

Supported by



Stakeholder Consultation Meeting

On

“External Preferential Trade Agreement and Its impact on Indian Economy: Analyses of Impact and Counter Measures”

28 August, 2014
Bhubaneswar, Odisha

(Organized by CUTS International in association with UCCI, FIEO & DGFT)

Report

1. Introduction

1.1 CUTS International is implementing a project entitled “External preferential Trade Agreement and its impact on Indian Economy: Analyses of Impact and Counter Measures” with support from the UK Aid. The first Stakeholders Consultation Meeting was held in Bhubaneswar, Odisha on 28 August, 2014. The objective of the meeting was to raise general awareness about Preferential Trade Agreements especially about TPP, TTIP and EU- ASEAN where India is not a party, among the stakeholders and to educate them on its impact on Indian economy. It also aimed to sensitise the policy makers as well as other stakeholders to prepare policy response to prevent the negative impact on Indian Economy from these PTAs and to obtain specific inputs about the external preferential trade agreement.



2. Welcome

Rajen Padhi, Chairman of International Trade Committee, and Member of Utkal Chamber of Commerce & Industry (UCCI) introduced the topic in the floor and introduced the speakers of the event: Mr. B.S.Pani, Member UCCI; Mr. Vivek Pattanayak, IAS (retd), Member UCCI; Mr. Rabindra K. Jena, Honorable Member of Parliament, Lok Sabha, Balasore; Mr. Purna Chandra Jena, Assistant Policy Analyst, CUTS International, Jaipur; Dr. Ashish. K. Dash, Deputy DGFT, Cuttack. He whole heartedly welcomed the speakers on the dais as well as the stakeholders present in the hall.

3. Opening Remarks

3.1 Vivek Pattanayak, who moderated the meeting, underlined the fact that India has faced many ups and downs in her journey since 1991 on account of opening of economy. He highlighted that this topic is really important in the present context and would have immense importance to think over it as well. He argued that External PTAs are against the spirit of existing multilateral framework. However, he supports the concept that India should accept PTAs routes as all the countries are moving in the direction of Preferential Trade Agreement (PTA) and Free Trade Agreement (FTA).

3.2 Rabindra K. Jena, highlighted the importance of the multilateral forum and the evolution of GATT, UNCTAD among others. He stressed upon the fact was of the view that the country should undertake empirical research before getting into such agreements. Citing the case of the Indian pharmaceutical industry's success in Africa and elsewhere, he suggested that multilateral

agreements with a careful study of the country's strength and the available opportunities in the international market would fetch the country better returns..

3.3 Dr. Ashis Kumar Dash, briefly explained the role of WTO and how it works. He gave a brief description on the Plurilateral and multilateral trading arrangements including MERCOSUR and opined that PTAs are here to stay and more than 400 such agreements exist internationally at present. He gave a historic explanation of World Trade Organisation (WTO), PTAs and FTAs...

3.4 B.S.Pani, highlighted the importance of comparative advantage and cost effectiveness of Indian products in the international market. He added that irrespective of the type of agreement, the country has to work on improving her credibility first and set her home in order to succeed in international trade.

