c) based upon an agreement or arrangement with the other Party or non-Party.

- A Party according recognition of prudential measures under paragraph 2 shall provide adequate opportunity to another Party to demonstrate that circumstances exist in which there are or would be equivalent regulation, oversight, implementation of regulation, and if appropriate, procedures concerning the sharing of information between the Parties.

- Where Party accords recognition of prudential measures under paragraph 2(c); and the circumstances set out in paragraph 3 exist, the Party shall provide adequate opportunity to another Party to negotiate accession to the agreement or arrangement, or to negotiate a comparable agreement or arrangement.

ANNEXURE-IV

REGIONAL TRADE AGREEMENTS NOTIFIED TO THE GATT/WTO AND IN FORCE AS OF 15 APRIL 2008 (www.wto.org)

Agreement	Date of entry into force	GATT/WTO notification			Document series	Consideration process in CRTA	
		Date notified by Parties*	Related provisions	Type of agreement **		Status FP=Factual Presentation; FA=Factual Abstract	Ref.
Pakistan - Malaysia	1-Jan-08	19-Feb-08	GATS Art. V	EIA	S/C/N/440	FP to be done	…
Pakistan - Malaysia	1-Jan-08	19-Feb-08	Enabling Clause	FTA	WT/COMTD/N/24	CTD	…
Pakistan - China	1-Jul-07	18-Jan-08	GATT Art. XXIV	FTA	WT/REG237	FP to be done	…
EC - Montenegro	1-Jan-08	16-Jan-08	GATT Art. XXIV	FTA	WT/REG236	FP on hold	…
Japan-Thailand	1-Nov-07	25-Oct-07	GATT Art. XXIV	FTA	WT/REG235	FP in preparation	…
Japan-Thailand	1-Nov-07	25-Oct-07	GATS Art. V	EIA	WT/REG235 S/C/N/419	FP in preparation	…

Egypt-Turkey	1-Mar-07	5-Oct-07	Enabling Clause	FTA	WT/COMTD/N/23	CTD	…
Chile-Japan	3-Sep-07	24-Aug-07	GATT Art. XXIV	FTA	WT/REG234	FP in preparation	…
Chile-Japan	3-Sep-07	24-Aug-07	GATS Art. V	EIA	WT/REG234 S/C/N/398	FP in preparation	…
CEFTA Enlargement	1-May-07	26-Jul-07	GATT Art. XXIV	FTA	WT/REG233	FP on hold	…
EFTA-Egypt	1-Aug-07	17-Jul-07	GATT Art. XXIV	FTA	WT/REG232	FP in preparation	…
EC 27	1-Jan-07	26-Jun-07	GATS Art. V	EIA Accession	WT/REG220 S/C/N/397	FP in preparation	…
SACU	15-Jul-04	25-Jun-07	GATT Art. XXIV	CU	WT/REG231	FP in preparation	…
Chile-China	1-Oct-06	20-Jun-07	GATT Art. XXIV	FTA	WT/REG230	FP in preparation	…
Trans-Pacific SEP	28-May-06	18-May-07	GATS Art. V	EIA	WT/REG229 S/C/N/394	FP in preparation	…

Trans-Pacific SEP	28-May-06	18-May-07	GATT Art. XXIV	FTA	WT/REG229	FP in preparation	…
India-Singapore	1-Aug-05	3-May-07	GATS Art. V	EIA	WT/REG228 S/C/N/393	FP distributed	WT/REG228/1
India-Singapore	1-Aug-05	3-May-07	GATT Art. XXIV	FTA	WT/REG228	FP distributed	WT/REG228/1
Panama-Singapore	24-Jul-06	4-Apr-07	GATS Art. V	EIA	WT/REG227 S/C/N/392	FP distributed	WT/REG227/1
Panama-Singapore	24-Jul-06	4-Apr-07	GATT Art. XXIV	FTA	WT/REG227	FP distributed	WT/REG227/1
EC-Albania	1-Dec-06	7-Mar-07	GATT Art. XXIV	FTA	WT/REG226	FP distributed	WT/REG226/1
Turkey-Syria	1-Jan-07	15-Feb-07	GATT Art. XXIV	FTA	WT/REG225	FP on hold	…
MERCOSUR	7-Dec-05	5-Dec-06	GATS Art. V	EIA	S/C/N/388	FP in preparation	…
EFTA-Lebanon	1-Jan-07	22-Dec-06	GATT Art. XXIV	FTA	WT/REG224	FP on hold	…
Pan-Arab Free Trade Area	1-Jan-98	3-Oct-06	GATT Art. XXIV	FTA	WT/REG223	FP on hold	…

GCC	1-Jan-03	19-Nov-07	Enabling Clause	CU	WT/COMTD/N/25	CTD	...
EC-Algeria	1-Sep-05	24-Jul-06	GATT Art. XXIV	FTA	WT/REG221	FP on hold	...
EC 27	1-Jan-07	27-Sep-06	GATT Art. XXIV	CU Accession	WT/REG220	FP in preparation	...
United States-Bahrain	1-Aug-06	8-Sep-06	GATS Art. V	EIA	WT/REG219 S/C/N/375	FP to be done	...
United States - Bahrain	1-Aug-06	8-Sep-06	GATT Art. XXIV	FTA	WT/REG219	FP to be done	...
Costa Rica-Mexico	1-Jan-95	17-Jul-06	GATS Art. V	EIA	WT/REG218 S/C/N/374	FP in preparation	...
Costa Rica-Mexico	1-Jan-95	17-Jul-06	GATT Art. XXIV	FTA	WT/REG218	FP in preparation	...
EFTA-Korea	1-Sep-06	23-Aug-06	GATS Art. V	EIA	WT/REG217 S/C/N/373	FP to be done	...
EFTA-Korea	1-Sep-06	23-Aug-06	GATT Art. XXIV	FTA	WT/REG217	FP to be done	...

Japan-Malaysia	13-Jul-06	12-Jul-06	GATS Art. V	EIA	WT/REG216 S/C/N/371	FP in preparation	…
Japan-Malaysia	13-Jul-06	12-Jul-06	GATT Art. XXIV	FTA	WT/REG216	FP in preparation	…
Jordan-Singapore	22-Aug-05	7-Jul-06	GATS Art. V	EIA	WT/REG215 S/C/N/370	FP in preparation	…
Jordan-Singapore	22-Aug-05	7-Jul-06	GATT Art. XXIV	FTA	WT/REG215	FP in preparation	…
Guatemala-Mexico	15-Mar-01	3-Jul-06	GATS Art. V	EIA	WT/REG214 S/C/N/369	FP to be done	…
Guatemala-Mexico	15-Mar-01	3-Jul-06	GATT Art. XXIV	FTA	WT/REG214	FP to be done	…
Honduras-Mexico	1-Jun-01	20-Jun-06	GATS Art. V	EIA	WT/REG213 S/C/N/368/Rev.1	FP to be done	…
Honduras-Mexico	1-Jun-01	10-Jul-06	GATT Art. XXIV	FTA	WT/REG213	FP to be done	…
El Salvador-Mexico	15-Mar-01	23-May-06	GATS Art. V	EIA	WT/REG212 S/C/N/367	FP to be done	…

El Salvador-Mexico	15-Mar-01	23-May-06	GATT Art. XXIV	FTA	WT/REG212	FP to be done	...
Dominican Republic-Central America-United States (CAFTA-DR)	1-Mar-06	17-Mar-06	GATS Art. V	EIA	WT/REG211 S/C/N/365-366-372-391	FP to be done	...
Dominican Republic-Central America-United States (CAFTA-DR)	1-Mar-06	17-Mar-06	GATT Art. XXIV	FTA	WT/REG211	FP to be done	...
Korea-Singapore	2-Mar-06	21-Feb-06	GATS Art. V	EIA	WT/REG210 S/C/N/363	FP to be done	...
Korea-Singapore	2-Mar-06	21-Feb-06	GATT Art. XXIV	FTA	WT/REG210	FP to be done	...
Turkey-Morocco	1-Jan-06	10-Feb-06	GATT Art. XXIV	FTA	WT/REG209	FP distributed	WT/REG209/3
United States-Morocco	1-Jan-06	30-Dec-05	GATS Art. V	EIA	WT/REG208 S/C/N/362	FP distributed	WT/REG208/3
United States-Morocco	1-Jan-06	30-Dec-05	GATT Art. XXIV	FTA	WT/REG208	FP distributed	WT/REG208/3
Thailand-New Zealand	1-Jul-05	1-Dec-05	GATS Art. V	EIA	WT/REG207 S/C/N/361	FP on hold	...

Thailand-New Zealand	1-Jul-05	1-Dec-05	GATT Art. XXIV	FTA	WT/REG207	FP distributed	WT/REG207/3
Mexico-Nicaragua	1-Jul-98	26-Oct-05	GATS Art. V	EIA	WT/REG206 S/C/N/359	FP to be done	…
Mexico-Nicaragua	1-Jul-98	17-Oct-05	GATT Art. XXIV	FTA	WT/REG206	FP to be done	…
EC-Chile	1-Mar-05	28-Oct-05	GATS Art. V	EIA	WT/REG164 S/C/N/360	FP distributed	WT/REG164/7
Turkey-Palestinian Authority	1-Jun-05	1-Sep-05	GATT Art. XXIV	FTA	WT/REG204	FP on hold	…
Turkey-Tunisia	1-Jul-05	1-Sep-05	GATT Art. XXIV	FTA	WT/REG203	FP in preparation	…
ECOWAS	24-Jul-93	6-Jul-05	Enabling Clause	PS	WT/COMTD/N/21 WT/COMTD/54	FA in preparation	…
EFTA-Tunisia	1-Jun-05	3-Jun-05	GATT Art. XXIV	FTA	WT/REG201	FP in preparation	…
Japan-Mexico	1-Apr-05	31-Mar-05	GATT Art. XXIV	FTA	WT/REG198	FP in preparation	…

Japan-Mexico	1-Apr-05	31-Mar-05	GATS Art. V	EIA	WT/REG198 S/C/N/328	FP in preparation	…
Panama-El Salvador	11-Apr-03	24-Feb-05	GATS Art. V	EIA	WT/REG196 S/C/N/325	FP in preparation	…
Panama - El Salvador	11-Apr-03	24-Feb-05	GATT Art. XXIV	FTA	WT/REG196	FP in preparation	…
Thailand-Australia	1-Jan-05	27-Dec-04	GATT Art. XXIV	FTA	WT/REG185	FP distributed	WT/REG185/3
Thailand-Australia	1-Jan-05	27-Dec-04	GATS Art. V	EIA	WT/REG185 S/C/N/311	FP distributed	WT/REG185/4
United States - Australia	1-Jan-05	22-Dec-04	GATT Art. XXIV	FTA	WT/REG184	FP distributed	WT/REG184/3
United States - Australia	1-Jan-05	22-Dec-04	GATS Art. V	EIA	WT/REG184 S/C/N/310	FP distributed	WT/REG184/4
ASEAN-China	1-Jul-03	24-Nov-04	Enabling Clause	PS	WT/COMTD/N/20 WT/COMTD/51	FA in preparation	…
EFTA-Chile	1-Dec-04	3-Dec-04	GATT Art. XXIV	FTA	WT/REG179	FP distributed	WT/REG179/3

EFTA-Chile	1-Dec-04	3-Dec-04	GATS Art. V	EIA	WT/REG179 S/C/N/309	FP distributed	WT/REG179/4
EC-Egypt	1-Jun-04	3-Sep-04	GATT Art. XXIV	FTA	WT/REG177	FP in preparation	…
SADC	1-Sep-00	2-Aug-04	GATT Art. XXIV	FTA	WT/REG176	FP distributed	WT/REG176/4
APTA-Accession of China	1-Jan-02	30-Apr-04	Enabling Clause	PS Accession	WT/COMTD/N/19	FA in preparation	…
Armenia-Turkmenistan	7-Jul-96	17-Jun-04	GATT Art. XXIV	FTA	WT/REG175	FP on hold	…
Armenia-Russian Federation	25-Mar-93	17-Jun-04	GATT Art. XXIV	FTA	WT/REG174	FP on hold	…
Armenia-Moldova	21-Dec-95	17-Jun-04	GATT Art. XXIV	FTA	WT/REG173	FP distributed	WT/REG173/3
Armenia-Kazakhstan	25-Dec-01	17-Jun-04	GATT Art. XXIV	FTA	WT/REG172	FP on hold	…
Armenia-Ukraine	18-Dec-96	17-Jun-04	GATT Art. XXIV	FTA	WT/REG171	FP on hold	…

EC 25	1-May-04	26-Apr-04	GATT Art. XXIV	CU Accession	WT/REG170	FA in preparation	…
EC 25	1-May-04	26-Apr-04	GATS Art. V	EIA Accession	WT/REG170 S/C/N/303	FP in preparation	…
Korea-Chile	1-Apr-04	8-Apr-04	GATT Art. XXIV	FTA	WT/REG169	FP distributed	WT/REG169/3
Korea-Chile	1-Apr-04	8-Apr-04	GATS Art. V	EIA	WT/REG169 S/C/N/302	FA in preparation	…
CEFTA accession of Croatia	1-Mar-03	23-Feb-04	GATT Art. XXIV	FTA Accession	WT/REG11	FP on hold	…
Chile-El Salvador	1-Jun-02	29-Jan-04	GATT Art. XXIV	FTA	WT/REG165	FA in preparation	…
Chile-El Salvador	1-Jun-02	5-Feb-04	GATS Art. V	EIA	WT/REG165 S/C/N/299	FA in preparation	…
EC-Chile	1-Feb-03	3-Feb-04	GATT Art. XXIV	FTA	WT/REG164	FA in preparation	…
China-Macao, China	1-Jan-04	27-Dec-03	GATT Art. XXIV	FTA	WT/REG163	FA distributed	on website

China-Macao, China	1-Jan-04	27-Dec-03	GATS Art. V	EIA	WT/REG163 S/C/N/265	FA in preparation	…
China-Hong Kong, China	1-Jan-04	27-Dec-03	GATT Art. XXIV	FTA	WT/REG162	FA in preparation	…
China-Hong Kong, China	1-Jan-04	27-Dec-03	GATS Art. V	EIA	WT/REG162 S/C/N/264	FA in preparation	…
United States-Singapore	1-Jan-04	17-Dec-03	GATT Art. XXIV	FTA	WT/REG161	FA distributed	on website
United States-Singapore	1-Jan-04	17-Dec-03	GATS Art. V	EIA	WT/REG161 S/C/N/263	FA in preparation	…
United States-Chile	1-Jan-04	16-Dec-03	GATT Art. XXIV	FTA	WT/REG160	FA in preparation	…
United States-Chile	1-Jan-04	16-Dec-03	GATS Art. V	EIA	WT/REG160 S/C/N/262	FA in preparation	…
Singapore-Australia	28-Jul-03	25-Sep-03	GATS Art. V	EIA	WT/REG158 S/C/N/233	FA in preparation	…
Singapore-Australia	28-Jul-03	25-Sep-03	GATT Art. XXIV	FTA	WT/REG158	FA distributed	on website

Turkey-Bosnia and Herzegovina	1-Jul-03	29-Aug-03	GATT Art. XXIV	FTA	WT/REG157	FP on hold	…
Turkey-Croatia	1-Jul-03	2-Sep-03	GATT Art. XXIV	FTA	WT/REG156	FA distributed	on website
EC-Lebanon	1-Mar-03	26-May-03	GATT Art. XXIV	FTA	WT/REG153	FP on hold	…
CARICOM	1-Jul-97	17-Jan-03	GATS Art. V	EIA	WT/REG155 S/C/N/229	FA in preparation	…
EFTA-Singapore	1-Jan-03	14-Jan-03	GATS Art. V	EIA	WT/REG148 S/C/N/226	FA in preparation	…
EFTA-Singapore	1-Jan-03	14-Jan-03	GATT Art. XXIV	FTA	WT/REG148	FA in preparation	…
Canada-Costa Rica	1-Nov-02	13-Jan-03	GATT Art. XXIV	FTA	WT/REG147	FA distributed	on website
EC-Croatia	1-Mar-02	17-Dec-02	GATT Art. XXIV	FTA	WT/REG142	FA in preparation	…
EC-Jordan	1-May-02	17-Dec-02	GATT Art. XXIV	FTA	WT/REG141	FA distributed	on website

