

2. 16th AEM-India Consultations

Prelims: International Relations, International Organisations

Mains: GS-II- Important International Institutions, Agencies and fora- their Structure, Mandate.

Why in News?

► 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.

