

India to ease market access to 50 nations

G Ganapathy Subramaniam & Deepshikha Sikarwar
The Economic Times, October 10, 2006

NEW DELHI: Playing generous Big Brother, India is set to roll out duty-free, quota-free market access for 50 least developed countries (LDCs) from Africa and Asia. The economic-diplomacy is expected to win not just hearts, but also the support of these poorer nations at multilateral fora like the United Nations and the World Trade Organisation (WTO). On the domestic front, the move could face resistance from certain sections of the industry — especially small players — as import competition would increase once these countries start tapping the Indian market.

A proposal to open up the Indian market to LDCs would be taken up soon by the Cabinet Committee on Economic Affairs (CCEA), highly-placed government sources said. The customs duty concessions would be rolled out from 2007, completely eliminating all tariffs in five years. The commerce & industry ministry has submitted a detailed note to the CCEA on the basis of inputs provided by the trade and economic relations committee (TERC) headed by prime minister Manmohan Singh. India does not want any reciprocity for the concessions which are purely voluntary.

To check criticism from the local industry and farmers, the ministry has proposed a negative list of 776 items which would not be covered by the tariff concessions. In effect, agri products and goods produced by small units would be protected from increasing competition. The move is being accorded great significance within the government as it gels with the prime minister's south-south co-operation plank. Also, India would be in a position to muster substantial support for its bid for a permanent berth in the UN Security Council.

While enhanced market access for LDCs was agreed upon at the Hong Kong ministerial meeting of WTO, India had the option of not offering the concessions since it is a developing country. The sops are being offered voluntarily since India believes in supporting LDCs. The PM is credited with the view that enhanced market access should be granted to neighbouring countries too in order to improve political ties. This is the first time that India is offering preferential market access to poor nations on such a large scale.

Border No Bar

The customs duty concessions will be rolled out in 2007, completely eliminating all tariffs in 5 years.