EFTA	1-Jun-02	15-Jul-02	GATS Art. V	EIA	WT/REG154 S/C/N/207	FA in preparation	...
Japan-Singapore	30-Nov-02	8-Nov-02	GATS Art. V	EIA	WT/REG140 S/C/N/206	FA in preparation	...
Japan-Singapore	30-Nov-02	8-Nov-02	GATT Art. XXIV	FTA	WT/REG140	FA distributed	on website
United States-Jordan	17-Dec-01	15-Jan-02	GATS Art. V	EIA	WT/REG134 S/C/N/193	FA in preparation	...
India-Sri Lanka	15-Dec-01	17-Jun-02	Enabling Clause	FTA	WT/COMTD/N/16	FA in preparation	...
EC-Mexico	1-Oct-00	21-Jun-02	GATS Art. V	EIA	WT/REG109 S/C/N/192	FP on hold	...
Chile-Costa Rica	15-Feb-02	16-Apr-02	GATS Art. V	EIA	WT/REG136 S/C/N/191	FA in preparation	...
Chile-Costa Rica	15-Feb-02	16-Apr-02	GATT Art. XXIV	FTA	WT/REG136	FA in preparation	...
United States-Jordan	17-Dec-01	15-Feb-02	GATT Art. XXIV	FTA	WT/REG134	FA distributed	on website

EFTA-Jordan	1-Jan-02	17-Jan-02	GATT Art. XXIV	FTA	WT/REG133	FA in preparation	…
EFTA-Croatia	1-Jan-02	14-Jan-02	GATT Art. XXIV	FTA	WT/REG132	FA in preparation	…
EC-FYROM	1-Jun-01	23-Oct-01	GATT Art. XXIV	FTA	WT/REG129	FA distributed	on website
New Zealand-Singapore	1-Jan-01	4-Sep-01	GATT Art. XXIV	FTA	WT/REG127	FA distributed	on website
New Zealand-Singapore	1-Jan-01	4-Sep-01	GATS Art. V	EIA	WT/REG127 S/C/N/169	FA in preparation	…
EFTA-Mexico	1-Jul-00	25-Jul-01	GATT Art. XXIV	FTA	WT/REG126	FA in preparation	…
EFTA-Mexico	1-Jul-00	25-Jul-01	GATS Art. V	EIA	WT/REG126 S/C/N/166	FP on hold	…
Chile-Mexico	1-Aug-99	27-Feb-01	GATS Art. V	EIA	WT/REG125 S/C/N/142	FA in preparation	…
Chile-Mexico	1-Aug-99	27-Feb-01	GATT Art. XXIV	FTA	WT/REG125	FA distributed	on website

Israel-Mexico	1-Jul-00	22-Feb-01	GATT Art. XXIV	FTA	WT/REG124	FA in preparation	…
Georgia-Armenia	11-Nov-98	8-Feb-01	GATT Art. XXIV	FTA	WT/REG119	FA in preparation	…
Georgia- Azerbaijan	10-Jul-96	8-Feb-01	GATT Art. XXIV	FTA	WT/REG120	FP on hold	…
Georgia-Kazakhstan	16-Jul-99	8-Feb-01	GATT Art. XXIV	FTA	WT/REG123	FP on hold	…
Georgia-Russian Federation	10-May-94	8-Feb-01	GATT Art. XXIV	FTA	WT/REG118	FP on hold	…
Georgia-Turkmenistan	1-Jan-00	8-Feb-01	GATT Art. XXIV	FTA	WT/REG122	FP on hold	…
Georgia-Ukraine	4-Jun-96	8-Feb-01	GATT Art. XXIV	FTA	WT/REG121	FP on hold	…
EFTA-Former Yugoslav Republic of Macedonia	1-Jan-01	11-Dec-00	GATT Art. XXIV	FTA	WT/REG117	FA in preparation	…
Turkey-Former Yugoslav Republic of Macedonia	1-Sep-00	5-Jan-01	GATT Art. XXIV	FTA	WT/REG115	FA in preparation	…

Kyrgyz Republic-Armenia	27-Oct-95	12-Dec-00	GATT Art. XXIV	FTA	WT/REG114	FA in preparation	...
EC-South Africa	1-Jan-00	2-Nov-00	GATT Art. XXIV	FTA	WT/REG113	FP to be done	...
EC-Morocco	1-Mar-00	13-Oct-00	GATT Art. XXIV	FTA	WT/REG112	FA in preparation	...
EC-Israel	1-Jun-00	20-Sep-00	GATT Art. XXIV	FTA	WT/REG110	FA distributed	on website
EAC	7-Jul-00	9-Oct-00	Enabling Clause	CU	WT/COMTD/N/14 WT/COMTD/25	FA in preparation	...
CEMAC	24-Jun-99	21-Jul-99	Enabling Clause	CU	WT/COMTD/N/13 WT/COMTD/24	FA in preparation	...
EC-Mexico	1-Jul-00	25-Jul-00	GATT Art. XXIV	FTA	WT/REG109	FA distributed	on website
EFTA-Morocco	1-Dec-99	20-Jan-00	GATT Art. XXIV	FTA	WT/REG91	FA in preparation	...
WAEMU/UEMOA	1-Jan-00	27-Oct-99	Enabling Clause	CU	WT/COMTD/N/11 WT/COMTD/23	FA in preparation	...

MSG	22-Jul-93	3-Aug-99	Enabling Clause	PS	WT/COMTD/N/9 WT/COMTD/21	FA in preparation	…
CIS	30-Dec-94	29-Jun-99	GATT Art. XXIV	FTA	WT/REG82	FP on hold	…
Kyrgyz Republic-Kazakhstan	11-Nov-95	29-Jun-99	GATT Art. XXIV	FTA	WT/REG81	FP on hold	…
EFTA-Palestinian Authority	1-Jul-99	23-Jul-99	GATT Art. XXIV	FTA	WT/REG79	FP on hold	…
Kyrgyz Republic-Moldova	21-Nov-96	15-Jun-99*	GATT Art. XXIV	FTA	WT/REG76	FA distributed	on website
Kyrgyz Republic-Russian Federation	24-Apr-93	15-Jun-99*	GATT Art. XXIV	FTA	WT/REG73	FP on hold	…
Kyrgyz Republic-Ukraine	19-Jan-98	15-Jun-99*	GATT Art. XXIV	FTA	WT/REG74	FP on hold	…
Kyrgyz Republic-Uzbekistan	20-Mar-98	15-Jun-99*	GATT Art. XXIV	FTA	WT/REG75	FP on hold	…
EAEC	8-Oct-97	21-Apr-99*	GATT Art. XXIV	CU	WT/REG71	FP on hold	…

EC-Tunisia	1-Mar-98	15-Jan-99	GATT Art. XXIV	FTA	WT/REG69	FA in preparation	…
Turkey-Israel	1-May-97	16-Apr-98	GATT Art. XXIV	FTA	WT/REG60	FA in preparation	…
EC-Andorra	1-Jul-91	23-Feb-98	GATT Art. XXIV	CU	WT/REG53	FA in preparation	…
Canada-Chile	5-Jul-97	30-Jul-97	GATS Art. V	EIA	WT/REG38 S/C/N/65	FA in preparation	…
Canada-Chile	5-Jul-97	30-Jul-97	GATT Art. XXIV	FTA	WT/REG38	FA in preparation	…
EC-Palestinian Authority	1-Jul-97	29-May-97	GATT Art. XXIV	FTA	WT/REG43	FP on hold	…
EC-Faroe Islands	1-Jan-97	17-Feb-97	GATT Art. XXIV	FTA	WT/REG21	FP on hold	…
Canada-Israel	1-Jan-97	15-Jan-97	GATT Art. XXIV	FTA	WT/REG31	FA distributed	on website
EEA	1-Jan-94	13-Sep-96	GATS Art. V	EIA	WT/REG138 S/C/N/28	FA in preparation	…

Faroe Islands-Norway	1-Jul-93	12-Feb-96	GATT Art. XXIV	FTA	WT/REG25	FA distributed	on website
Faroe Islands-Switzerland	1-Mar-95	12-Feb-96	GATT Art. XXIV	FTA	WT/REG24	FA distributed	on website
Faroe Islands-Iceland	1-Jul-93	14-Dec-95	GATT Art. XXIV	FTA	WT/REG23	FA in preparation	…
EC-Turkey	1-Jan-96	22-Dec-95*	GATT Art. XXIV	CU	WT/REG22	FA distributed	on website
CER	1-Jan-89	22-Nov-95*	GATS Art. V	EIA	WT/REG40 S/C/N/7	FA in preparation	…
EC (Treaty of Rome)	1-Jan-58	10-Nov-95*	GATS Art. V	EIA	WT/REG39 S/C/N/6	FA in preparation	…
COMESA	8-Dec-94	4-May-95	Enabling Clause	FTA	WT/COMTD/N/3	FA in preparation	…
NAFTA	1-Apr-94	1-Mar-95*	GATS Art. V	EIA	WT/REG4 S/C/N/4	FA in preparation	…
EC accession of Austria, Finland and Sweden	1-Jan-95	20-Jan-95*	GATT Art. XXIV	CU Accession	WT/REG3 L/7614/Add.1	FA in preparation	…

EC accession of Austria, Finland and Sweden	1-Jan-95	20-Jan-95*	GATS Art. V	EIA Accession	WT/REG3 S/C/N/6	FA in preparation	…
SAPTA	7-Dec-95	21-Apr-97	Enabling Clause	PS	WT/COMTD/10	FA in preparation	…
NAFTA	1-Jan-94	29-Jan-93	GATT Art. XXIV	FTA	WT/REG4	FA in preparation	…
EFTA-Israel	1-Jan-93	30-Nov-92	GATT Art. XXIV	FTA	WT/REG14	FA in preparation	…
AFTA	28-Jan-92	30-Oct-92*	Enabling Clause	FTA	L/4581	No report	…
CAN	25-May-88	1-Oct-90	Enabling Clause	CU	L/6737	No report	…
ECO	N. A.	10-Jul-92	Enabling Clause	PS	L/7047	No report	…
EFTA-Turkey	1-Apr-92	6-Mar-92*	GATT Art. XXIV	FTA	WT/REG86	Report adopted	40S/48 17.12.93
MERCOSUR	29-Nov-91	17-Feb-91	Enabling Clause	CU	WT/COMTD/1	FA in preparation	…

Laos-Thailand	20-Jun-91	26-Nov-91	Enabling Clause	PS	L/6947	No report	
EC accession of Portugal and Spain	1-Jan-86	11-Dec-85*	GATT Art. XXIV	CU Accession	L/5936	Report adopted	35S/293 19.10.88
United States-Israel	19-Aug-85	13-Sep-85*	GATT Art. XXIV	FTA	L/5862 L/5862/Add.1	Report adopted	34S/58 14.05.87
CER	1-Jan-83	14-Apr-83*	GATT Art. XXIV	FTA	WT/REG111	Report adopted	31S/170 02.10.84
LAIA	18-Mar-81	1-Jul-82*	Enabling Clause	PS	L/5342	No report	…
SPARTECA	1-Jan-81	20-Feb-81*	Enabling Clause	PS	L/5100	No report	…
EC accession of Greece	1-Jan-81	24-Oct-79*	GATT Art. XXIV	CU Accession	L4845	Report adopted	30S/168 09.03.83
EC-Syria	1-Jul-77	15-Jul-77*	GATT Art. XXIV	FTA	WT/REG104	Report adopted	25S/123 17.05.78
PATCRA	1-Feb-77	20-Dec-76*	GATT Art. XXIV	FTA	L/4451 L/4451/Add.1	Report adopted	24S/63 11.11.77

APTA	17-Jun-76	2-Nov-76*	Enabling Clause	PS	L/4418 L/4418/Corr.1	Report adopted	25S/109 14.03.78
CARICOM	1-Aug-73	14-Oct-74*	GATT Art. XXIV	CU	WT/REG92	Report adopted	24S/68 02.03.77
EC-Norway	1-Jul-73	13-Jul-73*	GATT Art. XXIV	FTA	WT/REG137	Report adopted	21S/83 28.03.74
EC-Iceland	1-Apr-73	24-Nov-72*	GATT Art. XXIV	FTA	WT/REG95	Report adopted	20S/158 19.10.73
EC-Switzerland and Liechtenstein	1-Jan-73	27-Oct-72*	GATT Art. XXIV	FTA	WT/REG94	Report adopted	20S/196 19.10.73
EC accession of Denmark, Ireland and United Kingdom	1-Jan-73	7-Mar-72*	GATT Art. XXIV	CU Accession	L/3677	Report adopted	C/M/107 11.07.75
GSTP	19-Apr-89	25-Sept-89*	Enabling Clause	PS	L/6564/Add.1	No report	...
PTN	11-Feb-73	9-Nov-71*	Enabling Clause	PS	L/3598 18S/11	No report	...
EC-OCTs	1-Jan-71	14-Dec-70*	GATT Art. XXIV	FTA	WT/REG106	Report adopted	18S/143 09.11.71
EFTA accession of Iceland	1-Mar-70	30-Jan-70*	GATT Art.	FTA	L/3328	Report adopted	18S/174

			XXIV	Accession	L/3328/Add.1		29.09.70
TRIPARTITE	1-Apr-68	23-Feb-68*	Enabling Clause	PS	L/2980 L/2980/Add.1	Report adopted	16S/83 14.11.68
CACM	12-Oct-61	24-Feb-61*	GATT Art. XXIV	CU	WT/REG93	Report adopted	10S/98 23.11.61
EFTA (Stockholm Convention)	3-May-60	14-Nov-59*	GATT Art. XXIV	FTA	WT/REG85	Report adopted	9S/70 04.06.60
EC (Treaty of Rome)	1-Jan-58	24-apr-57*	GATT Art. XXIV	CU	L/626	Report adopted	6S/70 & 109 29.11.57

* Dates of WTO documents containing notification

** CU=Customs Union; EIA=Economic Integration Agreement; FTA=Free Trade Agreement; PS=Partial Scope

SECTION-VI

A. DATA ANALYSIS UNDER CERTAIN FTAs

Analysis has been made of the whole of products from the highest traded category after doing due sampling. The sample has been taken from the whole lot of products imported from / exported to partner country whose value was equal or more than 0.10% of the total value of imports from / exports to the respective country during the financial year 2006-07. The trade data for both imports from and exports to these three countries have been analysed at the different HS Code level as mentioned below and it depends upon the level of code mentioned in the respective FTAs / CECA. Data for these analyses have been sourced from the EXPORT IMPORT DATA BANK available online in the website of Ministry of Commerce (www.commerce.nic.in), Govt. of India. The trade data were downloaded during the first week of June 2008.

