

10 September 2019: PIB Summary & Analysis

Joint Statement of 16th AEM-India Consultations

Context

- Economic Ministers from ten ASEAN Member States and the Minister of Commerce and Industry of the Republic of India (“the Ministers”) met at Bangkok in Thailand for the sixteenth AEM-India Consultations.

Important takeaways

- Two-way merchandise trade between ASEAN and India grew by 9.8 per cent in 2018
- The Ministers were also pleased to note the recovery of Foreign Direct Investment (FDI) inflows from India in 2018
- This placed India as ASEAN’s sixth-largest trading partner and sixth largest source of FDI among ASEAN Dialogue Partners.
- According to India’s preliminary data, FDI inflows into India from ASEAN in 2018 was approximately 36.98 per cent of total FDI flow into India.
- The Ministers agreed to initiate the review of the ASEAN-India Trade in Goods Agreement (AITIGA) to make the AIFTA more user-friendly, simple, and trade facilitative for businesses

ASEAN-India Trade in Goods Agreement (AITIGA)

- The ASEAN–India Free Trade Area (AIFTA) is a free trade area among the ten member states of the Association of Southeast Asian Nations (ASEAN) and India.
- The ASEAN–India Free Area emerged from a mutual interest of both parties to expand their economic ties in the Asia-Pacific region.
- India's Look East policy was reciprocated by similar interests of many ASEAN countries to expand their interactions westward.
- After India became a sectoral dialogue partner of ASEAN in 1992, India saw its trade with ASEAN increase relative to its trade with the rest of the world. Between 1993 and 2003, ASEAN-India bilateral trade grew at an annual rate of 11.2%.
- Acknowledging this trend and recognising the economic potential of closer linkages, both sides recognised the opportunities for deepening trade and investment ties and agreed to negotiate a framework agreement to pave the way for the establishment of an ASEAN–India Free Trade Area (FTA).
- The signing of the ASEAN-India Trade in Goods Agreement paves the way for the creation of one of the world’s largest FTAs.

- The ASEAN-India FTA will see tariff liberalisation of over 90 percent of products traded between the two dynamic regions, including the so-called “special products,” such as palm oil (crude and refined), coffee, black tea and pepper.

India's second Multi-Modal Terminal

Context

- The Prime Minister Shri Narendra Modi will dedicate to the nation India's second riverine Multi-Modal terminal built at Sahibganj in Jharkhand
- This is the second of the three Multi-Modal Terminals being constructed on river Ganga under Jal Marg Vikas Project (JMVP).

Jal Marg Vikas Project (JMVP)

- Jal Marg Vikas Project (JMVP) for capacity augmentation of navigation on National Waterway-1 (NW-1) is being implemented with the technical assistance and investment support of the World Bank.
- One of the major problems for commercially viable and safe navigation on NW-1 is low depth upstream of Farakka due to low discharges from tributaries and difficult hydro morphological characteristics of river Ganga.
- A pilot study on the Allahabad-Ghazipur stretch was commissioned by Inland Waterways Authority of India (IWAI) to find solutions to this problem.
- Based on the findings of this study, a proposal for development of NW-1 was taken up for seeking technical assistance and investment support from the World Bank
- Finance Minister announced JMVP in Budget Speech in July 2014, to enable commercial navigation of at least 1500 tonnes vessels in Ganga.
- States that come under this project are: Uttar Pradesh, Bihar, Jharkhand, West Bengal

Significance of the project

- The alternative mode of transport will be environment-friendly and cost-effective. The project will contribute to bringing down the logistics cost in the country.
- Mammoth Infrastructure development like multi-modal and inter-modal terminals, Roll on - Roll off (Ro-Ro) facilities, ferry services, navigation aids.
- Socio-economic impetus; huge employment generation.