



# ASEAN-India Economic Ministers' Consultations

## Why in News

Recently, the 17<sup>th</sup> [ASEAN-India](#) Economic Ministers Consultations was held virtually, co-chaired by India and Vietnam.

- The meeting was attended by the Trade Ministers of all the 10 [ASEAN \(Association of Southeast Asian Nations\)](#) countries viz. Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

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## Key Points

- **Related to Covid-19:** The Ministers reaffirmed their commitment to take **collective actions in mitigating the economic impact of the [Covid-19](#) pandemic.**
  - They also resolved to **ensure macroeconomic and financial stability** and **resilient supply chain connectivity**, particularly the unimpeded flow of essential goods and medicines in the region, in compliance with the [WTO](#) rules.
- **AIBC's Report:** The report of the **ASEAN India Business Council (AIBC)** was placed.

- It has recommended that the **ASEAN India Trade in Goods Agreement (AITIGA) be reviewed** for mutual benefit.
- The review will make the Agreement **modern with contemporary trade facilitative practices**, and **streamline customs and regulatory procedures**.
- **ASEAN India-Business Council (AIBC)** was set up in March 2003 as a forum to bring key **private sector players from India and the ASEAN countries on a single platform** for business networking and sharing of ideas.
- **AITIGA:** Discussions on review of the **ASEAN India Trade in Goods Agreement (AITIGA)** took place.
  - The AITIGA is a **Free Trade Agreement (FTA)** among the ten member states of the Association of Southeast Asian Nations (ASEAN) and India which came into force in January, 2010.
  - India emphasized on review on AITIGA at the earliest and the need to **strengthen the Rules of Origin** provisions, work towards **removal of non-tariff barriers** and provide **better market access**.
    - The Rules of Origins provisions of AITIGA specify that the preferential treatment under the agreement will be applicable **only to goods which have wholly or partially originated** in the exporting country.
    - **India** wants strict **rules of origin** to **prevent Chinese goods from flooding the country through ASEAN member countries** that may have lower or no duty levels.
    - A **nontariff barrier** is a way to restrict **trade** using **trade barriers** in a form other than a **tariff**. **Nontariff barriers** include quotas, embargoes, sanctions, and levies.
  - India has concerns regarding the FTA, given that its FTA with ASEAN is **leading to increased trade deficits** with several ASEAN partners.
    - India's trade deficit with the ASEAN rose from around 5 billion USD in 2011 to 21.8 USD billion in 2019.
- **Background:**
  - In 2003, India and ASEAN signed a **Framework Agreement on Comprehensive Economic Cooperation** to establish an ASEAN-India Regional Trade and Investment Area, which would provide a basis for subsequent FTAs covering goods, services and investment.
  - India dropped out of the **Regional Comprehensive Economic Partnership (RCEP)** in November 2019 at **ASEAN+3** summit, because of increasing trade deficits with partner nations and **increasing China-India tensions**.
  - Recently, India participated in the **6<sup>th</sup> roundtable meeting of the ASEAN-India Network of Think Tanks (AINTT)**.
    - India **highlighted the difficulties** that were hindering strong response to deal with the **Covid-19 pandemic**.

## Way Forward

- An immediate review of the agreement and the effective utilisation of the ASEAN-India Free Trade Agreement will contribute to the realisation of the **2020 trade target of 200 billion USD set by India and ASEAN**.
- Over dependence of India and other countries on China can be decreased by developing a common forum/platform with ASEAN countries. Moreover, better collaboration and partnership with ASEAN is in line with **India's Act East Policy**.

**Source: PIB**

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