

EYEING SOUTH AMERICAN MARKET

India to Kick Off Trade Talks with Mercosur Bloc

Over 3,000 products to come under tariff concessions from the current 450

It's a Deal

- **NEGOTIATIONS TO EXPAND** preferential trade pact with Mercosur bloc to start in month or two
- **NO. OF PRODUCTS ON** which tariff concessions is given likely to rise to **3,000 from 450** at present
- **MORE AGRICULTURAL** products to get covered in pact



INDIA WANTS to export processed foods and engineering goods

INDIA'S EXPORTS to the bloc in 2015-16 were **\$3.4b** while imports were **\$6.6b**



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New Delhi: India has begun the process of expanding its preferential trade agreement with the Mercosur trade bloc, opening its market more to South America and negotiations are expected to start in a month or two.

The number of products on which tariff concessions is given is likely to increase to more than 3,000 from 450 at present with more agricultural products getting covered in the pact.

India, on the other hand, wants to export processed foods and engineering goods to the Mercosur bloc, which comprise Argentina, Brazil, Paraguay and Uruguay. Venezuela, a Mercosur member, is not a party to the agreement. The two sides have been discussing the expansion for a couple of years. The issue also came up at the WTO in March when several countries raised questions about the limited coverage of the pact and if more members could be included in the deal.

"The wish lists have been exchanged and industry consultations are on... negotiations may start by October," said an official in the know of the development.

Under the existing agreement, India has reduced import duties on 450 products coming from Mercosur including meat and meat products, organic & inorganic chemicals, dyes, raw hides and skins, leather articles, wool, cotton yarn, glass, articles of iron and steel, machinery items, electrical machinery and equipment.

The Mercosur grouping gives tariff concessions on 452 products for India which include food preparations, organic chemicals, pharmaceuticals, essential oils, plastics articles, rubber and rubber products, tools and implements, machinery items, electrical machinery and equipment. The tariff cuts, under the pact signed in 2009, range from 10% to 100%.

"We are largely interested in exporting processed foods and electronics to Mercosur. Since pharma is our major export, we need standards. Moreover, economical shipping lines need to be developed to take full benefit of the agreement," said Sachin Chaturvedi, Director General at the Ministry of External Affairs think tank, Research and Information System for Developing Countries.