

best aircraft in the world. The initial operation clearance of the LCA has been cleared. There are UAVs and electronic warfare. In many areas India is now producing state-of-the-art equipment. So, gradually we are improving. But we have to go a long way.

SHRI MOHAMMED ADEEB: Sir, I want to know from the hon. Minister whether it is true that Israel is the biggest supplier of arms to India. If it is so, why?

SHRI A. K. ANTONY: Sir, Israel is one of our important suppliers. It is not the biggest supplier. Russia is the biggest supplier of defence equipment.

*184. [The question (SHRI T.K. RANGARAJAN) was absent 49].

FTAs with ASEAN countries

*184. SHRI T.K. RANGARAJAN: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether Free Trade Agreements (FTAs) with ASEAN countries have been signed;
- (b) if so, the salient features of these agreements;
- (c) whether agricultural produces also come in the ambit of these agreements; and
- (d) if so, the details of measures Government has taken to protect the interest of the indigenous produces?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) Yes Sir, India and ASEAN (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam), have signed a Trade in Goods Agreement on 13th August, 2009. The Agreement has come into force in respect of India and Malaysia, Singapore, Thailand, Vietnam, Myanmar, Indonesia, Brunei Darussalam and Lao PDR. In the case of Cambodia and Philippines, it will come into force after they complete their internal requirements.

(b) The Agreement mainly consists of exchange of tariff concessions by India and ASEAN countries during 01.01.2010 and 31.12.2024. More details of the Agreement are available in the public domain.

(c) and (d) Majority of the agriculture items are protected under the India-ASEAN Trade in Goods Agreement by placing them in the Exclusion (Negative) List where no tariff concessions are available to ASEAN countries. Key items that have been given protection through the Exclusion (Negative) List are vegetables (tomato, onion, garlic, ginger etc.), fruits/nuts

(coconut, copra, cashew kernel, banana, pineapple, mango, grapes, apple etc.), spices (chilli powder, cardamom, coriander seeds, turmeric, mustard seeds etc.), cereals/grains (rice, wheat, maize, jowar, bajra etc.), oilseeds/oils (soyabean, groundnuts, soya oil, groundnut oil, sunflower oil etc.), natural rubber and tobacco etc. The Agreement also provides for a safeguard mechanism to address sudden surge in imports on account of tariff concessions. When such a surge is likely to hurt the domestic market, safeguard measures including imposition of safeguard duties can be initiated to prevent or remedy serious injury and to facilitate adjustment for the domestic market.

MR. CHAIRMAN: Are there any supplementaries on Q. No. 184? Prof. P.J. Kurien.

PROF. P.J. KURIEN: Sir, as per the reply given by the hon. Minister, the FTA between India and the ASEAN countries have come into force on 01-01-2010. I would like to know from the hon. Minister, after the implementation of the agreement, whether it is a fact that one year and two months have elapsed. Have you made any study as to the shift in the balance of trade between India and these countries? Is there any shift? Is it in our favour? Or, is it in their favour? Which are the countries where the shift is in our favour?

SHRI ANAND SHARMA: Sir, I would like to thank the hon. Member for raising this question. As I have stated in my reply, India has signed Free Trade Agreement with countries of ASEAN region as a group of ten countries. They are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

Both India and ASEAN, through this agreement, have agreed on tariff concessions on 90 per cent of the lines. I would like to apprise the hon. Member that India had taken care while negotiating the agreement to have a large Exclusion (Negative) List. All the other agreements, which ASEAN has signed with China, Japan, Korea, Australia and New Zealand, they have never agreed to a negative list. Secondly, the agreement was operationalised, after ratification by the concerned countries, only by three countries, that is, Malaysia, Singapore and Thailand on 1.1.2010, not by all ten countries. In the case of others, five other countries have ratified. Philippines and Cambodia have yet to do so. Therefore, for all the ten, a study and a comparative statement cannot be made. However, what we have seen is that there has been a significant increase in the bilateral trade after the signing of the FTA. The trade which stood at a little over 41 billion US dollars, has increased to 50 billion US dollars, in 2010 and we have now a target of taking it to 70 billion US dollars by 2012.

Sir, with regard to the increase, Indian products have got access in many sectors, and the products of these countries have also got access. But we have taken care to ensure that there is a balance and if imports have increased, Indian exports have also significantly increased. If I have to tell you, Sir, ...

PROF. P.J. KURIEN: I have asked whether the shift is in our favour or not.

SHRI ANAND SHARMA: No, it is not so. It has never been. The question was that after the agreement, there has been a huge gap. But that gap has narrowed after the signing of the agreement. The gap was much more. I must inform the House that India is dependent on imports for some of the commodities which we need, particularly pulses and edible oils in large quantities which come from these countries.

SHRI Y.S. CHOWDARY: Mr. Chairman, Sir, is there any impact study conducted by the Ministry for excessive imports into the country and thereby our local industry getting affected?

SHRI ANAND SHARMA: Sir, there are regular studies. As I have said, only in the case of three countries, we have completed one year. For the rest seven, it is only a few months. It is only by next year that we will be in a position to assess it for all the ten ASEAN countries. But I would like to assure the hon. Member that while negotiating the agreement, the national interest is kept in mind. The negotiators have a very clear mandate. India, as I informed earlier while replying to Prof. Kurien's question, has kept a huge negative list of 1297 products. Those tariff lines are completely excluded, and these include 689 agricultural lines. It is a highly sensitive list. All the products in that are the plantation sector products. There is another sensitive list which has over 2,000 lines.

SHRI TAPAN KUMAR SEN: Sir, as far as the balance of trade between India and those ASEAN countries is concerned, earlier the gap was more and it has improved in our favour after the FTA, if I have understood you correctly. The Minister has talked about the Negative List in his reply. But tea and coffee were not falling under that. I think that was open for trade. You kindly clarify it. In that event, what was the reflection on the tea and coffee growers in our country?

SHRI ANAND SHARMA: Sir, as I have mentioned, there is a highly sensitive list where there is reduction of tariff, but not complete elimination of tariff over a prolonged period of time. Tea, coffee and pepper fall in that category. But we had taken the tariff lines of the year, 2005 as the base; whereas the agreement was signed on the 13th of August, 2009.

And the reduction in tea, coffee and pepper will be nominal and spread over a period of ten years, that is, upto 2019. So, by 31st December, 2019, all these reductions will come in. And, I would like to inform the hon. Member that even after 2019, that is, by 1st January, 2020, the tariff on tea will still be 45 per cent; it will still be 45 per cent on coffee and it will be 50 per cent on pepper. That is how it will be. And the reduction also will be very small between now and 2020; if I may say, by 31st December, 2019, it will be between 1.8 per cent and 5 per cent. So, we have taken care to protect the plantation sector.