

Free Trade Agreement (FTA)

December 22, 2024 • vajiramandravi.com



About Free Trade Agreements (FTAs)

- **Definition:** Free Trade Agreements are comprehensive trade deals between two or more countries, aimed at reducing or eliminating trade barriers such as tariffs and import/export restrictions. These agreements provide preferential access to markets by offering **tariff concessions** and lowering **non-tariff barriers**.
- **Key features:**
 - FTAs cover **trade in goods** (agricultural and industrial products) and **trade in services** (banking, IT, construction).
 - Advanced FTAs may include chapters on **investment**, **intellectual property rights (IPRs)**, **government procurement**, and **competition policy**.
- **Types of Trade Agreements:**
 - **Partial Scope Agreements (PSA):** Focus on a limited number of goods.
 - **Free Trade Agreements (FTA):** Reduce tariffs between member countries while retaining individual tariff policies with non-members.
 - **Customs Union:** Includes a common external tariff for non-members.

- **Common Market:** Facilitates free movement of goods, services, and factors of production.
 - **Economic Union:** Coordinates macroeconomic and exchange rate policies among member nations.
 - **Major Trade Agreements of India:** India-ASEAN FTA, India-South Korea CEPA, and proposed agreements like India-UK and India-EU.
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Q1: What is a Comprehensive Economic Cooperation Agreement (CECA)?

A CECA is a type of trade agreement between countries that covers a broad range of economic activities, including trade in goods and services, investment, intellectual property rights, and economic cooperation. Unlike traditional Free Trade Agreements (FTAs), CECAs often involve deeper commitments in economic collaboration and regulatory alignment.

Source: [Centre cautious on FTAs to safeguard farmers and MSMEs: EAM Jaishankar | External Affairs Defence Security News – Business Standard](#)

Source: <https://vajiramandravi.com/current-affairs/free-trade-agreement-fta-2/>

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