

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:1034
ANSWERED ON:01.08.2006
CHANGES IN INDO SRI LANKA FTA
Rajendran Shri P.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Government is contemplating any changes in India Sri Lanka Free Trade Agreement(FTA) in the wake of dumping goods from Sri Lanka to Indian market and to fix the quantum of import from Sri Lanka by way of TRO;
- (b) if so, the details thereof;
- (c) whether the Government has taken note of recent reports that racket in Sri Lanka involved in export of Indonesian cloves and arecanuts by foreign country origin to India under the Indo Sri Lankan Free Trade Agreement;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a) & (b) : In the ongoing negotiations between Government of India and Government of Sri Lanka under the India-Sri Lanka Free Trade Agreement (ISLFTA), the issue of fixing the quantum of import in respect of commodities like vanaspati and pepper are inter-alia negotiated;

(c) to (e) : Yes, Sir. The issue of racket involving export of Cloves and Arecanut to India by forging Country of Origin under India-Sri Lanka Free Trade Agreement had come to our notice during the 7th Round of Technical Level Negotiations held in the 3rd week of June, 2006. The matter had been taken up with the Sri Lankan Government and they have confirmed that Certificates of Origin were forged and the Bill of Lading was a falsified document and an official complaint was sent by Directorate of Revenue Intelligence, Chennai to the Custom Authorities of Sri Lanka. One person has been arrested and the shipping line involved has been identified. One of the measures that has been taken by Govt. of Sri Lanka is that, among other requirements laid down for obtaining certificates, the consignments to be loaded on a vessel, shall have entered through the gates of the port of Colombo.

All the field formations of Directorate of Revenue Intelligence, Government of India, have also been sensitised to ascertain the genuineness of Country of Origin Certificates submitted for clearance of cloves / arecanuts at concessional rate of duty under the India-Sri Lanka Free Trade Agreement. All field formations of Directorate of Revenue Intelligence have further been instructed that clearances of all cloves / arecanuts from Sri Lanka be done only after verification of Country of Origin Certificate through that Directorate for the next two months and provisional release may be given only if enquiry report takes longer than a month and that too if there is no reasonable doubt about the antecedents of the importer. As a result, regular verification of the Country of Origin Certificate produced by the importers of cloves and arecanuts are being done with the Sri Lankan Customs to avert fraudulent availment of the benefits of India-Sri Lanka Free Trade Agreement.