

**GOVERNMENT OF INDIA  
EXTERNAL AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:1421  
ANSWERED ON:30.07.2003  
INDO-PAK TRADE RELATIONS  
V. SAROJA

**Will the Minister of EXTERNAL AFFAIRS be pleased to state:**

- (a) The present status of Indo-Pak relations with reference to economic aspects; and
- (b) The details of the measures proposed to be taken to improve economic including trade relations between the two?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI DIGVIJAY SINGH)

(a) India has supported stronger economic and commercial relations with Pakistan. However, Pakistan has continued to follow restrictive trade practices with India and hold any progress in this field hostage to political considerations. It had also stymied any meaningful progress on SAPTA and SAFTA under SAARC framework.

(b) India had unilaterally granted Most Favoured Nation (MFN) status to Pakistan. India has also been exchanging tariff concessions with South Asian Association for Regional Cooperation (SAARC) member countries, including Pakistan, under SAARC Preferential Trading Arrangements (SAPTA).

Prime Minister, in his statement in Parliament on May 2, 2003, had emphasised the importance of progress on economic cooperation between India and Pakistan for creating an environment, in which difficult issues between the two countries could be addressed. It is in this context that a business delegation from the Federation of Pakistan Chamber of Commerce and Industry visited India (July 7-8, 2003) at the invitation from Federation of India Chambers of Commerce and Industry (FICCI).

During its deliberations at Kathmandu on July 9-10, 2003, the SAARC Standing Committee of Foreign Secretaries stressed the urgent need for finalizing the draft framework treaty on creating a free trade area, i.e., SAFTA, before the next Summit. It also directed that there should be substantial progress to report to the Summit on other parallel trade facilitation measures including the proposed regional agreement on promotion and protection of investments, avoidance of double taxation, trade arbitration council, customs cooperation and harmonization of standards and measurements. These are all trade facilitation measures aimed to operationalize SAFTA. India has expressed its happiness at the consensus in the Standing Committee on SAARC on the entire package of issues and hoped that this entire package will be fully implemented before the next Summit so as to make it meaningful.