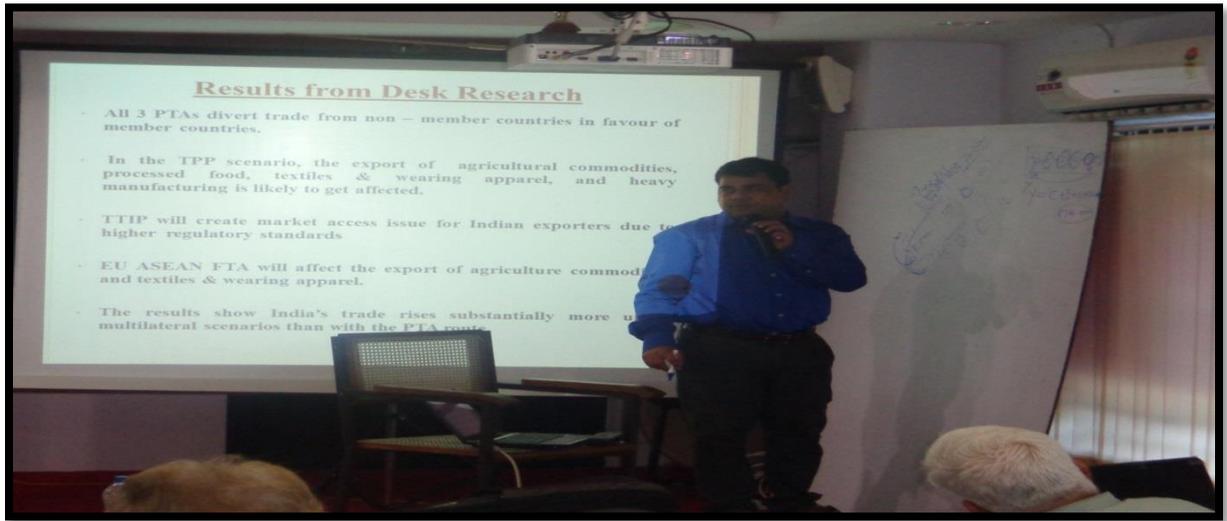


4. Presentation: External Preferential Trade Agreements and the Indian Economy: An analysis of Impacts and Counter Measures

P C Jena gave an elaborated presentation on the topic 'External Preferential Trade Agreements (PTAs) and its impact on Indian Economy: Analyses of Impact and Counter Measures'. Before he began, on behalf of CUTS International he thanked the dignitaries on dais, management & staffs of Utkal Chamber of commerce and Industry (UCCI), Federation of Indian Export Organisation (FIEO) and Director General of Foreign Trade (DGFT) for their support to make the event happen. He also thanked the audience, media persons and others for their valued participation.

He spoke about the deepening of the external PTAs such as TPP, TTIP and EU-ASEAN and how these mega PTAs will impact our economy with some quantitative analysis. He also stressed upon the burden of WTO plus issues such as Government Procurement, Intellectual Property

Rights (IPRs) Labor Standards and Regulatory Standards and how these issues are weakening the case of trade negotiation for India.



He further spoke on the desk research CUTS has undertaken and highlighted the fact that these PTAs will affect the sectors such as agricultural commodities, processed food, textile wearing apparel and heavy manufacturing industries. TPP & TTIP will create market access issues for non-participating countries in form of higher trade standards, like Regulatory Standards, Labour Standards and Environmental Standards.

He also explained with examples the Rules of Origin issue and how will this affect India on the long term. Yarn Forwarding Rules in TPP agreement had also been cited in the presentation.

He then discusses about the possible countermeasures such as policies on bilateral trade agreements in TPP region, the importance of RCEP, focus on capacity building and invest heavily on capacity building in the affected areas among others.



After the presentation the floor was open for discussion.

5. Points of Discussion

The points of discussion:

- Problem faced while exporting to these regions
- Sectors that will be affected due to such agreements
- Countries those are more important in the mega PTAs region for India's export
- Factors that influence business while dealing with these regions
- The potential impact of mega regional trade agreements on India's exports and etc.

Rajiv Gandhi, a young aspiring Entrepreneur, had queries regarding the do's and don'ts to start up his new export business. Rajen Padhi responded to his question and explained regarding the custom duties, custom clearance and how to go about it.

Sujeet Kumar, Chairman, Kalinga Kusum, wanted to know the difference between the Free Trade agreements (FTA) and Preferential trade agreements (PTA) as he was from a non-economics background and he was facing difficulties in understanding them. P C Jena and Ashis Dash both explained the difference.

To this Vivek Pattnayak, cleared his doubts that Free Trade Agreement (FTA) in true sense is a treaty between two countries or more where they agree on free mobility of goods across the borders without any kind of tariff and hindrance but with immobility of capital and labour, whereas in Preferential Trade Agreement (PTA) is an trade pact agreement between the countries to reduce tariff for certain products.

Gopinath a young entrepreneur was very anxious to know about the impact these PTAs on Odisha economy particularly in the fishery sector. To answer his question, Mr. Padhi said, this sector will be affected substantially. Mr P C Jena explained with an example that how exports from Indonesia will replace Indian fish in the mega PTAs markets.

However it got little off the track and people sitting in the conference hall came up with their own problem and wanted guidance about how to go about if they wanted to start up their own business in different sectors such as organic product export- import among others.

Mr. Pattnayak wrapped up the discussion by thanking CUTS for carrying out such an important event at Bhubaneswar for the first time and wished all the very best to the associate partners for making it successful. He also thanked the audience for taking out their valuable time and participating in the consultation meeting.