STATISTICAL MODELS USED FOR DOING IMPACT ANALYSIS FOR THE SELECTED PRODUCT CATEGORIES UNDER DIFFERENT FTAs / CECA

1. Incremental Trend of imports from / exports to the partner country (Volume) in % in comparison to base yr.

2. Incremental Trend of imports from / exports to the partner country (Value) in % in comparison to base yr.

FTA	HS Code Analysed	Financial Years Analysed
INDO-SRILANKA FTA	6	1998-99 to 2006-07
FTA WITH THAILAND	6	2002-03 to 2006-07
CECA WITH SINGAPORE	8	2004-05 to 2006-07 (imports only)

3. Incremental Trend of World Import / export (Volume) in % in comparison to base yr.

4. Incremental Trend of World Import / export (Value) in % in comparison to base yr.

5. Market Share of imports from / exports to the partner country in World Imports / exports (Volume) in %.

6. Market Share of imports from / exports to the partner country in World Imports / exports (Value) in %.

7. Unit Price of imports from / exports to the partner country.

8. Unit Price in World Imports / exports.

9. CAGR-VOLUME (imports from / exports to the partner country) (in %).

10. CAGR-VALUE (imports from / exports to the partner country) (in %).

11. CAGR-VOLUME (imports from / exports to the World) (in %).

12. CAGR-VALUE (imports from / exports to the World) (in %).

DETAILED DATA ANALYSIS FOR THE INDO-SRILANKA FTA

IMPORTS

Out of total variety of 1306 products (at 6 digit level) imported from Srilanka during 2006-07, only 117 products (8.96% in nos. and 92.68% in value) were more than value of 0.10% of total value of imports of Rs. 212955.69 lakhs during 2006-07 from Srilanka. Out of these sampled products, 38 products of the PHASED RESIDUAL LIST: IR category having total value of Rs. 135089.04 lakhs were the highest traded category. Hence, for the case study purposes, these sampled products have been choosen.

EXPORTS

Out of total variety of 3643 products (at 6 digit level) exported to Srilanka during 2006-07, only 111 products (3.05% in nos. and

79.87% in value) were more than value of 0.10% of total value of exports of Rs. 1020638.25 lakhs during 2006-07 to Srilanka. Out of these sampled products, 51 products pertain to SLR: PHASED REMOVAL TO ZERO DUTY IN 8 YEARS category having total value of Rs. 202714.44 lakhs were the highest traded category. Hence, for the case study purposes, these sampled products have been chosen.

DETAILED DATA ANALYSIS FOR THE FTA WITH THAILAND

IMPORTS

Out of total variety of 2664 products (at 6 digit level) imported from Thailand during 2006-07, only 163 products (6.12% in nos. and 82.93% in value) were more than value of 0.10% of the total value of imports of Rs. 789880.13 lakhs during 2006-07 from Thailand. Out of these sampled products, 24 products of Rs. 176411.76 lakhs pertain to **EHS** category AND 139 products of Rs. 478597.90 lakhs pertain to **NON EHS** category. Since the benefits of duty concessions are applicable to the EHS category products, the data analysis has been done for the sampled products covered under this category only.

EXPORTS

Out of total variety of 2693 products (at 6 digit level) exported to Thailand during 2006-07, only 104 products (3.86% in nos. and 83.76% in value) were more than value of 0.10% of the total value of exports of Rs. 653562.38 lakhs during 2006-07 to Thailand. Out of these sampled products, 10 products of Rs. 32269.79 lakhs pertain to **EHS** category AND 94 products of Rs. 515139.34 lakhs pertain to **NON EHS** category. Since the benefits of duty concessions are applicable to the EHS category products, the data analysis has been done for the sampled products covered under this category only.

DETAILED DATA ANALYSIS FOR THE CECA WITH SINGAPORE

IMPORTS

Out of total variety of 5264 products (at 8 digit level) imported from Singpore during 2006-07, only 126 products (2.39% in nos. and 80.31% in value) were more than value of 0.10% of the total value of imports of Rs. 2483996.75 lakhs during 2006-07 from Singapore. Out of these sampled products, 49 products of Rs. 835772.02 lakhs pertaining to EARLY HARVEST PROGRAMME (EHP) category were the highest traded category. Hence, for the case study purposes, these sampled products have been choosen.

EXPORTS

Since, w.e.f. 1st Aug 2005, Singapore has eliminated customs duties on all originating goods from India; no data analysis has been done as there is no categorical discrimination.

TRADE STATISTICS AND DATA ANALYSIS TABLES

TABLE-1

INDIA'S TRADE STATISTICS WITH SINGAPORE, SRILANKA & THAILAND

(Downloaded from www.commerce.nic.in on 24.05.2008)

Country: SINGAPORE

Values in Rs. Lacs

S. No.	Year	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
1	**EXPORT**	687,977.69	976,392.94	1,797,534.88	2,401,965.25	2,746,160.75
2	%Growth		41.92	84.1	33.63	14.33
3	India's Total Export	25,513,728.00	29,336,674.00	37,533,952.00	45,641,788.00	57,177,928.00
4	%Growth		14.98	27.94	21.6	25.28
5	%Share	2.7	3.33	4.79	5.26	4.8
6	**IMPORT**	694,381.38	958,260.19	1,191,311.75	1,484,833.38	2,483,996.75
7	%Growth		38	24.32	24.64	67.29
8	India's Total Import	29,720,586.00	35,910,764.00	50,106,456.00	66,040,888.00	84,050,632.00
9	%Growth		20.83	39.53	31.8	27.27
10	%Share	2.34	2.67	2.38	2.25	2.96

11	**TOTAL TRADE**	1,382,359.06	1,934,653.13	2,988,846.63	3,886,798.63	5,230,157.50
12	%Growth		39.95	54.49	30.04	34.56
13	India's Total Trade	55,234,314.00	65,247,438.00	87,640,408.00	111,682,676.00	141,228,560.00
14	%Growth		18.13	34.32	27.43	26.46
15	%Share	2.5	2.97	3.41	3.48	3.7
16	**TRADE BALANCE**		18,132.75	606,223.13	917,131.88	262,164.00
17	India's Trade Balance	-4,206,858.00	-6,574,090.00	-12,572,504.00	-20,399,100.00	-26,872,704.00

Note: The country's total imports since 2000-2001 does not include import of Petroleum Products (27100093) and Crude Oil (27090000)

Country: SRI LANKA DSR

Values in Rs. Lacs

S. No.	Year	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
1	**EXPORT**	445,711.56	606,191.31	634,964.94	896,391.25	1,020,638.25
2	%Growth		36.01	4.75	41.17	13.86
3	India's Total Export	25,513,728.00	29,336,674.00	37,533,952.00	45,641,788.00	57,177,928.00
4	%Growth		14.98	27.94	21.6	25.28
5	%Share	1.75	2.07	1.69	1.96	1.79
6	**IMPORT**	43,955.28	89,484.88	170,019.05	255,768.08	212,955.69
7	%Growth		103.58	90	50.43	-16.74
8	India's Total Import	29,720,586.00	35,910,764.00	50,106,456.00	66,040,888.00	84,050,632.00
9	%Growth		20.83	39.53	31.8	27.27
10	%Share	0.15	0.25	0.34	0.39	0.25
11	**TOTAL TRADE**	489,666.84	695,676.20	804,983.98	1,152,159.33	1,233,593.94
12	%Growth		42.07	15.71	43.13	7.07
13	India's Total Trade	55,234,314.00	65,247,438.00	87,640,408.00	111,682,676.00	141,228,560.00
14	%Growth		18.13	34.32	27.43	26.46
15	%Share	0.89	1.07	0.92	1.03	0.87
16	**TRADE BALANCE**	401,756.28	516,706.43	464,945.89	640,623.17	807,682.56
17	India's Trade Balance	-4,206,858.00	-6,574,090.00	-12,572,504.00	-20,399,100.00	-26,872,704.00

Note: The country's total imports since 2000-2001 does not include import of Petroleum Products (27100093) and Crude Oil (27090000)

Country: THAILAND

Values in Rs. Lacs

S. No.	Year	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
1	**EXPORT**	344,185.69	382,171.66	405,008.06	476,076.00	653,562.38
2	%Growth		11.04	5.98	17.55	37.28
3	India's Total Export	25,513,728.00	29,336,674.00	37,533,952.00	45,641,788.00	57,177,928.00
4	%Growth		14.98	27.94	21.6	25.28
5	%Share	1.35	1.3	1.08	1.04	1.14
6	**IMPORT**	183,418.67	279,868.84	389,050.75	536,409.94	789,880.13
7	%Growth		52.58	39.01	37.88	47.25
8	India's Total Import	29,720,586.00	35,910,764.00	50,106,456.00	66,040,888.00	84,050,632.00
9	%Growth		20.83	39.53	31.8	27.27
10	%Share	0.62	0.78	0.78	0.81	0.94
11	**TOTAL TRADE**	527,604.36	662,040.50	794,058.81	1,012,485.94	1,443,442.50
12	%Growth		25.48	19.94	27.51	42.56
13	India's Total Trade	55,234,314.00	65,247,438.00	87,640,408.00	111,682,676.00	141,228,560.00
14	%Growth		18.13	34.32	27.43	26.46
15	%Share	0.96	1.01	0.91	0.91	1.02
16	**TRADE BALANCE**	160,767.02	102,302.81	15,957.31		
17	India's Trade Balance	-4,206,858.00	-6,574,090.00	-12,572,504.00	-20,399,100.00	-26,872,704.00

Note: The country's total imports since 2000-2001 does not include import of Petroleum Products (27100093) and Crude Oil (27090000)

TABLE -2
INDIA'S TRADE STATISTICS WITH BANGLADESH, BHUTAN, NEPAL & MAURITIUS

(Downloaded from www.commerce.nic.in on 24.05.2008)

Country: BANGLADESH PR

Values in Rs. Lacs

S. No.	Year	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
1	**EXPORT**	569,128.63	799,897.63	732,887.75	736,872.19	736,596.94
2	%Growth		40.55	-8.38	0.54	-0.04
3	India's Total Export	25,513,728.00	29,336,674.00	37,533,952.00	45,641,788.00	57,177,928.00
4	%Growth		14.98	27.94	21.6	25.28
5	%Share	2.23	2.73	1.95	1.61	1.29
6	**IMPORT**	30,029.34	35,670.79	26,676.51	56,240.09	103,390.55
7	%Growth		18.79	-25.21	110.82	83.84
8	India's Total Import	29,720,586.00	35,910,764.00	50,106,456.00	66,040,888.00	84,050,632.00
9	%Growth		20.83	39.53	31.8	27.27
10	%Share	0.1	0.1	0.05	0.09	0.12
11	**TOTAL TRADE**	599,157.97	835,568.41	759,564.26	793,112.28	839,987.49

12	%Growth		39.46	-9.1	4.42	5.91
13	India's Total Trade	55,234,314.00	65,247,438.00	87,640,408.00	111,682,676.00	141,228,560.00
14	%Growth		18.13	34.32	27.43	26.46
15	%Share	1.08	1.28	0.87	0.71	0.59
16	**TRADE BALANCE**	539,099.28	764,226.84	706,211.24	680,632.09	633,206.38
17	India's Trade Balance	-4,206,858.00	-6,574,090.00	-12,572,504.00	-20,399,100.00	-26,872,704.00

Note: The country's total imports since 2000-2001 does not include import of Petroleum Products (27100093) and Crude Oil (27090000)

Country: BHUTAN

Values in Rs. Lacs

S.No.	Year	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
1	**EXPORT**	18,895.99	41,122.21	38,004.47	43,905.27	26,018.73
2	%Growth		117.62	-7.58	15.53	-40.74
3	India's Total Export	25,513,728.00	29,336,674.00	37,533,952.00	45,641,788.00	57,177,928.00
4	%Growth		14.98	27.94	21.6	25.28
5	%Share	0.07	0.14	0.1	0.1	0.05
6	**IMPORT**	15,561.04	24,065.51	31,902.98	39,301.99	64,000.12
7	%Growth		54.65	32.57	23.19	62.84
8	India's Total Import	29,720,586.00	35,910,764.00	50,106,456.00	66,040,888.00	84,050,632.00
9	%Growth		20.83	39.53	31.8	27.27
10	%Share	0.05	0.07	0.06	0.06	0.08
11	**TOTAL TRADE**	34,457.03	65,187.72	69,907.45	83,207.26	90,018.85
12	%Growth		89.19	7.24	19.02	8.19
13	India's Total Trade	55,234,314.00	65,247,438.00	87,640,408.00	111,682,676.00	141,228,560.00
14	%Growth		18.13	34.32	27.43	26.46
15	%Share	0.06	0.1	0.08	0.07	0.06
16	**TRADE BALANCE**	3,334.95	17,056.70	6,101.49	4,603.27	
17	India's Trade Balance	-4,206,858.00	-6,574,090.00	-12,572,504.00	-20,399,100.00	-26,872,704.00

Note: The country's total imports since 2000-2001 does not include import of Petroleum Products (27100093) and Crude Oil (27090000)

Country: NEPAL

Values in Rs. Lacs

S.No.	Year	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
1	**EXPORT**	169,555.67	307,578.75	333,903.94	380,738.81	420,138.22
2	%Growth		81.4	8.56	14.03	10.35
3	India's Total Export	25,513,728.00	29,336,674.00	37,533,952.00	45,641,788.00	57,177,928.00
4	%Growth		14.98	27.94	21.6	25.28
5	%Share	0.66	1.05	0.89	0.83	0.73
6	**IMPORT**	136,358.98	131,440.13	155,385.78	168,173.09	138,450.91
7	%Growth		-3.61	18.22	8.23	-17.67
8	India's Total Import	29,720,586.00	35,910,764.00	50,106,456.00	66,040,888.00	84,050,632.00
9	%Growth		20.83	39.53	31.8	27.27
10	%Share	0.46	0.37	0.31	0.25	0.16
11	**TOTAL TRADE**	305,914.66	439,018.88	489,289.72	548,911.91	558,589.13
12	%Growth		43.51	11.45	12.19	1.76
13	India's Total Trade	55,234,314.00	65,247,438.00	87,640,408.00	111,682,676.00	141,228,560.00
14	%Growth		18.13	34.32	27.43	26.46
15	%Share	0.55	0.67	0.56	0.49	0.4
16	**TRADE BALANCE**	33,196.69	176,138.63	178,518.16	212,565.72	281,687.31
17	India's Trade Balance	-4,206,858.00	-6,574,090.00	-12,572,504.00	-20,399,100.00	-26,872,704.00

Note: The country's total imports since 2000-2001 does not include import of Petroleum Products (27100093) and Crude Oil (27090000)

Country: MAURITIUS

Values in Rs. Lacs

S.No.	Year	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
1	**EXPORT**	79,543.06	93,291.97	116,012.77	88,296.79	333,275.78
2	%Growth		17.28	24.35	-23.89	277.45
3	India's Total Export	25,513,728.00	29,336,674.00	37,533,952.00	45,641,788.00	57,177,928.00
4	%Growth		14.98	27.94	21.6	25.28
5	%Share	0.31	0.32	0.31	0.19	0.58
6	**IMPORT**	7,808.31	3,465.57	3,228.42	3,245.36	6,565.80
7	%Growth		-55.62	-6.84	0.52	102.31
8	India's Total Import	29,720,586.00	35,910,764.00	50,106,456.00	66,040,888.00	84,050,632.00
9	%Growth		20.83	39.53	31.8	27.27
10	%Share		0.01	0.01	0	0.01
11	**TOTAL TRADE**	87,351.37	96,757.54	119,241.18	91,542.15	339,841.58
12	%Growth		10.77	23.24	-23.23	271.24
13	India's Total Trade	55,234,314.00	65,247,438.00	87,640,408.00	111,682,676.00	141,228,560.00
14	%Growth		18.13	34.32	27.43	26.46
15	%Share	0.16	0.15	0.14	0.08	0.24
16	**TRADE BALANCE**	71,734.75	89,826.40	112,784.35	85,051.42	326,709.98
17	India's Trade Balance	-4,206,858.00	-6,574,090.00	-12,572,504.00	-20,399,100.00	-26,872,704.00

Note: The country's total imports since 2000-2001 does not include import of Petroleum Products (27100093) and Crude Oil (27090000)

