ASEAN-India Trade in Goods Agreement (AITIGA)

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ASEAN-India Trade in Goods Agreement Latest News

The 10-nation Association of Southeast Asian Nations (ASEAN) is stonewalling the review of the ASEAN-India Trade in Goods Agreement (AITIGA), a senior official said recently.

About ASEAN-India Trade in Goods Agreement

- It is a **trade deal between** the **ten member states of ASEAN and India.**
- It was **signed** at the 7th ASEAN Economic Ministers-India Consultations **in Bangkok, Thailand, in 2009**. The agreement **entered into force on 1 January 2010.**
- The agreement **originated out of the Framework Agreement on Comprehensive Economic Cooperation between India and ASEAN** created in **2003**.
- This framework agreement set the **basis for India and ASEAN to conclude further agreements.**
- **AITIGA** covers **trade in physical goods and products;** it does **not apply to trade in services.**
- ASEAN and India signed a **separate ASEAN-India Trade in Services Agreement in 2014.**

- **Along with the ASEAN-India Investment Agreement,** the **three agreements** collectively form the **ASEAN-India Free Trade Area.**
- **Eliminating Tariffs on Goods:**
    - Under the AITIGA, ASEAN and India have c**ommitted to progressively eliminating duties on 76.4 percent of goods** and to **liberalize tariffs on over 90 percent of goods.**
    - **Because of the uneven levels of development** and differing economic policies **within ASEAN**, the agreement **applies two different classes of tariff rates** depending on whether or not they are WTO members.
    - Generally speaking, the agreement grants **less developed ASEAN members** with less liberalized economies, such as Myanmar and Laos, a **longer timeframe to reduce their tariffs.**
    - The agreement allows the parties to **maintain tariffs of four to five percent for some sensitive products.**
    - Moreover, the agreement includes **unique tariff reduction provisions for India's "special products",** which are **crude and refined palm oil, coffee, black tea, and pepper.**
    - Finally, parties are **permitted to place some tariff lines into "highly sensitive lists"** to manage tariff reductions for sensitive products, as well as an "**exclusion list"** for products excluded from the Agreement, which the parties **must review annually.**
- **Other Provisions:**
    - In addition to reducing tariffs, the Agreement **calls on all parties to establish** predictable, consistent, and transparent trade **practices to reduce non-tariff barriers.**
    - This includes **simplifying customs procedures, ensuring** permissible **non-tariff measures are transparent,** and preventing countries from instituting or maintaining non-tariff measures not in accordance with the **WTO**.
    - The Agreement also establishes a **Joint Committee** formed from representatives of the parties.
    - Among other responsibilities, the Joint Committee **reviews the implementation and operation** of the Agreement, considers and r**ecommends amendments**, and supervises and coordinates the work of sub-committees established under the Agreement.
    - Other provisions in the agreement include r**eferences to the ASEAN-India DSM agreement for dispute resolution, exemptions for protecting security interests**, and safeguard measures to protect against tariff cuts resulting in such significant import increases that foreign products overwhelm domestic ones.

Source: FE