

Forum on FTAs

Press Release
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India □ ASEAN FTA Detrimental to Agriculture, Labour and MSMEs

India and the Association of South East Asian Nations (ASEAN) signed a Free Trade Agreement (FTA) on 13th August 2009 at a meeting in Bangkok, Thailand. The Commerce and Industry Minister Anand Sharma inked the deal on behalf of India. The two sides had concluded negotiations for the FTA earlier in August 2008 under the then Commerce Minister Kamal Nath, after years of negotiations. Quite evidently the Union Government, corporate houses and industry associations have been most active in the negotiations at both ends.

Civil society groups in agriculture, trade unions, healthcare activists and representatives of the MSME sector fear that the FTA may have devastating impact on vulnerable sections of the Indian society. More specifically trade unions representing workers in fishing and plantation crops have expressed that the FTA would exert adverse impacts on the livelihoods in their sectors.

Destruction of local farming and food systems and closure of local industries may lead to rising unemployment particularly in the rural and semi-urban areas where majority of the population is dependent on agriculture and related industries. Women, who are largely employed in tea, coffee and pepper plantations and in SMEs engaged in agricultural and related activities, would be the first ones to get impacted.

The FTA can also accelerate environmental degradation in India. It is feared that the FTA could, in the long term, pose serious implications for India's environment. The impact may get worsened with the illegal entry of hazardous substances and chemicals into Indian markets from parties and non-parties to the FTA. Some of the imported hazardous substances could pose an irreversible harm to the environment, damaging forests and polluting rivers and water bodies.

As per the preliminary analysis conducted by the members of the Forum on FTAs, growth in total trade between India and the ASEAN countries has resulted in a sharp widening of the trade deficit against India. *In 2001, the trade deficit was \$3.5 bn which rose to \$14.5 bn in 2007. In fact, 15% of overall trade deficit of India is on account of trade with ASEAN members. Between 2005-06 and 2006-07 India's exports to ASEAN grew at 20.67% while imports grew at 66%. This is when India has much higher tariff rates than ASEAN.* According to an official press statement released after the signing ceremony the mutually agreed tariff liberalisation would "gradually" cover 75 per cent of the two-way trade, beginning from January 2010.

The Forum members have called for a fresh approach to FTAs in India. Globally developing countries are witnessing adverse impacts from FTAs and there is no reason why should India follow the same track. The fact that this is a South-South FTA does not lessen the social and ecological impacts on both sides. In 2005, India already signed a Comprehensive Economic Cooperation Agreement with one of the ASEAN powerhouses' – Singapore, which many regard as India's first

comprehensive FTA. The Forum members ask if any social or ecological audit of that had even been attempted by the Government of India.

Meanwhile many other North-South FTAs are also lined up to be signed by India and ASEAN with developed countries, for example with the European Union. It is important to note that ASEAN already has signed an FTA with China. Concerns relating to manufactured goods originating from China or other non-parties being dumped into India have been expressed. Cheap goods could be routed through one of the ASEAN countries into India to avail the duty concessions. Such a trend will adversely impact domestic manufacturing causing not just a decline in employment but also affect indigenous technological capabilities in the medium and long-run.

The Forum has asked the government to bring in greater transparency and wider consultation which have been missing in the FTA negotiation process in India. The fact that even State Governments like Kerala, which would face the severest brunt of the India-ASEAN FTA given the dependence of the economy and livelihoods on plantations, have reportedly not been given a copy of the Agreement signed. The access to official texts, of international treaties that directly impact the lives of ordinary peoples, to citizens remains even more distant.

“The government of India neglected the opposition and concerns expressed by the farmers, fishers and workers and gone ahead on FTA with ASEAN. The allegation of the commerce minister that opposition to the deal is ‘uninformed’ acceptable as for the past six years, the government had not made any attempt for an informed debate even in parliament, stated R.A Mital from Hind Mazdoor Sabha (HMS).

Yudhvir Singh from the Bharatiya Kisan Union (BKU), urged that *“the Indian government should not go ahead with the implementation of the agreement, but order a review of the FTA and called for an informed debate”.*

Kerala Independent Fish workers Federation (KSMTF) President T Peter said that *‘It is ironic that this affront to federalism comes a day before the country celebrates its 62nd Independence Day tomorrow. It exposes the anti-democratic mindset of the UPA Government’*

The Forum expresses solidarity with civil society groups in the ASEAN countries who are engaged in the struggle to highlight the downside of such trade agreements being negotiated in like manner by their respective governments.

Finally the Forum also urges media persons to help highlight 'the human story' and the concerns of peoples in their coverage of trade treaties.

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