TABLE -3
SAMPLING DATA FOR IMPORTS FROM SINGAPORE

Total No. of Products traded in 2006-07	5264
Total Value of Imports during 2006-07 (in Rs. Lakhs)	2,483,996.75
Total no. of Products sampled being individually more than 0.10% of the total value of imports	126
Total Value of Sampled Products being individually more than 0.10% of the total value of imports in 2006-07	1,994,947.77
% of value of products sampled over total value of imports in 2006-07	80.31%
% of no. of products sampled over total no. of products imported in 2006-07	2.39%
Total No. of Sampled Product covered under the " Early Harvest Programme"	49
Total No. of Sampled Product covered under the " Phased Elimination in Duty"	28
Total No. of Sampled Product covered under the " Phased Reduction in Duty"	18
Total No. of Sampled Product covered under the " Negative List"	31
Total value in Rs. Lakhs of Sampled Product covered under the " Early Harvest Programme"	835,772.02
Total value in Rs. Lakhs of Sampled Product covered under the " Phased Elimination in Duty"	326,565.00
Total value in Rs. Lakhs of Sampled Product covered under the " Phased Reduction in Duty"	104,737.27
Total value in Rs. Lakhs of Sampled Product covered under the " Negative List"	727,873.48

TABLE -4

DATA ANALYSIS FOR IMPORTS FROM SINGAPORE

KEY FACTORS FOR TOP 10 SAMPLED PRODUCTS COVERED UNDER THE EHP CATEGORY (SORTED ON THE BASIS OF VALUE OF IMPORTS IN 2006-07)

			2006-07		2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	Singapore	Singapore	World	World
Sl. No.	HS Code	Particulars	% of Total Value of imports from Singapore in 2006-07	Base year for analysis	Incremental Trend of imports from Singapore (Volume) in % in comparison to base yr.	Incremental Trend of imports from Singapore(Value) in % in comparison to base yr.	Incremental Trend of World Import (Volume) in % in comparison to base yr.	Incremental Trend of World Import (Value) in % in comparison to base yr.	Market Share of imports from Singapore in World Imports (Volume) in %	Market Share of imports from Singapore in World Imports (Value) in %	Per Unit Import Price from Singapore (in Rs.)	Per Unit World Import Price for India (in Rs.)	CAGR -VOLUME (in %)	CAGR-VALUE (in %)	CAGR-VOLUME (in %)	CAGR-VALUE (in %)
1	29025000	Styrene	3.98%	2004-05	97.86%	97.76%	4.99%	13.16%	45.90%	44.34%	53.14	55.01	40.66%	40.63%	2.46%	6.38%
2	85252017	Cellular Teleph0ne	3.71%	2004-05	431.08%	509.51%	150.51%	87.33%	3.59%	6.50%	5423.63	2997.91	130.45%	146.88%	58.28%	36.87%
3	84715000	Digitl Procesng Units Excl Of Sub Hdngs 847141 & 847149,Wh/Not Cont One/Two Typs Of Uni,Like Storg/Input/Output Units	1.99%	2004-05	68.21%	79.75%	129.89%	100.87%	26.55%	26.98%	88575.26	87167.00	29.70%	34.07%	51.62%	41.73%
4	88033000	Othr Prts Of Aeroplanes/Helicopters	1.94%	2004-05	147.61%	142.49%	17.84%	109.72%	10.19%	12.56%	21618.60	17550.31	57.36%	55.72%	8.56%	44.82%

5	84733099	Other	1.89%	2004-05	67.41%	43.79%	41.89%	25.90%	13.65%	21.91%	2287.02	1424.89	29.39%	19.91%	19.12%	12.21%
6	84713010	Personal Computer (Laptop,Palmtop,Etc)	1.63%	2004-05	733.22%	762.68%	493.18%	358.97%	18.34%	21.48%	32930.26	28107.64	188.66%	193.71%	143.55%	114.24%
7	85426000	Hybrid Integrated Circuits	1.44%	2004-05	337.47%	162.33%	225.91%	100.97%	62.28%	66.92%	40.99	38.15	109.16%	61.97%	80.53%	41.76%
8	84717020	Winchester/Hard Disc Drives	1.42%	2004-05	38.85%	-14.80%	86.58%	57.52%	25.50%	21.68%	1937.27	2278.36	17.84%	-7.70%	36.59%	25.51%
9	84733030	Prts & Accssrs Other Mntd Prntd Crcit Brds	1.41%	2004-05	163.14%	59.81%	139.63%	87.75%	36.99%	40.36%	3585.39	3285.93	62.22%	26.42%	54.80%	37.02%
10	85175099	Othr Apartus,Fr Carrier/Digital Line Systm	1.34%	2004-05	402.93%	159.99%	1192.23%	153.75%	5.31%	10.91%	19012.62	9262.64	124.26%	61.24%	259.48%	59.30%

KEY FACTORS FOR TOP 10 SAMPLED PRODUCTS COVERED UNDER EHP CATEGORY (SORTED ON THE BASIS OF CAGR-VALUE OF IMPORTS FROM SINGAPORE)

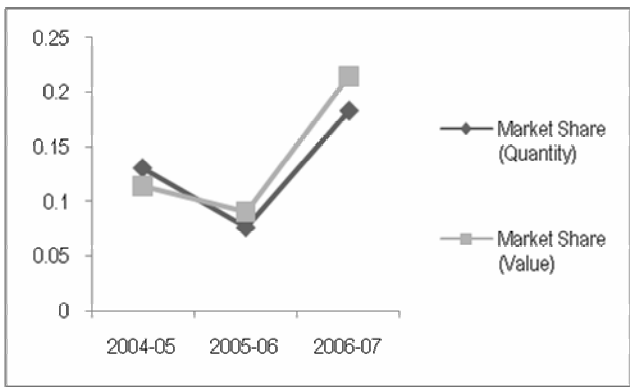
			2006-07		2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	Singapore	Singapore	World	World
Sl. No.	HS Code	Particulars	% of Total Value of imports from Singapore in 2006-07	Base year for analysis	Incremental Trend of imports from Singapore (Volume) in % in comparison to base yr.	Incremental Trend of imports from Singapore(Value) in % in comparison to base yr.	Incremental Trend of World Import (Volume) in % in comparison to base yr.	Incremental Trend of World Import (Value) in % in comparison to base yr.	Market Share of imports from Singapore in World Imports (Volume) in %	Market Share of imports from Singapore in World Imports (Value) in %	Per Unit Import Price from Singapore (in Rs.)	Per Unit World Import Price for India (in Rs.)	CAGR -VOLUME (in %)	CAGR-VALUE (in %)	CAGR-VOLUME (in %)	CAGR-VALUE (in %)
1	84713010	PERSONAL COMPUTER (LAPTOP,PALMTOP,ETC)	1.63%	2004-05	733.22%	762.68%	493.18%	358.97%	18.34%	21.48%	32930.26	28107.64	188.66%	193.71%	143.55%	114.24%
2	85252017	CELLULAR TELEPH0NE	3.71%	2004-05	431.08%	509.51%	150.51%	87.33%	3.59%	6.50%	5423.63	2997.91	130.45%	146.88%	58.28%	36.87%
3	29161400	ESTERS OF METHACRYLIC ACID	0.21%	2004-05	332.78%	384.79%	65.71%	72.45%	46.91%	46.74%	89.94	90.27	108.03%	120.18%	28.73%	31.32%
4	29161210	BUTYL ACRYLATE	0.51%	2004-05	247.35%	269.47%	46.85%	46.00%	40.89%	44.55%	76.72	70.42	86.37%	92.22%	21.18%	20.83%
5	85299090	OTHE PARTS FR OTHR USE	0.42%	2004-05	230.63%	232.00%	996.78%	301.54%	96.53%	7.58%	1413.58	18007.67	81.83%	82.21%	231.18%	100.38%
6	84716090	OTHERS	0.19%	2004-05	22.38%	191.60%	102.98%	205.51%	7.75%	19.73%	20285.20	7966.27	10.63%	70.76%	42.47%	74.79%
7	85421090	OTHER SMART CARDS	0.20%	2004-05	431.57%	187.46%	97.22%	17.22%	31.97%	21.38%	16.39	24.50	130.56%	69.55%	40.43%	8.27%
8	90272000	CHROMATOGRAPHS & ELECTROPHORESIS INSTRMNT	0.42%	2004-05	112.73%	178.58%	443.93%	77.45%	5.03%	20.92%	881390.60	211701.59	45.85%	66.91%	133.22%	33.21%
9	29011000	SATURATED ACYCLIC HYDROCARBONS	0.20%	2004-05	85.55%	169.02%	218.64%	369.61%	52.69%	50.75%	35.97	37.34	36.22%	64.02%	78.51%	116.71%
10	85426000	HYBRID INTEGRATED CIRCUITS	1.44%	2004-05	337.47%	162.33%	225.91%	100.97%	62.28%	66.92%	40.99	38.15	109.16%	61.97%	80.53%	41.76%

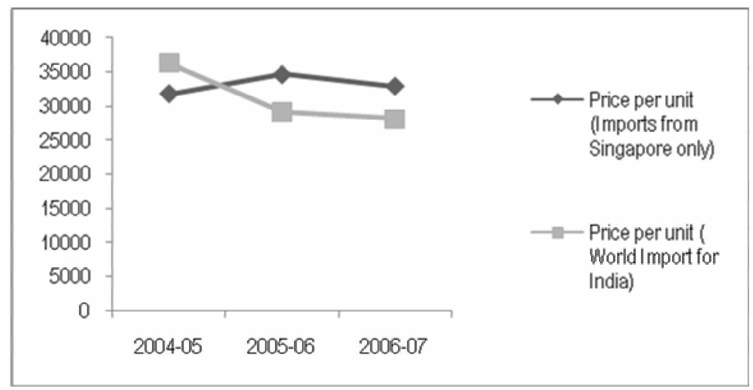
KEY FACTORS FOR ALL SAMPLED PRODUCTS COVERED UNDER EHP CATEGORY-CHAPTERWISE

		2006-07	2006-07	2006-07		2006-07	2006-07	2006-07	2006-07
Sl. No.	CHAPTER	Value of Imports from Singapore (in Rs. Lakhs)	Value of World Imports for India (in Rs. Lakhs)	Market Share of imports from Singapore in World Imports (Value) in %	Base year for analysis	Incremental Trend of imports from Singapore (Value) in % in comparison to base yr.	Incremental Trend of World Import (Value) in % in comparison to base yr.	CAGR-VALUE-Singapore (in %)	CAGR-VALUE- World Imports(in %)
1	29	121803.39	272580.45	44.69%	2004-05	115.98%	20.99%	46.96%	10.00%
2	39	5462.77	62086.01	8.80%	2004-05	43.47%	108.29%	19.78%	44.32%
3	84	350587.88	1708219.65	20.52%	2004-05	40.06%	55.42%	18.35%	24.67%
4	85	288220.21	2924929.57	9.85%	2004-05	121.74%	90.12%	48.91%	37.88%
5	88	48289.46	384537.72	12.56%	2004-05	142.49%	109.72%	55.72%	44.82%
6	90	21408.31	216324.16	9.90%	2004-05	121.01%	60.32%	48.67%	26.62%

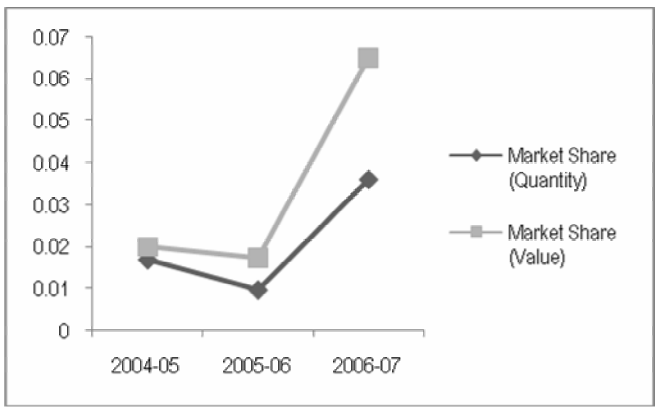
TABLE -5

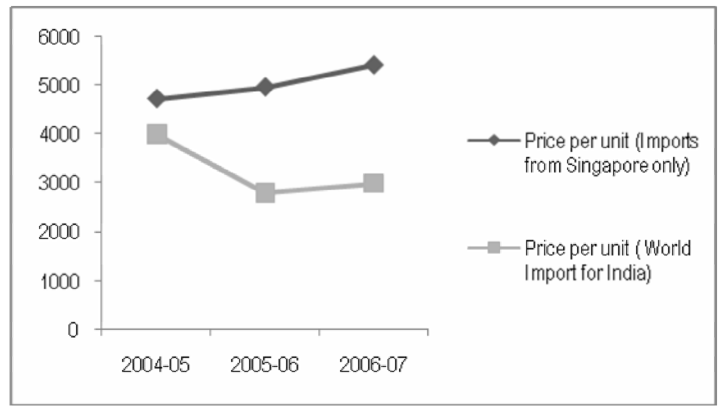
MOVEMENT OF MARKET SHARE & PRICE OF SELECTED THREE SAMPLED PRODUCTS (Imports from Singapore)				
84713010	**PERSONAL COMPUTER (LAPTOP,PALMTOP,ETC)**	2004-05	2005-06	2006-07
	Market Share (Quantity)	13.05%	7.62%	18.34%
	Market Share (Value)	11.43%	9.08%	21.48%
	Price per unit (Imports from Singapore only)	31805.76	34668.53	32930.26
	Price per unit (World Import for India)	36326.57	29126.77	28107.64



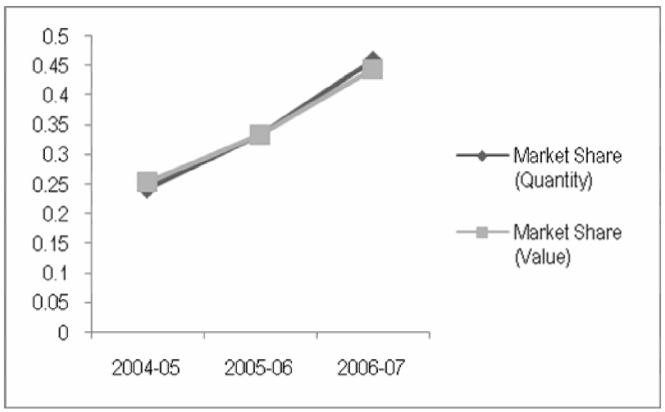


85252017	CELLULAR TELEPH0NE	2004-05	2005-06	2006-07
	Market Share (Quantity)	1.69%	0.98%	3.59%
	Market Share (Value)	2.00%	1.73%	6.50%
	Price per unit (Imports from Singapore only)	4725.73	4966.66	5423.63
	Price per unit (World Import for India)	4009.10	2801.45	2997.91





29025000	**STYRENE**	2004-05	2005-06	2006-07
	Market Share (Quantity)	24.35%	33.36%	45.90%
	Market Share (Value)	25.37%	33.32%	44.34%
	Price per unit (Imports from Singapore only)	53.17	46.46	53.14
	Price per unit (World Import for India)	51.04	46.51	55.01



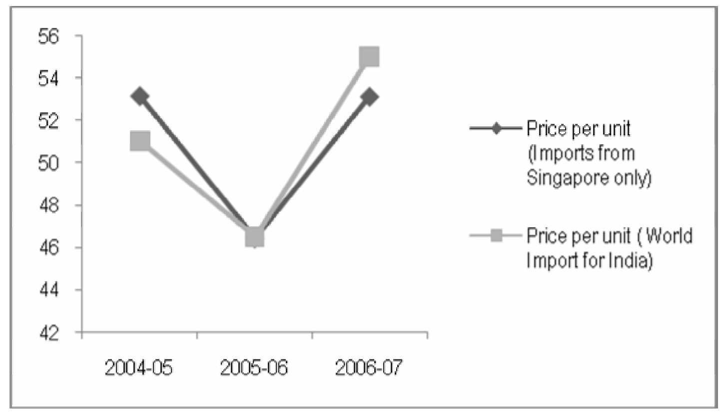


TABLE -6

SAMPLING DATA FOR EXPORTS TO SRILANKA	
Total No. of Products traded in 2006-07	3643
Total Value of Exports during 2006-07 (in Rs. Lakhs)	1,020,638.25
Total no. of Products sampled being individually more than 0.10% of the total value of exports	111
Total Value of Sampled Products being individually more than 0.10% of the total value of exports in 2006-07	815213.29
% of value of products sampled over total value of exports in 2006-07	79.87%
% of no. of products sampled over total no. of products exported in 2006-07	3.05%

