

SHRI M. P. ABDUSSAMAD SAMADANI: Considering this situation, I would like to know from the hon. Minister whether the Government will come forward with a broader policy on language in which there will be a great relevance for the mother tongue.

SHRI S. JAIPAL REDDY: Sir, mother tongues—in so far as they are considered regional languages—are used as medium of instruction at all levels and they are also used as the medium of administration in the concerned State. Otherwise, we have only missions to see that languages are not endangered. The modernisation process is inexorable. It could face danger from other languages. But, there is a modern technical way of preserving the original shape of the languages and we shall make every attempt to do so.

*163.[The questioner (Shri Abu Asim Azmi) was absent. For answer *vide* page.....*infra*.]

*164. [The questioner (Shrimati S.G. Indira) was absent. For answer *vide* page.....*infra*.]

*165. [The questioner (Shri C. Perumal) was absent. For answer *vide* page.....*infra*.]

*166.[The questioner (Shri S.P.M. Syed Khan) was absent. For answer *vide* page.....*infra*.]

Indo-Pakistan trade talks

***167. SHRI LALIT SURI:** Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the nature of trade talks held between India and Pakistan during SAARC meeting held recently at Islamabad; and

(b) the decisions arrived at and the extent to which the trade between the two neighbours is expected to improve?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH): (a) On the occasion of the Fourth Meeting of the SAARC Commerce Ministers held in Islamabad on November 22-23, 2004, Commerce Ministers of India and Pakistan had a separate interaction to lay down a road map for promoting trade between the two countries.

(b) A Statement is laid on the Table of the House.

Statement

It was agreed to set up a Joint Study Group at the level of Commerce Secretaries of both the countries for evolving a strategy for boosting trade between India and Pakistan.

The two way trade between India and Pakistan during April-July 2004 has almost tripled, rising to US \$ 186.36 million as against US \$ 64.41 million during the corresponding period last fiscal. If the positive trend continues, the two-way trade could well cross half a billion dollars this fiscal. India and Pakistan are signatories to the South Asian Free Trade Area (SAFTA) Agreement which is scheduled to come into effect from 1st January, 2006 and it is expected to give a significant boost to economic activities between the two nations.

SHRI LALIT SURI : Sir, since the hon. Minister has announced the Economic Cooperation Agreement between India and Pakistan, I would like to know from the hon. Minister what are the main objects of the Agreement and what is the time-frame for implementation since it is a vital link between the two countries for normalisation of relations, specially when India has been given the Most Favoured Nation status to Pakistan and the absence of Pakistan's reciprocity to this.

SHRI KAMAL NATH: Sir, it is true that India has given the Most Favoured Nation status to Pakistan, but Pakistan has not reciprocated this. We are engaging with Pakistan, under the auspices of the SAARC, where we are trying to finalise the SAFTA Agreement on bilateral basis. During the SAARC Economic Ministers meeting, which was held on November 22nd and 23rd, 2004, in Islamabad, economic engagement within the SAARC countries, including Pakistan, was also discussed. We have had bilateral discussion with the Commerce Minister of Pakistan to see if we could overcome some of the issues which are pending between the two countries. I am happy to announce that in the first few months from April to July this year, our exports to Pakistan have risen by 328 per cent equivalent to US \$ 167.38 million. So, there is a trend of growth. But there are political issues, of course, which seem to form roadblocks.

SHRI LALIT SURI : Sir, it has been reported in the Press that during the visit of the hon. Minister to Pakistan for the SAARC meeting, he met General Musharraf. So, my second supplementary is, what were the main

points of discussion during this meeting? Was the Meeting beneficial and hopeful for our future relationship?

SHRI KAMAL NATH: Sir, it is true that I had a meeting with President Musharraf. There were two separate meetings—a meeting with the Commerce Minister, and thereafter a meeting with President Musharraf. During my meeting with President Musharraf, I stressed that economic engagement was a very important ingredient in trying to iron out the various issues between India and Pakistan. General Musharraf did react on this. Shortly after the meeting, certain other issues were discussed, which are not connected with trade. I don't want to go into that. This question is confined to trade only. But shortly after that meeting, the Commerce Minister of Pakistan informed me that Pakistan was ready to announce a Joint Study Group for having an Economic Cooperation Agreement between Pakistan and India. The Economic Cooperation Agreement would necessarily be not an agreement of goods and merchandise, but would encompass issues of services, technology, and investment. And, a Joint Study Group headed by the Commerce Secretary of Pakistan and the Commerce Secretary of India has been formed. The Joint Study Group would be meeting very shortly to start work on this. And, we hope to produce work on this very soon.

SHRI B. J. PANDA: Sir, it is heartening to note that despite Pakistan not granting the MFN status to India, our exports have grown by more than 300 per cent. I would like to draw the attention of the hon. Minister towards many media reports that unofficial trade with Pakistan is much larger than the official trade. These are routed through the third countries. I would like to have a clarification from the Minister whether there are any estimates as to the size of this unofficial trade, which could be regularised. And, what could, thus, potentially be the size of the Indo-Pakistan official trade if they remove the discriminatory customary regime on Indian goods and services?

