

Ref: Plexh/Cir/1488

29.10.2018

All Members of Plexconcil /COA Members

Dear Sir(s)

Sub: India Sri Lanka Economic and Technology cooperation Agreement (ETCA) - comments on Negative Lists of India and Sri Lanka regarding.

This is in continuation of our earlier circular ref. Ref. : Plexh/Qr/ 1201 dated 16.08.2018, we wish to inform you that India and Sri Lanka have decided to expand the scope of their economic engagement to be made effective; Sri Landa proposed to enter into a new comprehensive agreement viz Economic and Technology Cooperation Agreement (ETCA) comprising trade in goods, services, investment and economic and technology cooperation. Beven rounds of negotiations are completed and to further discuss in the matter under ETCA negotiations; involving tariff concessions under the Indo- Sri Lanka Free Trade Agreement (ISLFTA). India has provided duty free access on almost all the lines other than a moderate negative list on which 25% duty concession are provided on the basis of margin of preference.

This agreement is expected to create new opportunities for Indian exporters in Sri Lanka, in both Goods & Services; comments are required with regard to the products that we may request Sri Lanka to exclude from their existing negative list under ISLFTA. It is also requested to identify the items on which India may grant concessions to Sri Lanka by removing our negative list with full justification in terms of installed capacity, its utilization, employment data, likely impact of opening up etc.

Members are requested to identify the products that hold most potential for Indian exports to Sri Lanka, and also those items on our negative list on which we can offer tariff concessions, while safeguarding our interests in the ETCA negotiations. A list of relevant chapter of Polymers, Petrochemicals & Plastics is attached here with to facilitate members comments. Comments may please be provided by 30/10/2018 (12pm) positively.

<u>Sub: Negotiations under the proposed Economic and Technology Co-operation Agreement (ETCA) with Sri Lanka</u> - reg. Ref. : File no. 05/03/2016-FT(SA) dated 10.08.2018 With reference to above mentioned subject we wish to inform you that the main framework for bilateral trade between India & Sri Lanka is provided by India-Sri Lanka Free Trade Agreement (ISLFTA). Under ISLFTA both the countries had agreed to phase out tariffs within a fixed time frame, except for those products in the Negative List maintained by both the countries.

India has provided duty-free access to almost all the lines **other than Negative list**, except few textile products on which 25% duty concession are provided on all basis of Margin of preference. Sri Lanka has provided duty-free access for almost all the product other than Negative list. India maintains a Negative list of 1012 products (HS Code 2017 at 8 digit) whereas Sri Lanka has kept around 2623 products under Negative List products (HS Code 2017 at 8 digit). No tariff concessions are given on products under Negative list. India and Sri Lanka are also members of SAFTA, which is a regional free trade Agreement. Under SAFTA, India maintains sensitive list of 619 products for non LDCs (HS code 2017 at 6 digit), including Sri Lanka while the number of products in the revised sensitive list of Sri Lanka for Phase – II is 963 for NLDCs (HS code 2007 6 digit) and 837 for LDCs. Sri Lanka has agreed to a reduction in the products covered in their Sensitive Lists under Phase III by 10%.

India & Sri Lanka had started negotiations on an Economic and Technology Cooperation Agreement (ETCA) which will cover services, investment and other sectors, in addition to trade in goods. For this purpose, products need to be identified on which concession may sought from Sri Lanka under the proposed ETCA. Smilarly, a list of products is required to be drawn up on which India could consider granting concessions to Sri Lanka. Further, in the ETCA, as of now it is proposed to have Change in Tariff Sub-heading (CTSH) plus 35% value addition as the general Rules of origin criterion. It is also proposed to have limited number of Product Specific Rules of Origin.

In this regard the following lists available on link https://drive.google.com/file/d/1Y165sbsdJstQ7tlZbrRfQqO2X_qUJO-9/view?usp=sharing

India Negative list under ISLFTA (HS 2017 8 digit) Indian Sensitive list under SAFTA (HS 2017 6/8 digit) Sri Lankan Negative List under ISLFTA (HS 2017 8 digit) Sri Lankan Sensitive List under SAFTA (HS 2007 6 digit)

Members are requested to examine these lists, keeping in view the products concerning their organizations and identify those products.

Which may be excluded from the existing Si Lankan Negative List of products under ISLFTA, on which no concessions are given by Si-Lanka, to identify our offensive interest. Which may be considered for exclusion from the existing Indian Negative List of products under ISLFTA on which no concessions are given by India (this will, however, be subject to the requests to be received from Si Lanka). It is also requested to provide comments on the proposed changes in General Rules from existing CTH + 35% to CTSH + 35%. Further products on which product specific Rules of Origin (other than general rule of origin) is required may also be identified along with the specific criterion for those products. It is further requested to identify specific products on which Sanitary and phyto Sanitary and Technical barriers to Trade related non-tariff difficulties are being faced by the industry, in order to consider appropriate agreements for reciprocal conforming assessments.

Members are informed that on 20th August, 2018 a stakeholder meeting is scheduled to discuss the items to be included in the request list for India and items which can be considered for exclusion from India's Negative list under ISLFTA. Therefore your inputs may kindly be sent to us at <u>bharti@plexconcil.org</u> positively by 17.08.2018 (4pm).

Best regards,

Sribash Dasmohapatra Executive Director