Total No. of Sampled Product covered under the " F I : ZERO DUTY" category	2
Total No. of Sampled Product covered under the " F II : PHASED REDUCTION" category	15
Total No. of Sampled Product covered under the " SLR : PHASED REMOVAL" category	51
Total No. of Sampled Product covered under the " D II : NEGATIVE LIST" category	32
Total No. of Sampled Product covered under the " MFN" category	11

Total value in Rs. Lakhs of Sampled Product covered under the " F I : ZERO DUTY" category	5376.78
Total value in Rs. Lakhs of Sampled Product covered under the " F II : PHASED REDUCTION" category	73,467.50
Total value in Rs. Lakhs of Sampled Product covered under the " SLR : PHASED REMOVAL" category	202,714.44
Total value in Rs. Lakhs of Sampled Product covered under the " D II : NEGATIVE LIST" category	194,651.75
Total value in Rs. Lakhs of Sampled Product covered under the " MFN" category	339,002.82

KEY FACTORS FOR TOP 10 SAMPLED PRODUCTS COVERED UNDER THE PHASED REMOVAL CATEGORY (BASED ON HIGH CAGR IN EXPORTS TO SRILANKA)

			2006-07		2006-07	2006-07	Srilanka	Srilanka		2006-07	2006-07	World	World	2006-07	2006-07	2006-07	2006-07
Sl. No.	HS Code	Particulars	% of Total Value of exports to Srilanka in 2006-07	Base year for analysis for next four columns	Incremental Trend of exports to Srilanka (Volume) in % in comparison to base yr.	Incremental Trend of exports to Srilanka(Value) in % in comparison to base yr.	CAGR -VOLUME (in %)	CAGR-VALUE (in %)	Base year for analysis for next four columns	Incremental Trend of World Export (Volume) in % in comparison to base yr.	Incremental Trend of World Export (Value) in % in comparison to base yr.	CAGR-VOLUME (in %)	CAGR-VALUE (in %)	Market Share of exports to Srilanka in World Exports (Volume) in %	Market Share of exports to Srilanka in World Exports (Value) in %	Per Unit Export Price to Srilanka(in Rs.)	Per Unit World Export Price for India (in Rs.)
1	890110	CRUISE SHIPS,EXCRSN BOATS & SMLR VSSLS PRNCPLY DSGND FR TRNSPRT OF PERSONS, FERRY-BOATS OF ALL KINDS	0.39%	2005-06	-	142395.67%	-	142395.67%	1998-99	-88.46%	34681.28%	91.32%	107.81%	0.00%	3.69%	-	178056950.00
2	220710	UNDENATRD ETHYL ALCHL OF AN ALCHLC STRNGTH OF 80 PERCNT OR HIGHER BY VOL.	0.10%	2003-04	3308.09%	4474.68%	224.22%	257.65%	1998-99	17852.93%	45341.57%	22.70%	114.87%	27.29%	24.57%	25.35	28.16
3	550810	SEWING THREAD OF SYNTHTC STAPLE FIBRES	0.10%	2003-04	1984.28%	1950.50%	175.20%	173.71%	1998-99	413.85%	361.08%	68.11%	21.05%	23.42%	30.62%	254.14	194.37
4	481099	OTHR COATED	0.30%	1998-99	23910.78%	51622.91%	98.40%	118.38%	1998-99	6278.22%	8102.23%	54.14%	73.48%	20.09%	16.26%	22.30	27.56

		PAPR AND PPRBRD (NOT MLTIPLY)														
5	871110	MOTOR CYCL ETC WTH RCPRCTNG INTRNL CMBSTN PISTON ENGN OF CYLNDR CPCTY<=50 CC	0.26%	1999-00	15022.22%	18765.77%	104.82%	111.40%	1998-99	3087.01%	4085.80%	46.79%	59.49%	27.73%	27.55%	19517.27	19642.91
6	620412	SUITS OF COTTON	0.11%	1998-99	12182.95%	20341.28%	82.46%	94.45%	1998-99	2055.03%	2764.59%	15.49%	52.10%	2.86%	1.71%	204.38	341.59
7	600121	LOOPED PILE FABRICS OF COTTON	0.39%	2001-02	1687.68%	2406.78%	78.02%	90.47%	1998-99	216.55%	282.60%	43.74%	18.26%	83.03%	86.71%	212.85	203.83
8	870410	DUMPERS DESIGNED FR OFF-HIGHWAY USE	0.59%	1998-99	7500.00%	11218.63%	71.83%	80.60%	1998-99	1722.22%	4067.89%	50.28%	59.40%	46.34%	42.73%	795282.89	862498.17
9	390760	POLYETHYLENE TEREPHTHALATE	0.15%	1998-99	10916.10%	4241.32%	79.99%	60.21%	1998-99	2501.07%	4338.96%	19.26%	60.66%	0.85%	0.87%	58.95	57.02
10	760110	ALUMINIUM-NOT ALLOYED	0.36%	1998-99	1082.09%	2276.51%	36.17%	48.59%	1998-99	309.26%	739.40%	28.70%	30.47%	2.59%	2.72%	118.12	112.51

KEY FACTORS FOR ALL SAMPLED PRODUCTS COVERED UNDER PHASED REMOVAL CATEGORY- CHAPTERWISE

		2006-07	2006-07	2006-07		2006-07	2006-07		2006-07	2006-07
Sl. No.	CHAPTER	Value of exports to Srilanka (in Rs. Lakhs)	Value of World Exports for India (in Rs. Lakhs)	Market Share of exports to Srilanka in World Exports (Value) in %	Base year for analysis for next two columns	Incremental Trend of exports to Srilanka (Value) in % in comparison to base yr.	CAGR-VALUE-Srilanka (in %)	Base year for analysis for next two columns	Incremental Trend of World Export (Value) in % in comparison to base yr.	CAGR-VALUE-World Exports (in %)
1	3	1676.69	3385.01	49.53%	1998-99	142.68%	11.72%	1998-99	209.50%	15.17%
2	22	993.62	4044.3	24.57%	2003-04	4474.68%	257.65%	1998-99	45341.57%	114.87%
3	23	11669.47	454210.19	2.57%	1998-99	215.96%	15.47%	1998-99	162.32%	12.81%
4	30	31711.74	1154906.13	2.75%	1998-99	278.14%	18.09%	1998-99	415.71%	22.76%
5	33	2376.74	44379.54	5.36%	1998-99	293.97%	18.70%	1998-99	145.43%	11.88%
6	34	1395	4608.74	30.27%	1998-99	1971.27%	46.06%	1998-99	472.62%	24.38%
7	39	11554.79	559841.66	2.06%	1998-99	729.46%	30.27%	1998-99	960.08%	34.33%
8	48	3025.79	18609.22	16.26%	1998-99	51622.91%	118.38%	1998-99	8102.23%	73.48%
9	49	3046.54	50247.77	6.06%	1998-99	171.81%	13.31%	1998-99	417.71%	22.82%

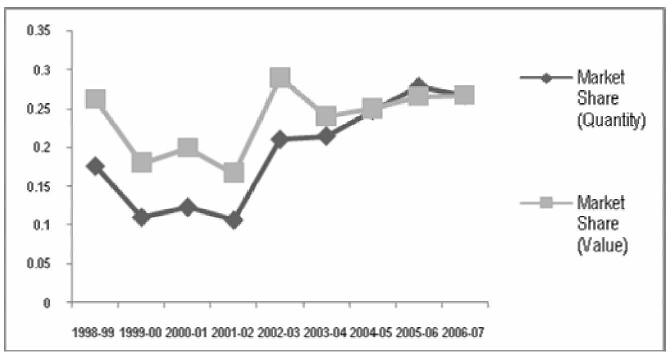
10	52	36629.07	692957.87	5.29%	1998-99	89.73%	8.33%	1998-99	20.84%	2.39%
11	54	8158.34	180025.18	4.53%	1998-99	714.14%	29.97%	1998-99	351.41%	20.73%
12	55	6346.99	74479.79	8.52%	1998-99	1128.13%	36.82%	1998-99	450.53%	23.76%
13	60	3953.94	4560.19	86.71%	2001-02	2406.78%	90.47%	1998-99	282.60%	18.26%
14	62	4624.84	363481.77	1.27%	1998-99	938.82%	33.99%	1998-99	32.94%	3.62%
15	72	1559.51	13023.96	11.97%	1998-99	135.69%	11.31%	1998-99	-45.80%	-7.37%
16	76	3656.73	134575.64	2.72%	1998-99	2276.51%	48.59%	1998-99	739.40%	30.47%
17	84	3841	30057.58	12.78%	1998-99	502.53%	25.17%	1998-99	425.45%	23.05%
18	87	55014	282441.43	19.48%	1998-99	488.79%	24.81%	1998-99	755.96%	30.78%
19	89	11479.64	344742.33	3.33%	1998-99	28699.90%	102.97%	1998-99	1399.59%	40.28%

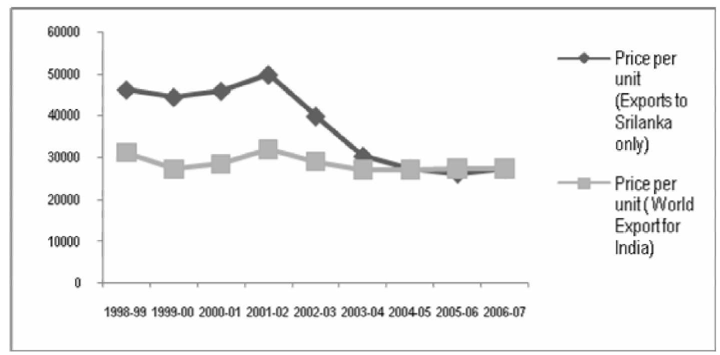
TABLE -8

MOVEMENT OF MARKET SHARE & PRICE OF SELECTED THREE SAMPLED PRODUCTS

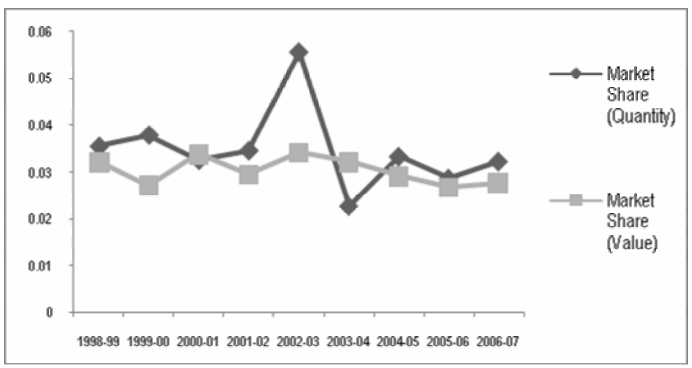
(Exports to Srilanka)

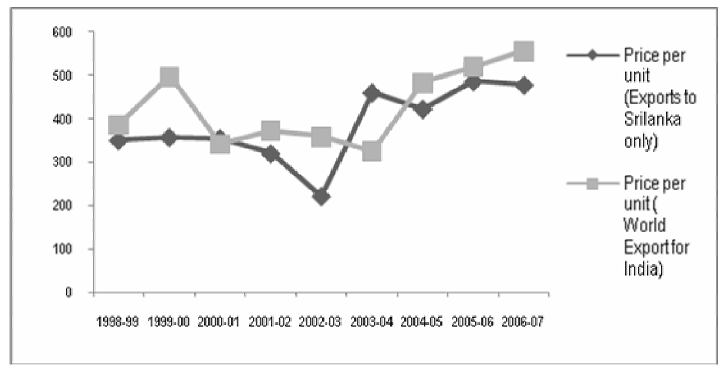
871120	MOTOR CYCL ETC WTH RCPRCTNG INTRNL CMBSTN PSTN ENGN OF CYLNDR CPCTY>50 CC TO 250 CC									
		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	Market Share (Quantity)	17.62%	11.02%	12.31%	10.65%	21.05%	21.47%	24.76%	27.83%	26.69%
	Market Share (Value)	26.21%	18.01%	19.91%	16.66%	28.97%	24.01%	25.01%	26.53%	26.68%
	Price per unit (Exports to Srilanka only)	46172.98	44384.27	45862.40	49775.22	39834.40	30232.38	27239.59	26047.61	27165.00
	Price per unit (World Export for India)	31043.49	27167.37	28368.34	31828.98	28937.87	27024.35	26971.99	27323.69	27178.05



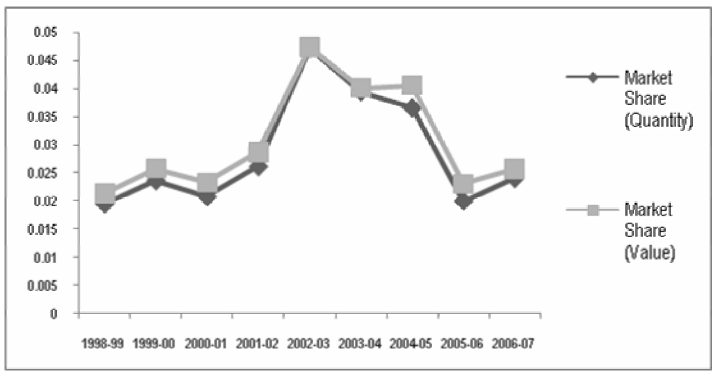


300490	OTHER MEDCNE PUT UP FOR RETAIL SALE									
		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	Market Share (Quantity)	3.55%	3.80%	3.26%	3.46%	5.57%	2.28%	3.34%	2.87%	3.23%
	Market Share (Value)	3.22%	2.72%	3.38%	2.96%	3.42%	3.21%	2.92%	2.69%	2.77%
	Price per unit (Exports to Srilanka only)	349.72	356.78	354.42	319.36	220.41	459.66	422.30	485.96	477.58
	Price per unit (World Export for India)	386.19	496.95	341.77	373.70	359.42	325.55	483.09	519.86	556.58





230400	OIL-CAKE & OTHR SOLID RESIDUE W/N GRND/IN PLLTS FORM OBTND FRM SOYA-BEAN OIL EXTRCTN									
		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	Market Share (Quantity)	1.95%	2.37%	2.08%	2.62%	4.71%	3.94%	3.65%	2.01%	2.41%
	Market Share (Value)	2.13%	2.58%	2.33%	2.87%	4.74%	4.02%	4.06%	2.31%	2.57%
	Price per unit (Exports to Srilanka only)	6.56	7.16	9.78	9.48	9.34	11.28	11.77	10.28	10.53
	Price per unit (World Export for India)	6.01	6.58	8.73	8.65	9.27	11.07	10.60	8.93	9.87



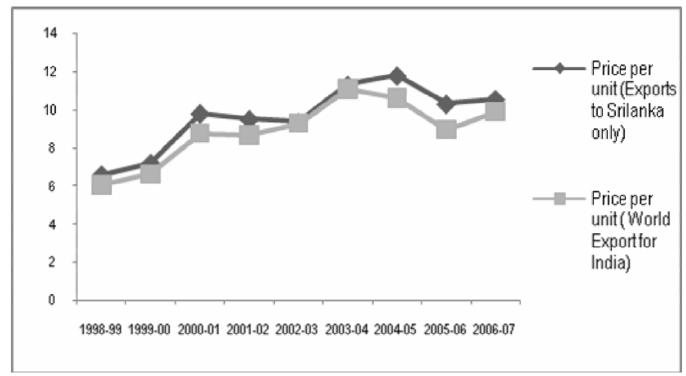


TABLE -9

SAMPLING DATA FOR IMPORTS FROM SRILANKA

Total No. of Products traded in 2006-07	1306
Total Value of Imports during 2006-07 (in Rs. Lakhs)	212955.69
Total no. of Products sampled being individually more than 0.10% of the total value of imports	117
Total Value of Sampled Products being individually more than 0.10% of the total value of imports in 2006-07	197370.73
% of value of products sampled over total value of imports in 2006-07	92.68%
% of no. of products sampled over total no. of products imported in 2006-07	8.96%