SHRI KAMAL NATH: Sir, it is true that there is unofficial trade with Pakistan, taking place through the third countries. Against the total trade, which had taken place last year, of 64 million dollars with Pakistan, I think, you could easily estimate that 300-400 million dollars would be the unofficial trade. Both, India and Pakistan, are cognizant of it. It is not that we do not know that it is happening. I think, that is, probably, the most convenient route for trade to take place because Pakistan, not having granted the MFN status to India, that may be a better economic route and I must say that

both, the business communities of Pakistan and the business communities of India, have very creative methods of carrying on trade. That just shows that trade can derive many things. So, we estimate that trade with Pakistan, if formalised, could reach up to one billion dollars.

SHRIMATI N. P. DURGA: Sir, what exactly was the mandate of the Joint Study Group, announced recently in Islamabad? Who are the members, from both sides, of the Working Group? In 2002-03, we were able to export goods worth seventy million dollars. But in 2003-2004, we were able to export goods worth only thirty million dollars. What are the reasons behind this 50 per cent decline in exports to Pakistan?

SHRI KAMAL NATH: Sir, so far as the first question is concerned, the Joint Study Group, as I said, is headed by the Commerce Secretary of India and the Commerce Secretary of Pakistan. From the Indian side, it also includes officers from various Ministries -- where there are telecom issues, it is the Telecom Ministry, where there are transport issues, it is the Transport Ministry, and so on and so forth. So far as the scope is concerned, as I said, what we are looking at is not a trade agreement in goods, but we are looking at an Economic Cooperation Agreement.

We are looking at an Economic Cooperation Agreement. That is why, we did not say that we are talking about a Free Trade Agreement or a Preferential Trade Agreement. We are looking at an Economic Cooperation Agreement. Sir, the Economic Cooperation Agreement, as I said earlier, in response to an earlier question, encompasses services, technology, investment, transportation, and free movement kinds of things. So, the first meeting is going to be held very shortly. It will emerge true. Whereas the second part of the question is concerned, there has been a decline in trend. Sir, I cannot tell the Member why this trade declined, but there has been a substantial decline. This happens either for cyclic reasons or happens because of political reasons, sometimes, and depends on world markets. But, now, as I said, in the first four months, trade between India and Pakistan, especially, Indian exports have increased by over 300 per cent.

SHRI JAIRAM RAMESH: Sir, if the Government criticises Pakistan for not granting MFN status to India, there are only two countries that deny MFN status to their trading partners, America to Cuba and Pakistan to India. My question to the hon. Commerce Minister is this. Why doesn't the

Government consider taking Pakistan to dispute settlement under the WTO?

SHRI KAMAL NATH: Sir, that could be one of the routes, but now that we have announced possibility of an Economic Cooperation Agreement, I think, this is one of the issues which will be addressed. But within our SAARC Agreement, the SAFTA, this issue will not be immediately addressed. Because this is going to relate to concessional duties, concessional tariffs, we did not think of the need, I presume, to go to the WTO in the past but now with both these things moving on a fast track, I hope this issue will be automatically resolved.

SHRI RAVI SHANKAR PRASAD: Mr. Minister, while making reply to the very first query, you talked of road blocks in trade relationship. You also talked about your visit to Pakistan and other agreements. May I just remind you that the hon. Prime Minister of Pakistan had come to India very recently and upon pointed query about the need for economic cooperation including gas lines, his reply was not very forthcoming, namely, there was no categorical statement as to coming out from his side for furthering the cause of economic cooperation. Therefore, the supplementary which I am posing to you from your first query is, what is the nature of negotiation being undertaken at the highest political level to promote economic cooperation so that what you have stated in the reply becomes meaningful.

SHRI KAMAL NATH: Sir, I shall certainly become meaningful. As I said, on the 23rd of November, I met President Musharaff; on the 24th of November, I had a meeting with the Prime Minister of Pakistan here in Delhi. And it was almost within 24 hours that I was able to discuss trade both with President Musharaff and the Prime Minister of Pakistan. Sir, my sense of things is that Pakistan themselves — where the road blocks are concerned — are looking at some kind of trade engagement. Of course, the larger issue they keep mentioning, that is going to be within a composite dialogue, within a composite dialogue, but I believe that the very fact that Pakistan agreed for the first time was a step forward in trade. Pakistan agreed to have a joint economic cooperation agreement with India. I think it is a big step forward. It is not a leap; it is a big step forward. The next day, the Prime Minister of Pakistan, in the bilateral meeting I had with him alongwith the officials, raised a query as to when will the first meeting take place and said that we should try and move this as fast as possible. He did express this in very categorical terms to me.