

India to Start Talks for Three more Free Trade Agreements

Commerce and Industry Minister Piyush Goyal on Thursday, 14 October 2021 said two more countries and a bloc of nations have evinced interest in forging trade pacts with India, which reflects growing interests among key economies in bolstering their trade engagement with New Delhi in a post-Covid world.

While Goyal didn't name these economies, he said talks with them will be over and above India's current negotiations with Australia, the UK, the UAE and the EU for free trade agreements (FTAs). The interest was shown in bilateral meetings at the recently-concluded G20 ministerial in Sorrento, Italy. Goyal held about 15 meetings with the trade ministers of various countries, including South Korea, South Africa, the US, Brazil, China and the EU.

The negotiations are a part of New Delhi's broader strategy to forge "fair and balanced" FTAs with key economies and revamp existing pacts to boost trade. The move gained traction after India pulled out of the China-dominated RCEP talks in November 2019.

Addressing reporters, Goyal also asserted that the National Master Plan for 'multi-modal connectivity', or PM GatiShakti, will fast-track infrastructure projects and cut delays as well as cost over-runs through a holistic and well-coordinated approach. This will help boost economic growth, spur employment and draw large-scale investments into the country. The programme was launched by Prime Minister Narendra Modi on Wednesday, 13 October 2021.

The new initiative is a GIS-based platform with as many as 600 layers, capturing all utilities and network linkages in various economic clusters. Ambitious targets have been set under the plan for capacity addition in various infrastructure sectors for 2024-25.

The new plan will complement the Rs 111-lakh-crore National Infrastructure Pipeline and multiple efforts to generate resources for it, including the National Monetisation Pipeline and the Development Finance Institution (DFI) that are being operationalised.

Goyal indicated that the programme is aimed at breaking inter-ministerial silos. Instead of separate planning and designing by relevant departments, projects will be designed and executed with a common vision. Minimising disruptions and ensuring quick completion of work with cost efficiency are the guiding principles for development of infrastructure as per the National Master Plan.

GatiShakti will enhance India's competitiveness through next generation infrastructure and seamless multi-modal connectivity. It will ensure the smooth movement of goods and people and enhance the ease of living as well as doing business.

The idea is to lend more power and speed to projects by connecting all relevant departments on one platform. High logistics cost in India at 13% of GDP was eroding competitiveness in exports, he had said.

As for trade agreements, India and Australia are eyeing are planning to hammer out an early-harvest deal by the Christmas this year and a broader FTA by the end of 2022. Similarly, New Delhi and Abu Dhabi aim to wrap up negotiations by as early as December 2021 and sign the deal by March 2022 after the completion of necessary ratification processes. If all goes as planned, it would be the first FTA to be signed by India in just over a decade.

Balanced FTAs are expected to also enable the country to achieve sustained growth rates in exports in the coming years. Already, India has set an ambitious merchandise export target of \$400 billion for FY22, against \$291 billion in FY21.