



TOWARDS A RETURN OF INDUSTRIAL POLICY?
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PTAs and Emerging Conflicts between Trade and Industrial Policies: An analysis of India's recent experience

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Presentation structure

- ① The rise of India's engagement in PTAs
- ② Impact of tariff liberalisation
- ③ Reasons behind the emergence of comprehensive agreements
- ④ Implications of liberalisation in non-goods areas, focussing on investment disciplines
- ⑤ Conflicts between trade policy and industrial policy

India's changing trade policy strategy

- ◉ Until the 1990s, trade liberalisation was mostly at the MFN level
- ◉ Exceptions:
 - India-Nepal Treaty of Trade (1950);
 - Agreement on Trade and Commerce between India and Bhutan (1972);
 - Bangkok Agreement (1976); and
 - GSTP (1989).
- ◉ Sole PTA in force in the 1990s: SAPTA (1995)
- ◉ 12 new PTAs in force since 2000.

MK1 No.	Agreement Title	Partners	Year
1	India-Sri Lanka Free Trade Agreement	Sri Lanka	2001
2	India-Afghanistan Preferential Trade Agreement	Afghanistan	2003
3	India-MERCOSUR Preferential Trade Agreement	Argentina, Brazil, Paraguay and Uruguay	2003
4	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)	Bangladesh, Sri Lanka and Thailand (1994). Myanmar joined (1997). Bhutan and Nepal (2004).	2004
5	India-Thailand Framework Agreement for establishing a Free Trade Agreement	Thailand	2004
6	CECA between the Republic of India and Republic of Singapore	Singapore	2005
7	South Asian Free Trade Area (SAFTA)	Bangladesh, Sri Lanka, Pakistan and Maldives (1997). Bhutan and Nepal (2004).	2006
8	PTA between the Republic of India and the Republic of Chile	Chile	2009
9	ASEAN-India Free Trade Agreement	Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Thailand, Singapore and Vietnam.	2010
10	India-South Korea Comprehensive Economic Partnership Agreement	South Korea	2010
11	India-Japan Comprehensive Economic Partnership Agreement	Japan	2011
12	Comprehensive Economic Cooperation Agreement between India and Malaysia	Malaysia	2011

Comprehensive Agreements

- ◉ WTO-plus liberalisation commitments in existing PTAs
 - Agriculture; and non-goods areas such as services, investment, intellectual property rights, etc.
- ◉ Developed countries - Singapore, South Korea and Japan
- ◉ Developing countries - SAARC , BIMSTEC and Malaysia
- ◉ Ongoing negotiations - EFTA, EU, ASEAN, Indonesia, Sri Lanka, etc.

Catalysts behind India's trade policy shift

- ⦿ The “Look East” policy announced in 1992;
- ⦿ Dynamics of multilateral trade negotiations at the WTO;
- ⦿ Domino effect and competitive regionalism within and outside the region;
 - Proliferation of PTAs initiated by the ASEAN;
- ⦿ Push towards pan-Asian integration for “efficiency-seeking dynamic industrial restructuring”.



Actual market access in PTA partners

tent positive relationship between a membership in India's existing PTAs and shares in India's total exports.

In the case of Vietnam, the shares of exports to India were greater than the shares of their imports sourced from India.