Total No. of Sampled Product covered under the " ZERO DUTY" category	9
Total No. of Sampled Product covered under the " PHASED RESIDUAL" category excluding Tea & Garment	38
Total No. of Sampled Product covered under the " TEXTILES" category	3
Total No. of Sampled Product covered under the " NEGATIVE LIST" category	9

Total No. of Sampled Product covered under the " MFN" category	58
Total value in Rs. Lakhs of Sampled Product covered under the " ZERO DUTY" category	11177.78
Total value in Rs. Lakhs of Sampled Product covered under the " PHASED RESIDUAL" category excluding Tea & Garment	135089.04
Total value in Rs. Lakhs of Sampled Product covered under the " TEXTILES" category	1488.07
Total value in Rs. Lakhs of Sampled Product covered under the " NEGATIVE LIST" category	11458.07
Total value in Rs. Lakhs of Sampled Product covered under the " MFN" category	38157.77

TABLE -10

DATA ANALYSIS FOR IMPORTS FROM SRILANKA

KEY FACTORS FOR TOP 10 SAMPLED PRODUCTS COVERED UNDER THE PHASED RESIDUAL LIST CATEGORY (BASED ON HIGH VALUE OF IMPORTS FROM SRILANKA IN 2006-07)

			2006-07		2006-07	2006-07	Srilanka	Srilanka		2006-07	2006-07	World	World	2006-07	2006-07	2006-07	2006-07
Sl. No.	HS Code	Particulars	% of Total Value of imports from Srilanka in 2006-07	Base year for analysis for next four columns	Incremental Trend of imports from Srilanka (Volume) in % in comparison to base yr.	Incremental Trend of imports from Srilanka(Value) in % in comparison to base yr.	CAGR -VOLUME (in %)	CAGR-VALUE (in %)	Base year for analysis for next four columns	Incremental Trend of World Import (Volume) in % in comparison to base yr.	Incremental Trend of World Import (Value) in % in comparison to base yr.	CAGR-VOLUME (in %)	CAGR-VALUE (in %)	Market Share of imports from Srilanka in World Imports (Volume) in %	Market Share of imports from Srilanka in World Imports (Value) in %	Per Unit Import Price from Srilanka(in Rs.)	Per Unit World Import Price for India (in Rs.)
1	151620	Vegtbl Fats & Oils & Their Fractns	16.59%	2004-05	306.85%	306.36%	101.70%	101.58%	1998-99	1553.69%	1386.52%	42.01%	40.13%	57.36%	63.66%	39.19	35.31
2	741300	Stranded Wire,Cables,Plaitd Bands & Like Of Copper,Not Electrically Insulated	7.80%	2002-03	71272.00%	74316.89%	416.87%	422.30%	1998-99	9265.66%	13898.60%	76.38%	85.46%	90.12%	92.07%	465.44	455.61
3	740319	Other Refined Copper,Unwrought	5.19%	2001-02	179.36%	1124.98%	22.81%	65.05%	1998-99	775.86%	4237.35%	31.16%	60.20%	56.99%	56.44%	312.63	315.70
4	760511	Aluminium Wire-Not Alloyed-Of Which The Maximum Cross-Sctnl Dimension Exceeds 7 Mm	4.66%	2004-05	142.93%	206.18%	55.86%	74.98%	1998-99	8688.19%	13169.57%	74.98%	84.23%	97.99%	98.38%	165.02	164.37

5	680221	Simply Cut/Sawn Marble Travertine & Alabaster With A Flat Or Even Surface	4.31%	2000-01	16842.14%	19187.71%	135.23%	140.37%	1998-99	26373.79%	20113.09%	100.84%	94.18%	44.08%	44.27%	32.70	32.55
6	90411	Pepper Neither Crushed Nor Ground	3.04%	1998-99	284.65%	80.81%	18.34%	7.68%	1998-99	402.08%	142.34%	22.35%	11.70%	37.20%	44.93%	103.07	85.35
7	854419	Winding Wires Of Othr Metls,/Substances	2.81%	2003-04	61.30%	129.55%	17.28%	31.91%	1998-99	406.45%	432.86%	22.48%	23.26%	27.52%	24.36%	349.53	394.79
8	854411	Winding Wire Of Copper	2.62%	2003-04	606.02%	1303.68%	91.84%	141.23%	1998-99	306.42%	579.69%	19.16%	27.07%	16.10%	15.59%	385.14	397.61
9	740312	Wire-Bars Of Refined Copper	2.40%	2001-02	167.22%	1186.30%	21.72%	66.67%	1998-99	-85.99%	-42.65%	-21.79%	-6.71%	74.01%	75.86%	312.74	305.11
10	90700	Cloves(Whole Fruit Cloves & Stems)	2.14%	1998-99	83.01%	683.24%	7.85%	29.34%	1998-99	-41.80%	133.69%	-6.54%	11.19%	17.96%	25.63%	215.68	151.10

KEY FACTORS FOR TOP 10 SAMPLED PRODUCTS COVERED UNDER THE PHASED RESIDUAL LIST CATEGORY (BASED ON HIGH CAGR IN IMPORTS FROM SRILANKA)

			2006-07		2006-07	2006-07	Srilanka	Srilanka		2006-07	2006-07	World	World	2006-07	2006-07	2006-07	2006-07
Sl. No.	HS Code	Particulars	% of Total Value of imports from Srilanka in 2006-07	Base year for analysis for next four columns	Incremental Trend of imports from Srilanka (Volume) in % in comparison to base yr.	Incremental Trend of imports from Srilanka(Value) in % in comparison to base yr.	CAGR -VOLUME (in %)	CAGR-VALUE (in %)	Base year for analysis for next four columns	Incremental Trend of World Import (Volume) in % in comparison to base yr.	Incremental Trend of World Import (Value) in % in comparison to base yr.	CAGR-VOLUME (in %)	CAGR-VALUE (in %)	Market Share of imports from Srilanka in World Imports (Volume) in %	Market Share of imports from Srilanka in World Imports (Value) in %	Per Unit Import Price from Srilanka(in Rs.)	Per Unit World Import Price for India (in Rs.)
1	230220	Bran Sharps & Other Residues Of Rice	0.50%	2002-03	30553.21%	77082.48%	318.43%	427.08%	1998-99	113.07%	425.82%	9.92%	23.06%	52.61%	61.47%	4.76	4.07
2	741300	Stranded Wire,Cables,Plaitd Bands & Like Of Copper,Not Electrically Insulated	7.80%	2002-03	71272.00%	74316.89%	416.87%	422.30%	1998-99	9265.66%	13898.60%	76.38%	85.46%	90.12%	92.07%	465.44	455.61
3	853931	Fluorescent,Hot Cathode Discharge Lamps	0.64%	2001-02	100931.33%	57705.49%	298.92%	256.77%	1998-99	694.55%	449.85%	29.57%	23.75%	8.44%	8.76%	45.20	43.54
4	151710	Margarine Excluding Liquid Margarine	0.14%	2002-03	6554.55%	7838.04%	185.61%	198.49%	2000-01	6819.35%	17773.26%	102.62%	137.34%	52.63%	87.40%	39.91	24.03
5	854411	Winding Wire Of Copper	2.62%	2003-04	606.02%	1303.68%	91.84%	141.23%	1998-99	306.42%	579.69%	19.16%	27.07%	16.10%	15.59%	385.14	397.61

6	680221	Simply Cut/Sawn Marble Travertine & Alabaster With A Flat Or Even Surface	4.31%	2000-01	16842.14%	19187.71%	135.23%	140.37%	1998-99	26373.79%	20113.09%	100.84%	94.18%	44.08%	44.27%	32.70	32.55
7	740819	Other Wire Of Refined Copper	0.74%	2000-01	8291.56%	15235.24%	109.24%	131.36%	1998-99	206.42%	855.49%	15.02%	32.60%	18.74%	17.08%	331.77	364.02
8	850440	Static Converters	0.10%	2002-03	7600.00%	2743.95%	196.23%	130.93%	1998-99	6598.08%	1112.58%	69.14%	36.60%	0.00%	0.15%	26555.84	623.48
9	740721	Bars & Rods Of Copr-Zinc Base Aloys(Brass)	0.25%	2003-04	218.25%	949.25%	47.09%	118.92%	1998-99	62.91%	478.74%	6.29%	24.54%	13.63%	13.08%	319.31	332.75
10	740321	Copper-Zinc Base Alloys(Brass)	0.19%	2001-02	7776.00%	4081.28%	139.48%	110.99%	1998-99	516.32%	1499.37%	25.52%	41.41%	18.59%	16.33%	203.01	231.11

KEY FACTORS FOR ALL SAMPLED PRODUCTS COVERED UNDER PHASED RESIDUAL LIST CATEGORY- CHAPTERWISE

		2006-07	2006-07	2006-07		2006-07	2006-07		2006-07	2006-07
Sl. No.	**CHAPTER**	**Value of imports from Srilanka (in Rs. Lakhs)**	**Value of World Imports for India (in Rs. Lakhs)**	**Market Share of imports from Srilanka in World Exports (Value) in %**	**Base year for analysis for next two columns**	**Incremental Trend of imports from Srilanka (Value) in % in comparison to base yr.**	**CAGR-VALUE-Srilanka (in %)**	**Base year for analysis for next two columns**	**Incremental Trend of World Import (Value) in % in comparison to base yr.**	**CAGR-VALUE- World Imports(in %)**
1	9	11028.47	32173.08	34.28%	1998-99	164.85%	12.95%	1998-99	137.49%	11.42%
2	15	37155.36	568082.81	6.54%	1998-99	4908.54%	63.10%	1998-99	6951.45%	70.23%
3	23	1304.45	4252.14	30.68%	2000-01	190.32%	19.44%	1998-99	1199.79%	37.80%
4	40	3139.84	35890.36	8.75%	1998-99	106335.25%	138.99%	1998-99	10290.65%	78.68%
5	42	796.56	8042.36	9.90%	2003-04	70.73%	19.52%	1998-99	512152.23%	190.86%
6	48	842.72	5814.12	14.49%	1998-99	841.80%	32.36%	1998-99	142.71%	11.72%
7	68	9179.02	20732.57	44.27%	2000-01	19187.71%	140.37%	1998-99	20113.09%	94.18%

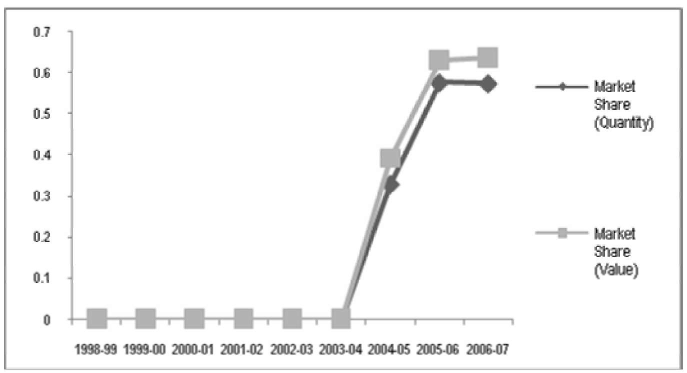
8	72	1061.55	585972.38	0.18%	1998-99	-33.70%	-5.01%	1998-99	615.01%	27.88%
9	74	38344.93	261167.10	14.68%	1998-99	14261.93%	86.06%	1998-99	243.17%	16.66%
10	76	10823.37	147399.91	7.34%	2002-03	2013.44%	114.41%	1998-99	223.80%	15.82%
11	78	2111.56	95150.81	2.22%	2000-01	4910.82%	92.01%	1998-99	504.23%	25.21%
12	79	398.02	1239.40	32.11%	2004-05	-69.93%	-45.17%	1998-99	1006.71%	35.05%
13	85	16959.98	278271.34	6.09%	1998-99	191972.25%	157.30%	1998-99	824.08%	32.04%
14	94	1943.21	32442.41	5.99%	1998-99	116259.88%	141.67%	1998-99	5667.85%	66.01%

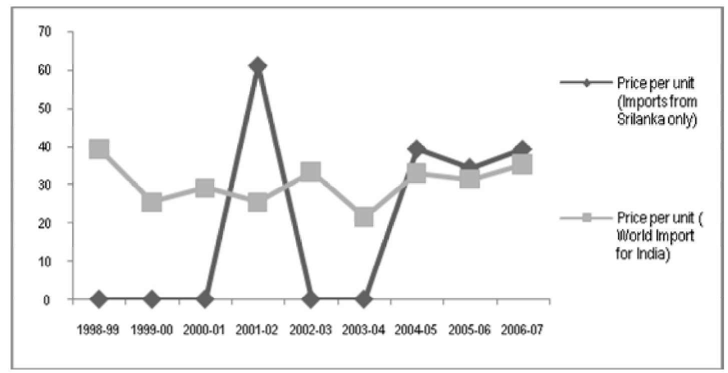
TABLE -11

MOVEMENT OF MARKET SHARE & PRICE OF SELECTED THREE SAMPLED PRODUCTS

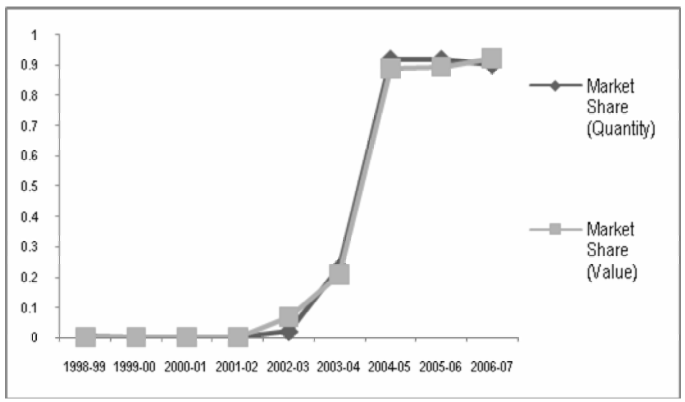
(Imports from Srilanka)

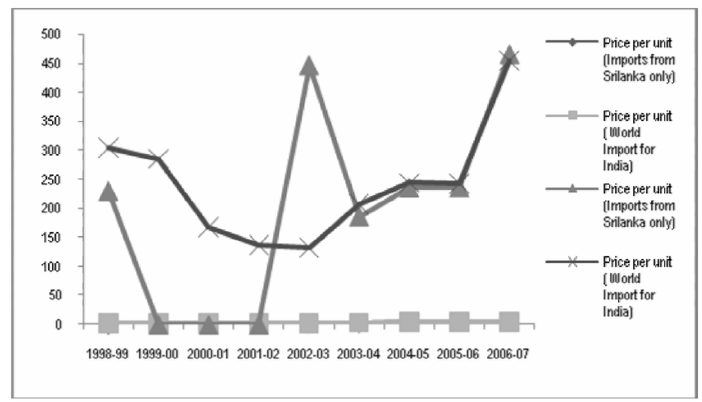
151620	VEGTBL FATS & OILS & THEIR FRACTNS									
		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	Market Share (Quantity)	0.00%	0.00%	0.00%	0.00%			32.86%	57.59%	57.36%
	Market Share (Value)	0.00%	0.00%		0.00%	0.00%	0.00%	39.21%	62.94%	63.66%
	Price per unit (Imports from Srilanka only)				61			39.24	34.30	39.19
	Price per unit (World Import for India)	39.28	25.44	29.11	25.45	33.22	21.57	32.89	31.37	35.31



