**Ministry of Commerce & Industry**

**Trade Dialogues and Summits: Key Takeaways**

**Relevant to M&M - IO**

**India-UK**

Recently, India and the UK have launched the formal Free Trade Agreement (FTA) negotiations, that both countries envisage concluding by the end of 2022.

* Until then, both countries are contemplating an interim free trade area, which will result in reducing tariffs on most of the items.
* Both countries agreed to an early harvest scheme or a limited trade agreement to lower tariffs on a small set of goods apart from easing rules for select services.
* Further, they agreed to avoid “sensitive issues” and focus on areas where there is more complementarity.
  + The agriculture and dairy sectors are considered sensitive sectors for India in trade talks.
* Also, a target of doubling the trade between India and the United Kingdom (UK) by 2030 has also been set.

**India-UK Trade Relations**

* India and the UK are vibrant democracies, with a partnership built on our shared history and rich culture.
* The diverse Indian diaspora in the UK, which acts as a “Living Bridge”, adds further dynamism to the relations between the two countries.
* The UK is one of the largest investors in India, among the G20 countries.

**Significance of FTA between India & the UK**

* Increasing Exports of Goods: Trade deals with the UK could boost exports for large job-creating sectors such as textiles, leather goods, and footwear. India is also expected to register a quantum jump in the export of Marine Products through the recognition of 56 marine units of India.
* Mutual Recognition Agreements (MRAs) on Pharma could provide additional market access.
* **Clarity on Services Trade:** The FTA is expected to provide certainty, predictability and transparency and will create a more liberal, facilitative, and competitive services regime.
* There is also great potential for increasing exports in service sectors like IT/ITES, Nursing, education, healthcare, including AYUSH and audio-visual services.
* Visa restrictions have been a key issue for India to boost services trade.
* **Exit from RCEP:** India opted out of the Regional Comprehensive Economic Partnership deal in November 2019.
* Therefore, there is a renewed focus on trade deals with the US, the European Union and the UK, which are key markets for Indian exporters and are keen to diversify their sourcing.
* **Strategic Advantage:** The UK is a permanent member of the UN Security Council, and one of the strategic partners of India.
* Strengthening bonds with the trade would seek UKs support at global issues like standoff with China in the Ladakh sector of the Line of Actual Control (LAC) and claim for permanent seat at UNSC.

**Way Forward**

* India is one of the fastest-growing large economies of the world and FTA with the UK has played a significant role in enhancing the trade volume of the country.
* However, according to policymakers, FTAs signed by India with the UK have not brought the expected tangible benefits and, on the contrary, have hurt the country’s manufacturing sector due to liberal rules of origin.
* Therefore, there is a need for a detailed assessment of FTAs in terms of goods, services, and investment flows by all the stakeholders involved.

**India- Israel**

Recently, the Commerce and Industry Ministry said that India is in dialogue with Israel for concluding a Free Trade Agreement (FTA). The announcement coincides with the 30th anniversary of the establishment of diplomatic ties between the two countries.

* Given that India is not party to any mega-trade deals, this would be an important part of a positive trade policy agenda.
* India’s trade policy framework must be supported by economic reforms that result in an open, competitive, and technologically innovative Indian economy.
* Nationalism, populism, nativism, and protectionism exploit people’s sense of being left behind and excluded from the system.
* That is why we need to focus on ensuring universal inclusion in the economic networks that allow individuals and families to achieve financial security and pursue opportunities for betterment.

**India-Korea**

Recently, the Trade Minister of South Korea held discussions with the Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles.

**CEPA Up-gradation**

* Both countries agreed to impart fresh momentum to the discussions on Comprehensive Economic Partnership Agreement (CEPA) up-gradation negotiations and also promote extensive B2B (business-to-business) interactions on trade and investment between the industry leaders of the two countries.
* **Bilateral Trade Target**
* India and South Korea set a bilateral trade target of USD50 billion before 2030, which was agreed at the summit meeting in 2018.
* These regular negotiations shall be a forum to discuss the difficulties of the business community from both countries and emerging trade-related issues including supply chain resilience.
* Agreed to boost bilateral trade between India and Korea to achieve growth in a fair and balanced manner to the mutual advantage of both sides.
* Indian players have been facing difficulties in exporting their products in Korea in sectors such as steel, engineering, and agri products due to stringent regulatory issues in Korea.
* The trade deficit has increased from USD5 billion in 2008-09 to USD8 billion in 2020-21.
* Market Access Issue raised by India – India raised the issue related products that facing market access issue in Korea e.g., bovine meat, grapes, pomegranate, okra and eggplants.
* **Way Forward**
* India and South Korea relations have made great strides in recent years and have become truly multidimensional, spurred by a significant convergence of interests, mutual goodwill, and high-level exchanges.
* However, there is massive scope to expand ties between India and South Korea and make it a unique relationship in Asia.
* Political will and new imagination in diverse areas such as cultural relations, building on people-to-people contacts, harnessing democracy and liberal values, and cementing civilisational connections is the need of the hour to nurture the relations between these two nations.

**Indo-US**

* In pursuant to the 12th India – USA TPF meeting held on 23 November 2021 Department of Agriculture and farmer’s welfare (DAC&FW) and US Department of Agriculture (USDA) have signed a framework agreement for implementing the 2 Vs 2 Agri market access issues i.e inspection / oversight transfer for Indian mangoes & pomegranate and market access for pomegranate arils from India and market access for US cherries and U.S Alfalfa hay.
* Mango and pomegranate exports will start from Jan – Feb 2022 and pomegranate aril exports from Apr 2022. Exports of Alfalfa hay and cherries from USA will begin in Apr 2022.
* In addition, based on the ministerial discussions, Department of Animal Husbandry and Dairying (DAHD) also conveyed its readiness to provide market access for U.S pork and requested the U.S side to share a signed copy of final sanitary certificate for finalizing the same.

**India-Central Asia**

Recently, the Prime Minister of India hosted the first India-Central Asia Summit in virtual format. It was attended by Presidents of the Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Turkmenistan, and Republic of Uzbekistan.

This first India-Central Asia coincided with the 30th anniversary of establishment of diplomatic relations between India and Central Asian countries.

The summit came two days after a similar China-Central Asia Conference was held where China offered USD 500 million in assistance and pledged to ramp up trade to USD 70 billion from the present levels of about USD 40 billion a year.

**Trade**

* India has always maintained excellent diplomatic ties with all the five Central Asian states, Indian PMs including Prime Minister Narendra Modi in 2015, have visited them. Yet, India’s trade with them has been only at USD 1.4 billion in 2019.

**Way Forward**

* India first needs to get its big-picture imagination of the region correct. Central Asia is undoubtedly a zone of India’s civilisational influence.
* The Ferghana Valley was India’s crossing-point of the Great Silk Road. Buddhism spread to the rest of Asia from here. The Valley still connects India with three countries: Uzbekistan, Kyrgyzstan, and Tajikistan.
* When others engage with the region from the own perspectives --- China from economic (Belt and Road Initiative), Russia from strategic (Collective Security Treaty Organisation), Turkey from ethnic (Turkic Council), and the Islamic world from religious (Organisation of Islamic Cooperation) --- it would be befitting for India to give a cultural and historical perspective to the region through a summit-level annual meet.
* Central Asia carries no specific stance towards any country, with the exception of Russia. While their strategic visions are often opaque, they are wary of China. However, they have strong economic ties with China compared to little or no economic dependency on India.