



**Embassy of India
Bangkok**

PRESS RELEASE

**VISIT OF HON'BLE MINISTER OF COMMERCE & INDUSTRY
SHRI ANAND SHARMA
AUGUST 12-14 2009
BANGKOK**

Hon'ble Minister of Commerce & Industry, Shri Anand Sharma signed the historic ASEAN-India Free Trade Agreement in Goods today following the meeting of the ASEAN-India Economic Ministers. The meeting was hosted by Thailand, the current Chair of the 10-member Association of Southeast Asian Nations (ASEAN) grouping¹ that completed four decades of its existence in 2007.

Earlier, during the day, Mr. Anand Sharma called on the Prime Minister of Thailand H.E. Mr. Abhisit Vejjajiva. He also held discussions with the Minister of Commerce H.E. Ms. Porntiva Nakasai and the Minister of Industry H.E. Mr. Charnchai Chairungrueng in separate meetings. The meetings focused on ways to further strengthen bilateral trade and investment linkages. He invited the Minister of Commerce H.E. Ms. Porntiva Nakasai to attend the Informal Ministerial Meeting on the Doha Round of WTO to be held in New Delhi on September 4-5 2009.

The signing of the Agreement signals India's firm commitment to its 'Look East' policy of building upon its historical links with the countries of the Southeast Asian region and further deepening and widening this partnership.

India became a sectoral dialogue partner of the then 6-member ASEAN in 1992. India became a Full Dialogue Partner of ASEAN at the 5th ASEAN Summit in Bangkok in 1995 and a member of the ASEAN Regional Forum (ARF) in 1996. With Myanmar joining the ASEAN in 1997, India became a neighbour of the regional grouping.

The main areas of India-ASEAN cooperation include : trade, investment, tourism and science and technology. An India-ASEAN car rally was organized in 2004 emphasizing the connectivity of the region.

¹ Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam. The grouping was established on August 8 1967 in Bangkok by Indonesia, Malaysia, the Philippines, Singapore and Thailand. Brunei Darussalam joined in 1984, Vietnam in 1995, Lao PDR, Myanmar in 1997, and Cambodia in 1999.

India and ASEAN have been holding Summit level meetings on an annual basis since 2002. The 7th India-ASEAN Summit is scheduled to be held in Thailand in October 2009 (Thailand holds the Chair of ASEAN during July 2008-Dec 2009).

India-ASEAN trade was around US\$ 40 billion during 2007-08 making ASEAN the 4th largest trading partner of India (after EU, US and China). The India-ASEAN trade has grown rapidly in recent years (27% CAGR since 2000). The signing of the India-ASEAN Free Trade Agreement will give a further impetus to the trade and investment linkages between India and ASEAN.

The Trade in Goods agreement focuses on tariff liberalization on mutually agreed tariff lines from both the sides and is targeted to eliminate tariffs on 80% of the tariff lines accounting for 75% of the trade in a gradual manner starting from 1st January, 2010. The Agreement has provided flexibilities to India and ASEAN countries to exclude some of the products from the tariff concessions or eliminations to address their respective domestic sensitivity. India on its part has excluded 489 items from the list of tariff concessions and 590 items from the list of tariff elimination to address sensitivities in agriculture, textiles, auto, chemicals, crude and refined palm oil, coffee, tea, pepper etc. ASEAN countries have also maintained similar exclusion list from the proposed tariff concessions or eliminations.

The Agreement also provides for bilateral safeguard mechanism to address sudden surge in imports after the Agreement comes into force. In such an eventuality if it hurts a domestic industry, safeguard measures including imposition of safeguard duties may be put in place for a period upto 4 years. The flexibility to invoke the safeguard measures will remain available for both the sides for a period of 7 years to 15 years from the date, the Agreement comes into force.

As part of the Comprehensive Economic Cooperation Agreement, the Trade in Goods Agreement will integrate the two globally important economic blocks for mutually beneficial economic gains. ASEAN is a major trading partner for India and accounts for about 10% of its global trade. In the last financial year, bilateral trade between India and ASEAN was more than US\$ 40 billion. India and ASEAN have set an ambitious target of achieving bilateral trade of US\$ 50 billion by 2010. The current Agreement which comes into force from 1st January 2010 would help achieve this target.

The exchange of tariff concessions between India and the ASEAN Member Countries would lead to growth in bilateral trade and investment resulting in economic benefits to India and the ASEAN Member Countries. Indian exporters of Machinery and machine parts, Steel and steel products, agriculture products such as Oilcake, Wheat and Buffalo Meat, Auto Components, Chemicals and Synthetic Textiles would gain additional market access as a result of tariff liberalisation by ASEAN. Indian

manufacturers would also be able to source products at competitive price from the ASEAN countries.

India and ASEAN are currently negotiating Agreements on Trade in Services and Investment which are to be concluded by December 2009. India looks forward to access the vast services market of ASEAN. India's total trade in services was US\$ 137.50 billion in 2006. The corresponding figure for ASEAN is US\$ 280.90 billion. Similarly, Foreign Direct Investment (FDI) attracted by India in 2007-08 was US \$ 24.60 billion whereas ASEAN member countries attracted FDI totaling US \$ 60.50 billion in the year 2007.

Sh. Anand Sharma also held substantive bilateral discussions with his counterpart Indonesian trade minister Mari Pangestu. He invited her to attend the forthcoming WTO ministerial meeting to be held in New Delhi on 3-4 September. He also met the Singapore Trade Minister Lim Hng Kiang and the two ministers discussed a range of bilateral economic relations.

Mr. Anand Sharma arrived yesterday evening in Bangkok. He is leading a high level official delegation which includes the Commerce Secretary Dr. Rahul Khullar. A 10-member business delegation from the Federation of Indian Chambers of Commerce & Industry (FICCI) is also accompanying the Minister. Shortly after his arrival Mr. Anand Sharma gave a keynote address at a business seminar 'Enhancing Trade and Investment: India-Thailand' organized by FICCI and the Embassy of India.

Place: Bangkok

Date: August 13, 2009