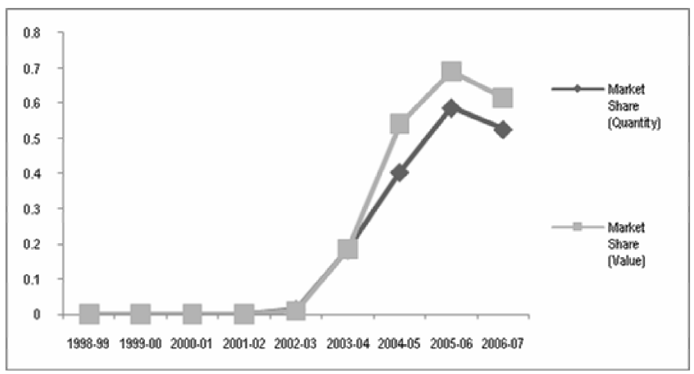


741300	STRANDED WIRE,CABLES,PLAITD BANDS & LIKE OF COPPER,NOT ELECTRICALLY INSULATED									
		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	Market Share (Quantity)	0.24%		0.00%		1.98%	23.11%	91.88%	91.80%	90.12%
	Market Share (Value)	0.18%		0.00%	0.00%	6.72%	20.72%	88.64%	89.29%	92.07%
	Price per unit (Imports from Srilanka only)	230.00				446.40	186.37	235.62	236.24	465.44
	Price per unit (World Import for India)	304.82	285.76	167.72	137.16	131.77	207.82	244.23	242.89	455.61





230220	BRAN SHARPS & OTHER RESIDUES OF RICE									
		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	Market Share (Quantity)	0.00%	0.00%	0.00%		1.30%	18.34%	40.46%	58.75%	52.61%
	Market Share (Value)	0.00%	0.00%	0.00%	0.00%	0.98%	18.56%	54.21%	69.10%	61.47%
	Price per unit (Imports from Srilanka only)					1.89	2.82	4.15	4.34	4.76
	Price per unit (World Import for India)	1.65	1.75	2.09	2.01	2.50	2.79	3.10	3.69	4.07



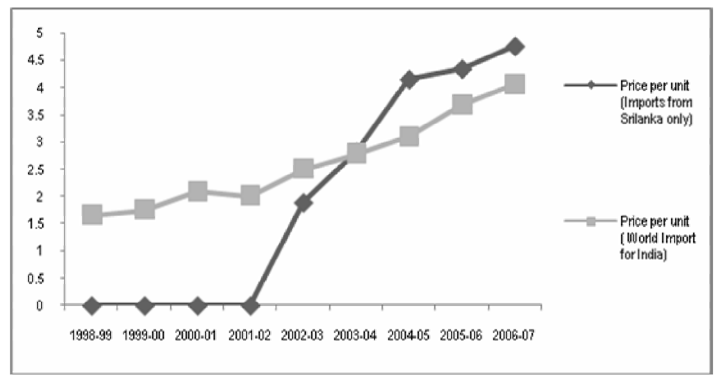


TABLE -12

SAMPLING DATA FOR EXPORTS TO THAILAND

Total No. of Products traded in 2006-07	2693
Total Value of Exports during 2006-07 (in Rs. Lakhs)	653562.38
Total no. of Products sampled being individually more than 0.10% of the total value of exports	104
Total Value of Sampled Products being individually more than 0.10% of the total value of exports in 2006-07	547409.1
% of value of products sampled over total value of exports in 2006-07	83.76%
% of no. of products sampled over total no. of products exported in 2006-07	3.86%

Total No. of Sampled Product covered under the " Early Harvest Scheme (EHS)"	10
Total No. of Sampled Product NOT covered under the EHS	94

Total value in Rs. Lakhs of Sampled Product covered under the " Early Harvest Scheme (EHS)"	32269.79
Total No. of Sampled Product NOT covered under the EHS	515139.34

TABLE -13

DATA ANALYSIS FOR EXPORTS TO THAILAND

KEY FACTORS FOR TOP 10 SAMPLED PRODUCTS COVERED UNDER THE EHS CATEGORY

			2006-07		2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	Thailand	Thailand	World	World
Sl. No.	HS Code	Particulars	% of Total Value of exports to Thailand in 2006-07	Base year for analysis	Incremental Trend of exports to Thailand (Volume) in % in comparison to base yr.	Incremental Trend of exports to Thailand(Value) in % in comparison to base yr.	Incremental Trend of World Export (Volume) in % in comparison to base yr.	Incremental Trend of World Export (Value) in % in comparison to base yr.	Market Share of exports to Thailand in World Exports (Volume) in %	Market Share of exports to Thailand in World Exports (Value) in %	Per Unit Export Price to Thailand(in Rs.)	Per Unit World Export Price for India (in Rs.)	CAGR -VOLUME (in %)	CAGR-VALUE (in %)	CAGR-VOLUME (in %)	CAGR-VALUE (in %)
1	870840	Gear Boxes	2.44%	2002-03	3163.93%	6030.01%	913.14%	1812.28%	28.44%	30.36%	419.11	392.65	139.02%	179.81%	78.41%	109.12%
2	720719	Othr Prdcts Contng By Wt	0.76%	2002-03	51.25%	150.47%	166.86%	378.08%	6.87%	5.73%	16.27	19.52	10.90%	25.80%	27.81%	47.87%
3	711319	Artcls Of Othr Prcs Mtl W/N Pltd Or Clad	0.43%	2002-03	16.00%	54.24%	-98.10%	230.44%	0.02%	0.13%	963637.93	153718.02	3.78%	11.44%	-62.86%	34.83%
4	281820	Aluminium Oxide Other Than Artificial Corundum	0.29%	2002-03	50.12%	160.40%	-16.80%	102.01%	0.85%	1.01%	24.22	20.40	10.69%	27.03%	-4.49%	19.22%
5	843221	Disc Harrows	0.25%	2002-03	233.34%	268.25%	102.09%	235.64%	38.55%	35.45%	434.43	472.51	35.12%	38.53%	19.23%	35.35%

6	848180	Other Appliances Of Heading 8481	0.19%	2002-03	469.87%	149.42%	180.17%	262.18%	2.59%	0.95%	111.88	306.13	54.51%	25.67%	29.38%	37.95%
7	847990	Parts Of Machines Of Hdg 8479	0.18%	2002-03	271.63%	144.26%	77.20%	144.62%	1.38%	1.48%	309.40	289.30	38.84%	25.02%	15.38%	25.06%
8	841990	Prts Of Mchnry,Plnt/Lbrtry Eqmpmnt Etc Of The Items Of Hdg 8419	0.15%	2002-03	379.02%	331.80%	116.72%	316.39%	3.99%	3.21%	297.13	369.56	47.94%	44.15%	21.33%	42.85%
9	841490	Prts Of Air/Vacum Pumps,Cmprssrs & Fans	0.12%	2002-03	86.97%	417.68%	262.19%	305.65%	0.72%	1.93%	773.21	288.11	16.94%	50.84%	37.95%	41.92%
10	847989	Othr Mchn &Mchncl Applncs Of Hdg 8479	0.12%	2002-03	108.33%	194.83%	-14.51%	117.25%	1.87%	1.81%	301984.00	311174.27	20.14%	31.04%	-3.84%	21.41%

KEY FACTORS FOR ALL SAMPLED PRODUCTS COVERED UNDER EHS CATEGORY-CHAPTERWISE

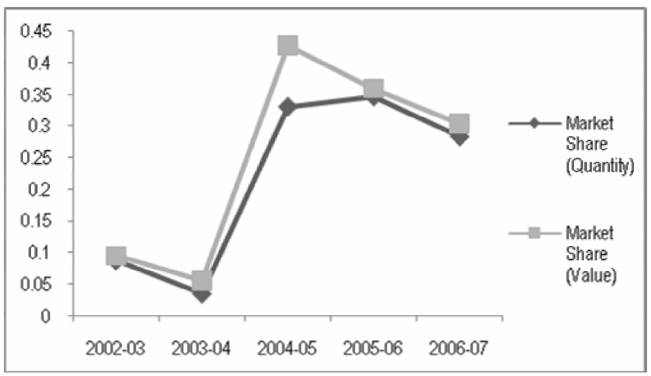
		2006-07	2006-07	2006-07		2006-07	2006-07	2006-07	2006-07
Sl. No.	CHAPTER	Value of exports to Thailand (in Rs. Lakhs)	Value of World Exports for India (in Rs. Lakhs)	Market Share of exports to Thailand in World Exports (Value) in %	Base year for analysis	Incremental Trend of exports to Thailand (Value) in % in comparison to base yr.	Incremental Trend of World Export (Value) in % in comparison to base yr.	CAGR-VALUE-Thailand (in %)	CAGR-VALUE-World Exports (in %)
1	87	15973.59	52616.65	30.36%	2002-03	6030.01%	1812.28%	179.81%	109.12%
2	72	4994.27	87181.19	5.73%	2002-03	150.47%	378.08%	25.80%	47.87%
3	71	2794.55	2087967.24	0.13%	2002-03	54.24%	230.44%	11.44%	34.83%
4	28	1885.95	187012.44	1.01%	2002-03	160.40%	102.01%	27.03%	19.22%
5	84	6621.43	328939.46	2.01%	2002-03	220.34%	208.57%	33.78%	32.54%

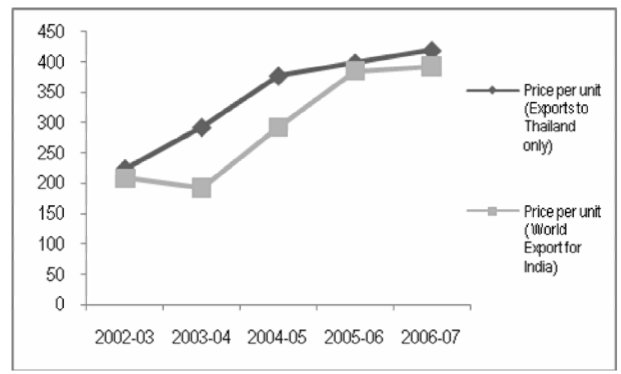
TABLE -14

MOVEMENT OF MARKET SHARE & PRICE OF SELECTED THREE SAMPLED PRODUCTS

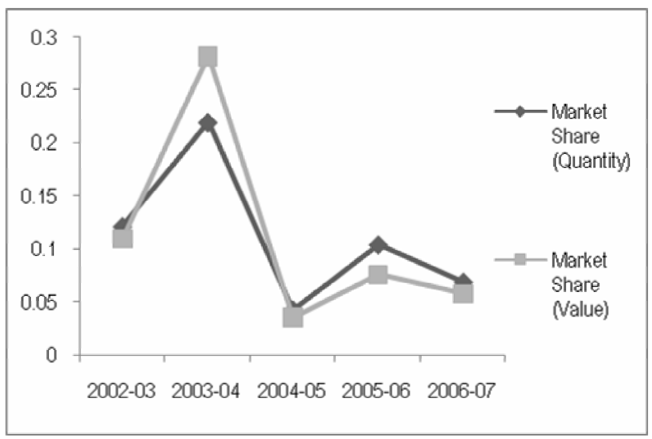
(Exports to Thailand)

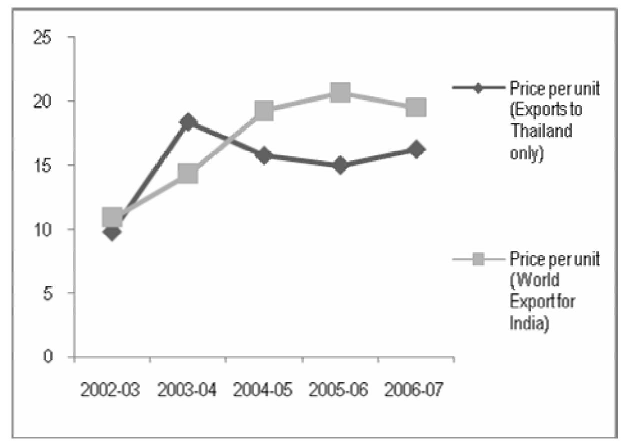
870840	**GEAR BOXES**					
		2002-03	2003-04	2004-05	2005-06	2006-07
	Market Share (Quantity)	8.83%	3.59%	33.16%	34.76%	28.44%
	Market Share (Value)	9.47%	5.47%	42.78%	35.96%	30.36%
	Price per unit (Exports to Thailand only)	223.16	292.35	377.15	398.51	419.11
	Price per unit (World Export for India)	208.03	191.96	292.33	385.22	392.65



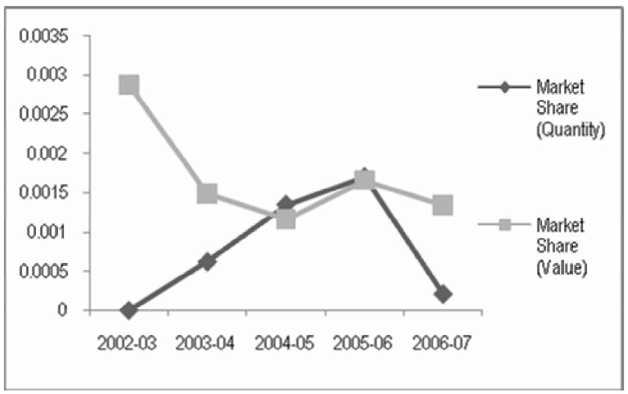


720719	OTHR PRDCTS CONTNG BY WT					
		2002-03	2003-04	2004-05	2005-06	2006-07
	Market Share (Quantity)	12.13%	21.94%	4.23%	10.42%	6.87%
	Market Share (Value)	10.93%	28.21%	3.47%	7.57%	5.73%
	Price per unit (Exports to Thailand only)	9.82	18.41	15.78	15.02	16.27
	Price per unit (World Export for India)	10.90	14.31	19.26	20.67	19.52





711319	ARTCLS OF OTHR PRCS MTL W/N PLTD OR CLAD					
		2002-03	2003-04	2004-05	2005-06	2006-07
	Market Share (Quantity)	0.00%	0.06%	0.13%	0.17%	0.02%
	Market Share (Value)	0.29%	0.15%	0.12%	0.17%	0.13%
	Price per unit (Exports to Thailand only)	724708.00	710850.00	390000.00	790325.81	963637.93
	Price per unit (World Export for India)	885.37	294996.24	453532.28	811584.38	153718.02



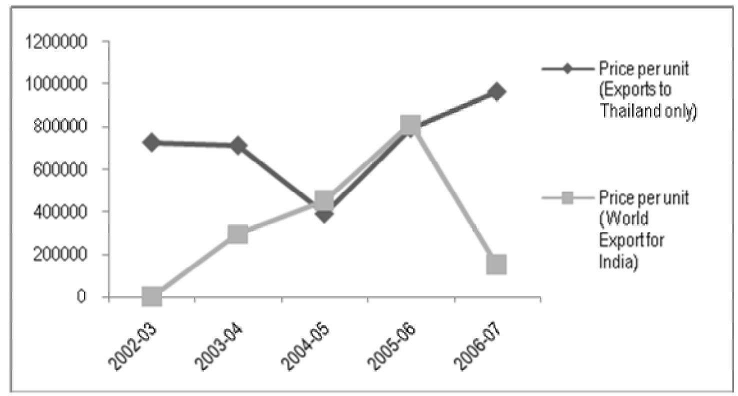


TABLE -15

SAMPLING DATA FOR IMPORTS FROM THAILAND

Total No. of Products traded in 2006-07	2664
Total Value of Imports during 2006-07 (in Rs. Lakhs)	789880.13
Total no. of Products sampled being individually more than 0.10% of the total value of imports	163
Total Value of Sampled Products being individually more than 0.10% of the total value of imports in 2006-07	655009.66
% of value of products sampled over total value of imports in 2006-07	82.93%
% of no. of products sampled over total no. of products imported in 2006-07	6.12%

Total No. of Sampled Product covered under the " Early Harvest Scheme"	24
Total No. of Sampled Product not covered under the " Early Harvest Scheme"	139

Total value in Rs. Lakhs of Sampled Product covered under the " Early Harvest Scheme"	176411.76
Total value in Rs. Lakhs of Sampled Product not covered under the " Early Harvest Scheme"	478597.90

