

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

STARRED QUESTION NO:288

ANSWERED ON:12.12.2006

EXPORT TO PAKISTAN

Patil Smt. Rupatai Diliprao Nilangekar;Tripathi Shri Chandramani

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

- (a) the details of the items being exported to Pakistan under South Asian Free Trade Agreement(SAFTA) ;
- (b) whether there has been any hurdles in exporting the products to Pakistan as agreed upon in SAFTA; and
- (c) if so, the action taken by the Government in this regard alongwith the outcome thereof ?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH)

(a) to (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO.288 FOR ANSWER ON 12TH DECEMBER, 2006 REGARDING `EXPORT TO PAKISTAN`

(a) The notification issued by the Government of Pakistan on 1st July 2006 for tariff reductions under the Agreement on South Asian Free Trade Area (SAFTA) was with a rider which makes imports from India subject to their Import Policy Order which prescribes a List of importable items from India called Positive List. The Positive List, which then consisted of 773 items, has been expanded to 1075 items vide Order dated

3.11.2006 issued by the Ministry of Commerce, Government of Pakistan. The details are available in the Website www.commerce.nic.in under the heading `Trade Agreements/Transit Arrangements - India-Pakistan Trading Arrangement`.

(b) The Pakistan's notification is a derogation of SAFTA as the Article 7 of the SAFTA provides that tariff liberalizations of SAFTA would cover all tariff lines except those items kept in the Sensitive List (Negative List) by each member state.

Although the SAFTA has come into force from 1st January 2006, in view of different budget periods of member states, it was decided that the phased Tariff Liberalization Programme (TLP) would come into effect from 1st July 2006 (Nepal from 1st August 2006) with the condition that the TLP for the first two-year phase would be completed by 31 December 2007. The member states have issued notifications accordingly. The trade data under SAFTA has not been compiled as yet.

The effect of Pakistan's notification is to limit SAFTA tariff concessions for India only to the items on the said Positive List. This additional condition was neither discussed by Pakistan during the SAFTA negotiations nor figured in the Instruments of Ratification submitted by them to SAARC Secretariat. Government of Pakistan had ratified SAFTA without any reservations. Hence, SAFTA would have little operational meaning if Pakistan does not follow SAFTA Agreement in letter and spirit.

(c) India had, in July 2006, conveyed its concerns to the SAARC Secretariat and requested for holding a meeting of SAFTA Ministerial Council (SMC), which is the highest decision-making body of SAFTA, for addressing this issue. During the 27th SAARC Council of Ministers' Meeting, which concluded in Dhaka on August 2, 2006, India had very forcefully raised concerns regarding non-implementation of SAFTA by Pakistan, pointing out that this was a negation of SAFTA and jeopardized its implementation. After protracted negotiations, it was finally agreed that the next regular meeting of the SAFTA Ministerial Council (SMC) would have to resolve this issue before the next session of the Council of Ministers with a view to ensuring smooth implementation of the Agreement. The issue is now slated to be discussed in the next SMC meeting to be organized shortly by the SAARC Secretariat as per the mutual convenience of the Member States.