

# India, Canada to fine-tune scope of proposed FTA next week

New Delhi keen on interim trade deal; Canada wants a comprehensive pact

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Negotiation between India and Canada for a Free Trade Agreement (FTA), which was revived in March this year, is picking up pace with officials preparing for a second round of talks next week to fine-tune the scope and discuss possible timelines for the proposed agreement.

This follows the successful conclusion of the India-Australia free trade pact last month that has lent pace to many of New Delhi's long-pending trade deals. "While India wants to begin with an 'early harvest' limited deal, Canada wants a more ambitious and comprehensive deal but seems ready to show flexibility," a source tracking the development told *BusinessLine*.

In March this year, Commerce & Industry Minister Piyush Goyal and his Canadian counterpart Mary Ng decided to re-launch the Comprehensive Economic Partnership Agreement (CEPA) negotiations to bolster

trade, investment and further strengthen bilateral relationship. Negotiations for a CEPA were first launched in 2010 but talks fizzled out as both countries were caught up in other negotiations.

With India concluding two free trade pacts, one with the UAE and the other with Australia, in record time, the two sides are hopeful that the re-launched negotiations will see an early conclusion.

"Both sides decided that an interim agreement or Early Progress Trade Agreement (EPTA) could be considered for early conclusion as a transitional step towards the CEPA. Canada is keen on making it as deep as possible with the inclusion of diverse sectors," the source said.

One reason why the India-Australia trade pact could be concluded in record time after negotiations were re-launched last year-end was the fact that India was able to exclude the dairy sector completely and the agricul-



ture sector to a large extent from reduction commitments.

## **Australia model**

"The Canadian side may not want to follow the Australia model as their ambitions are higher. Dairy and agriculture are big for the Canadian economy and excluding the key sectors from an interim agreement may not be easy. Things would be clearer once the negotiations progress. The second round of negotiations next week will throw more light on it," the source said.

Canada is an important trade partner for India with bilateral trade in goods at \$6.29 billion in 2021 registering a growth rate of 12 per cent as compared to the previous year.

"Canada holds a lot of poten-

tial for Indian manufacturers. While its overall tariffs are low, India could gain on labour-intensive items such as textiles, chemicals, electronics, footwear and leather as an FTA would eliminate tariffs and bring them on the same footing with competitors such as Vietnam which already have preferential access to the Canadian market," the source said.

The Ministers, at the 5th India-Canada Ministerial Dialogue on Trade & Investment in March, agreed that the EPTA shall include high level commitments in goods, services, rules of origin, sanitary and phytosanitary measures, technical barriers to trade, and dispute settlement, and may also cover any other areas mutually agreed upon.

"Furthermore, Canada and India agreed to promote and protect bilateral investment, including through the intensification of negotiations toward a Bilateral Investment Agreement, while considering options to achieve this goal alongside CEPA," a joint statement issued at conclusion of the meeting pointed out.