

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
UNSTARRED QUESTION NO. 3000 (H)
TO BE ANSWERED ON 05th DECEMBER, 2016

IMPACT OF FTAS

3000(H). SHRI NANA PATOLE:

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) whether the Free Trade Agreements (FTA) with other countries have not been able to increase the country's exports;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether certain industrial organizations have expressed their concern over the rising imports in the country and the present nature of FTAs and if so, the details thereof ;
- (d) whether the Government is formulating any outline to implement the suggestions by these industrial organizations to promote and encourage the domestic industries and if so, the details thereof; and
- (e) the details of the concerns that have emerged in the country relating to increased competition to domestic industries and impact of the Trans-Pacific Partnership (TPP)?

ANSWER

वाणिज्य एवं उद्योग राज्य मंत्री (श्रीमती निर्मला सीतारमण) (स्वतंत्र प्रभार)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)

(a) & (b): India's exports are contingent on many factors such as global economic situation, availability of cheaper raw materials and intermediates, competitiveness of domestic industry, tariffs, standards, market access through India's free trade agreements (FTAs) etc. Independent studies indicate that there has been an increase in the share of India's exports of intermediate and capital goods after implementation of FTAs.

(c) & (d) Indian industry is divided in their opinion on the impact of FTAs on our trade. However, the trade data with FTA partners, prior to and after implementation of the agreement, indicates that there has been an increase in our overall trade. Moreover, the share of imports of raw materials and intermediates has increased from FTA partners which could be attributed to value added domestic production. Government undertakes internal studies as well as through the Joint Study Group (JSG) on the feasibility of proposed FTAs. Besides, consultations are also held with Apex Chambers of Commerce & Industry, line Ministries/ Departments on specific sectors and, based on the inputs received, sensitive items are not offered under FTA. Further, in case of a surge in imports and injury to domestic industry, a country is allowed to take recourse to trade remedial measures such as anti-dumping and safeguards.

(e) Although, negotiations of the Trans-Pacific Partnership (TPP) have been concluded, the agreement is yet to be ratified for implementation by participating countries. Government is regularly monitoring developments with regard to the possible impact of Trans-Pacific Partnership (TPP) on domestic industry in close consultation with industry stakeholders.
