

## MEDIA RELEASE

### MINISTERS SIGN THE ASEAN-INDIA FTA TRADE IN GOODS AGREEMENT

1. The ASEAN-India Trade in Goods Agreement (TIG) was signed by Economic Ministers of ASEAN and India today at the 12<sup>th</sup> ASEAN-India Consultations in Bangkok, Thailand. The TIG Agreement forms the first substantive pillar of the ASEAN-India Free Trade Area (AIFTA) arising from the Framework Agreement (FA) on Comprehensive Economic Agreement for the AIFTA signed in 2003. Under the FA, an AIFTA would be realised with Brunei, Indonesia, Malaysia, Singapore, Thailand and India by 31 December 2012 and with the remaining ASEAN countries by 31 December 2017.
2. The TIG agreement will come into force on 1 January 2010.
3. The Agreement covers 90% of the tariff lines of the approximately 5,000 items (at 6 digits) traded between ASEAN and India and these products will qualify for concessions if they meet the rule of origin of 35% plus Change in Tariff Subheading (CTSH).
4. Normal Track 1 and 2 covers 80 percent of tariff lines where tariffs are to be completely eliminated for goods. The Sensitive Track covers 10 percent of tariff lines and tariffs under this track are to be reduced to 5 percent.
5. The rule of origin is more liberal than that under the Singapore-India Comprehensive Economic Cooperation Agreement (CECA) which has a rule of origin of 40% plus change in Change in Chapter Heading (CTH). This Agreement would also complement the CECA as it offers Singapore exporters a choice of which preferential avenue to use to maximise their returns.
6. There is also provision in the TIG Agreement for a special track for tariff reduction for 5 products which are the key exports of some ASEAN members. These are for crude and refined palm oil, coffee, pepper and tea.
7. India is currently ASEAN's 7<sup>th</sup> largest trading partner. In 2008, bilateral trade reached US\$47.4 billion which constituted 2.8% of total trade with ASEAN. The Leaders have set a target of US\$50 billion by 2010.
8. Moving forward, ASEAN and India will proceed on negotiations for services and investments to serve a single market of 1.7 billion people.

**MINISTRY OF TRADE AND INDUSTRY, SINGAPORE**  
**13 AUGUST 2009**