

INDIA HOPES FOR MFN STATUS FROM PAKISTAN; SHIFT FROM POSITIVE TO NEGATIVE IMPORT LIST REGIME

NEW DELHI, November 24, 2010. India has expressed the hope that the Pakistan Government implements the recommendations of the Panel of Economists appointed by the Pakistani Planning Commission, to give MFN status to India and shift from a positive list of imports to a negative list regime to achieve a five-fold increase in bilateral trade from US\$ 2 billion to US\$ 10 billion.

This expectation came today from **Ms. Nirupama Rao, India's Foreign Secretary**, while inaugurating the ***FICCI Conference on India-Pakistan Economic Relations: Prospects & Challenges***.

The Foreign Secretary assured business leaders from Pakistan and India of her country's commitment to facilitating greater economic cooperation and integration between India and Pakistan and the South Asia region. She said, "India has maintained a 'sensitive list' of around 850 tariff lines for all the non-LDC Member of SAFTA, including Pakistan. Trade under these items is allowed under MFN basis. Over the years, our tariff rates have come down to the levels prevailing globally".

Ms. Rao said that to improve infrastructure and streamline and harmonise customs procedures at the land borders, the Government of India was setting up a modern integrated check post at the India-Pakistan border at Attari for trade facilitation. This is expected to be ready by April 2011.

Arguing for the opening up of more rail and road routes and expanding the existing capacities on operational routes, the Foreign Secretary said, "As things stand, Pakistan allows only the import of about 110 items from India through the land route, while it allows the export of only one item, cement, to India by the road route". Pakistan should permit all permissible items for trade via the Attari-Wagah route, she declared.

On its part, India, she said, was open to looking at the existing bilateral visa agreement signed in 1974 to facilitate travel by bonafide businessmen from both countries.

Regarding the oft-repeated complaint about non-tariff barriers imposed by India on exports from Pakistan, Ms. Rao clarified that during all the multilateral trade talks under SAFTA, India's consistent position has been that it welcomes the growth of exports from Pakistan to India. "We would request that instead of raising issues related to NTBs in a generalized manner, it would be more useful if specific instances can be brought to our notice, which are found to be specifically discriminatory for Pakistani exports to India. Most non-tariff issues raised by Pakistan are linked with phyto-sanitary measures, and other domestic regulations of consumer

protection. There is no discrimination against Pakistani exports because the same standards are being applied for imports from any other country,” she pointed out.

Ms. Rao said that India and Pakistan have complementarities in their economies which can create a ‘win-win’ for all sides. India’s fast growing economy and a large market should be seen as an opportunity by Pakistani business and industry. India could also be a reliable and cost effective source of investments, tested technology, raw materials and entrepreneurial skills for Pakistan. Likewise, Indian could draw upon the strength of the Pakistan economy.

The Foreign Secretary listed out areas of mutually beneficial cooperation in sectors such as agriculture, food processing, energy, Small & Medium Enterprises, Information Technology, social & economic infrastructure. “Opportunities for cooperation are plentiful; we only have to seize them, by rising above our political differences, for the welfare of our two people,” she said.

Mr. Sultan Chawla, President, Federation of Pakistan Chamber of Commerce and Industry (FPCCI), in his remarks, noted that there was huge scope for growth of trade between the two sides. He called for removal of NTBs by India and facilitation of movement of people across borders. To start with there was a need for increasing the traffic frequency by road, rail and air, increase in customs check posts, allowing bank branches to be opened in both countries and trade facilitation. While agreeing as fair the grant of MFN status to India by Pakistan, Mr. Chawla called upon India to lower the tariffs on goods of interest to Pakistan. In the longer term, he said there would be need to cooperate on regular cross-border investment flows and encouragement to FDI in each other’s country.

Mr. Rajan Bharti Mittal, President, FICCI, stated that the fulcrum of India-Pakistan relations should be business-to-business and people-to-people contacts. For this, restrictions on the issuance of visas needed to be eased and traffic from the Wagah border increased.

Mr. Vikramjit Singh Sahney, Senior Vice President, SAARC Chamber of Commerce and Industry, noted that the business community of both India and Pakistan realize that by more open and free trade, the economies of both nations would reap huge gains. “We are confident that a move would be mutually beneficial since our economies have a lot of complementarities, as we are natural partners of trade”.

Mr. S M Muneer, President, India-Pakistan Chamber of Commerce and Industry, pointed out that greater economic cooperation between the two countries could provide mutual economic benefits, such as lower prices for the consumers, the much needed revenue for the governments and cost effective gas import to India via Pakistan. Most importantly, it could generate a new linkage between the two business communities, thereby nurturing constituencies for peace in the region, he said.

The inaugural session of the conference was also addressed by **Mr. Tariq Sayeed, Immediate Past President, SAARC Chamber of Commerce and Industry** and **Mr. Siegfried Herzog, Regional Director-South Asia, Friedrich Naumann Foundation.**

MEDIA DIVISION

Taresh Arora
Media Relations Officer
Tel : 23736307 & 23357392 (Direct)
9899115719 (Mobile)
23753119 (Fax)