TABLE -16

DATA ANALYSIS FOR IMPORTS FROM THAILAND

KEY FACTORS FOR TOP 10 SAMPLED PRODUCTS COVERED UNDER THE EHS CATEGORY (SORTED ON THE BASIS OF VALUE OF IMPORTS IN 2006-07)

			2006-07		2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	Thailand	Thailand	World	World
Sl. No.	HS Code	Particulars	% of Total Value of imports from Thailand in 2006-07	Base year for analysis	Incremental Trend of imports from Thailand (Volume) in % in comparison to base yr.	Incremental Trend of imports from Thailand(Value) in % in comparison to base yr.	Incremental Trend of World Import (Volume) in % in comparison to base yr.	Incremental Trend of World Import (Value) in % in comparison to base yr.	Market Share of imports from Thailand in World Imports (Volume) in %	Market Share of imports from Thailand in World Imports (Value) in %	Per Unit Import Price from Thailand(in Rs.)	Per Unit World Import Price for India (in Rs.)	CAGR -VOLUME (in %)	CAGR-VALUE (in %)	CAGR-VOLUME (in %)	CAGR-VALUE (in %)
1	852812	Receptn Aparts For Tv Etc Colour	5.88%	2002-03	82571.88%	45653.50%	5231.72%	2518.14%	37.88%	50.43%	8771.942922	6587.79521	436.22%	362.49%	170.22%	126.20%
2	760120	Aluminium Alloys	3.07%	2002-03	8835.25%	14171.39%	315.05%	602.06%	32.57%	31.34%	118.9214608	123.57738	207.45%	245.63%	42.73%	62.78%
3	841510	Window/Wall Types Self-Contained Air Conditioning Machines	2.06%	2002-03	595.18%	703.92%	947.79%	787.17%	32.28%	36.64%	10977.71864	9671.99469	62.38%	68.38%	79.92%	72.58%
4	390740	Polycarbonates	1.67%	2002-03	550.47%	862.03%	108.07%	226.09%	21.06%	21.24%	129.7499331	128.673322	59.70%	76.12%	20.10%	34.38%

5	854011	Cathode-Ray Tv Picture Tubes,Includng Video Monitor-Cathode-Ray Tubes-Colour	1.63%	2002-03	946.16%	399.80%	152.29%	39.25%	29.01%	27.23%	1434.400625	1528.02114	79.85%	49.52%	26.03%	8.63%
6	711319	Artcls Of Othr Prcs Mtl W/N Pltd Or Clad	1.06%	2002-03	1000.00%	1365.80%	212.20%	495.92%	6.45%	5.71%	633470.4545	715632.324	82.12%	95.67%	32.92%	56.24%
7	732690	Other Articles Of Heading 7326	1.01%	2002-03	585.53%	289.48%	167.20%	191.79%	9.16%	5.54%	197.9075378	327.083382	61.81%	40.48%	27.85%	30.70%
8	390730	Epoxide Resins	0.93%	2002-03	494.31%	629.98%	393.04%	451.48%	20.50%	18.78%	135.422527	147.841683	56.14%	64.37%	49.01%	53.24%
9	710310	Unwrkd/Smply Sawn/Roughly Shaped Precious & Semi Precious Stones	0.81%	2002-03	494.31%	87.92%	85.77%	76.76%	866.49%	11.32%	117.7954502	9015.33968	56.14%	17.08%	16.75%	15.30%
10	851220	Other Lighting/Visual Signllng Eqpmnt	0.71%	2002-03	910.13%	5685.91%	-53.02%	261.73%	19.08%	48.38%	378.4918912	149.289898	78.28%	175.80%	-17.21%	37.91%

KEY FACTORS FOR TOP 10 SAMPLED PRODUCTS COVERED UNDER EHP CATEGORY (SORTED ON THE BASIS OF CAGR-VALUE OF IMPORTS FROM THAILAND)

			2006-07		2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07	Thailand	Thailand	World	World
Sl. No.	HS Code	Particulars	% of Total Value of imports from Thailand in 2006-07	Base year for analysis	Incremental Trend of imports from Thailand (Volume) in % in comparison to base yr.	Incremental Trend of imports from Thailand(Value) in % in comparison to base yr.	Incremental Trend of World Import (Volume) in % in comparison to base yr.	Incremental Trend of World Import (Value) in % in comparison to base yr.	Market Share of imports from Thailand in World Imports (Volume) in %	Market Share of imports from Thailand in World Imports (Value) in %	Per Unit Import Price from Thailand (in Rs.)	Per Unit World Import Price for India (in Rs.)	CAGR -VOLUME (in %)	CAGR-VALUE (in %)	CAGR-VOLUME (in %)	CAGR-VALUE (in %)
1	940190	Other Seats Of Heading 9401	0.36%	2002-03	35832.73%	62578.77%	696.70%	287.19%	35.65%	37.20%	286.7488212	274.788893	335.38%	400.36%	68.01%	40.28%
2	852812	Receptn Aparts For Tv Etc Colour	5.88%	2002-03	82571.88%	45653.50%	5231.72%	2518.14%	37.88%	50.43%	8771.942922	6587.79521	436.22%	362.49%	170.22%	126.20%
3	760120	Aluminium Alloys	3.07%	2002-03	8835.25%	14171.39%	315.05%	602.06%	32.57%	31.34%	118.9214608	123.57738	207.45%	245.63%	42.73%	62.78%
4	851220	Other Lighting/Visual Signllng Eqpmnt	0.71%	2002-03	910.13%	5685.91%	-53.02%	261.73%	19.08%	48.38%	378.4918912	149.289898	78.28%	175.80%	-17.21%	37.91%

5	390710	Polyacetals	0.27%	2002-03	2838.81%	2297.33%	53.28%	126.02%	27.16%	27.69%	62.48728285	61.3075817	132.83%	121.27%	11.27%	22.61%
6	852390	Other Prepared Unrecorded Media	0.17%	2002-03	20014.75%	2042.17%	304.37%	126.48%	9.84%	4.28%	4.038110556	9.27645259	276.60%	115.14%	41.81%	22.68%
7	711319	Artcls Of Othr Prcs Mtl W/N Pltd Or Clad	1.06%	2002-03	1000.00%	1365.80%	212.20%	495.92%	6.45%	5.71%	633470.4545	715632.324	82.12%	95.67%	32.92%	56.24%
8	390799	Other Polyesters (Saturated)	0.56%	2002-03	899.96%	1156.65%	216.42%	246.02%	13.60%	14.46%	103.9391611	97.8052077	77.83%	88.28%	33.37%	36.39%
9	848180	Other Appliances Of Heading 8481	0.14%	2002-03	547.88%	1052.05%	17.55%	151.27%	1.02%	0.85%	761.0927502	913.79079	59.54%	84.23%	4.12%	25.90%
10	842199	Othr Parts Of Fltrng/Purfyng Mchnry	0.20%	2002-03	480.79%	890.51%	178.38%	162.17%	3.46%	3.75%	1000.260301	922.242721	55.24%	77.40%	29.17%	27.25%

KEY FACTORS FOR ALL SAMPLED PRODUCTS COVERED UNDER EHP CATEGORY- CHAPTERWISE

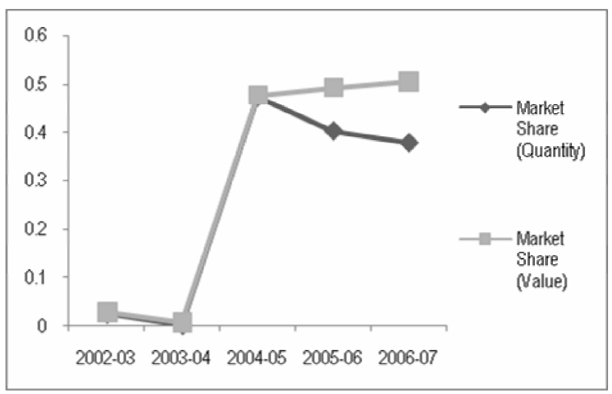
		2006-07	2006-07	2006-07		2006-07	2006-07	2006-07	2006-07
Sl. No.	CHAPTER	Value of Imports from Thailand (in Rs. Lakhs)	Value of World Imports for India (in Rs. Lakhs)	Market Share of imports from Thailand in World Imports (Value) in %	Base year for analysis	Incremental Trend of imports from Thailand (Value) in % in comparison to base yr.	Incremental Trend of World Import (Value) in % in comparison to base yr.	CAGR-VALUE-Thailand(in %)	CAGR-VALUE-World Imports(in %)
1	39	29820.08	197834.92	15.07%	2002-03	749.20%	223.17%	70.71%	34.08%
2	71	14756.23	203040.8	7.27%	2002-03	271.39%	259.07%	38.82%	37.66%
3	73	7940.09	143233.64	5.54%	2002-03	289.48%	191.79%	40.48%	30.70%
4	76	24227.12	77302.73	31.34%	2002-03	14171.39%	602.06%	245.63%	62.78%
5	84	28377.22	410764.58	6.91%	2002-03	461.57%	151.21%	53.94%	25.90%
6	85	68426.6	393889.02	17.37%	2002-03	1382.44%	189.09%	96.22%	30.39%
7	94	2864.42	7699.31	37.20%	2002-03	62578.77%	287.19%	400.36%	40.28%

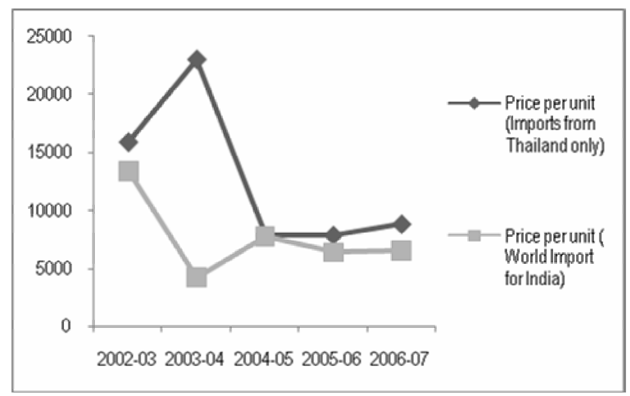
TABLE -17

MOVEMENT OF MARKET SHARE & PRICE OF SELECTED THREE SAMPLED PRODUCTS

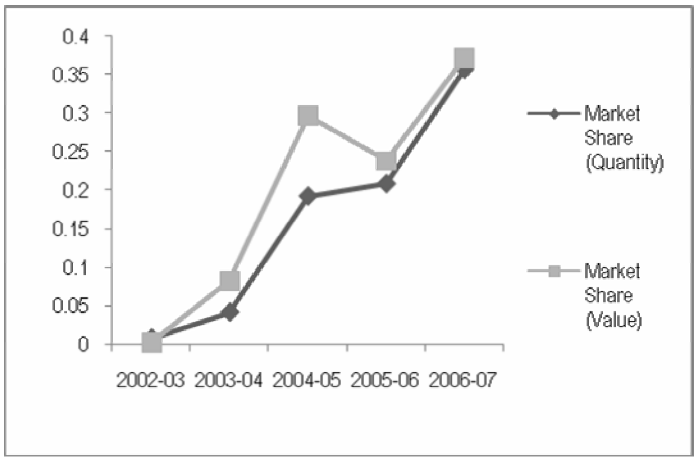
(Imports from THAILAND)

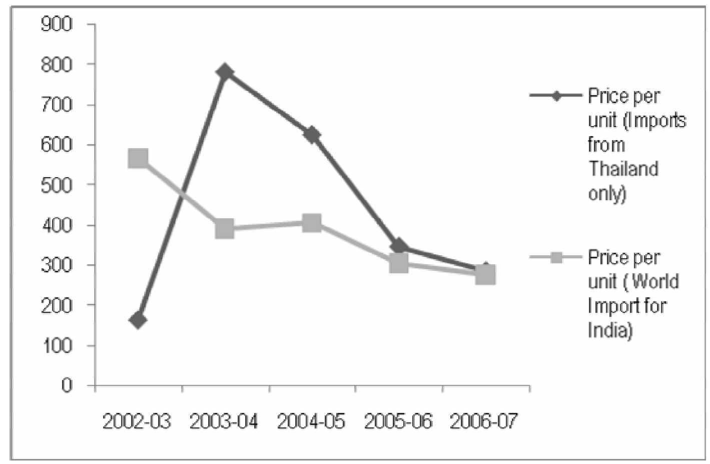
852812	RECEPTN APARTS FOR TV ETC COLOUR					
		2002-03	2003-04	2004-05	2005-06	2006-07
	Market Share (Quantity)	2.44%	0.13%	47.40%	40.34%	37.88%
	Market Share (Value)	2.89%	0.69%	47.58%	49.22%	50.43%
	Price per unit (Imports from Thailand only)	15850.00	22973.08	7804.39	7822.63	8771.94
	Price per unit (World Import for India)	13415.73	4216.84	7775.84	6410.72	6587.80



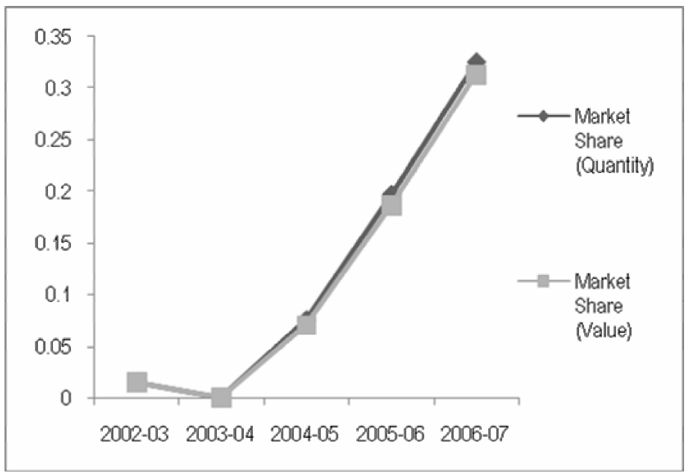


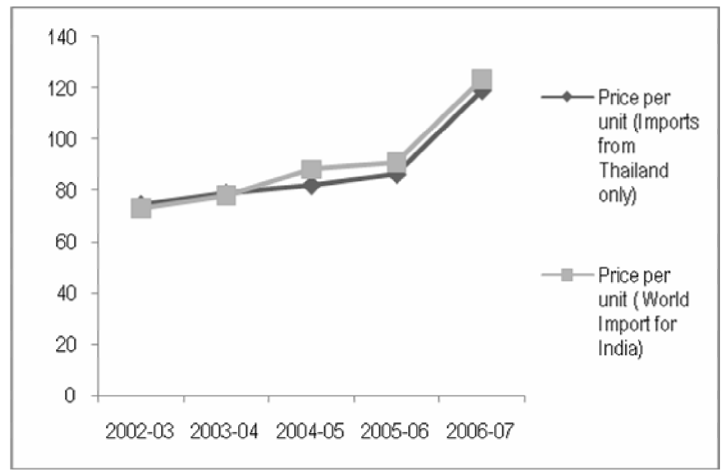
940190	**OTHER SEATS OF HEADING 9401**					
		2002-03	2003-04	2004-05	2005-06	2006-07
	Market Share (Quantity)	0.79%	4.13%	19.22%	20.81%	35.65%
	Market Share (Value)	0.23%	8.26%	29.69%	23.80%	37.20%
	Price per unit (Imports from Thailand only)	164.39	780.29	625.16	347.34	286.75
	Price per unit (World Import for India)	565.42	390.02	404.59	303.73	274.79





760120	ALUMINIUM ALLOYS					
		2002-03	2003-04	2004-05	2005-06	2006-07
	Market Share (Quantity)	1.51%	0.02%	7.61%	19.73%	32.57%
	Market Share (Value)	1.54%	0.02%	7.06%	18.66%	31.34%
	Price per unit (Imports from Thailand only)	74.46	78.86	82.02	86.32	118.92
	Price per unit (World Import for India)	73.06	78.14	88.39	91.24	123.58





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