

## **Govt, industry assess impact of Trans-Pacific pact on exports**

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*Commerce Minister holds meeting with textile, leather sector representatives*

New Delhi, March 14:

The Commerce Ministry is analysing the threat that the US-led Trans-Pacific Partnership (TPP) pact may pose to India's exports once it gets implemented – especially in key sectors such as textiles, agriculture and engineering goods.

“Commerce Minister Nirmala Sitharaman recently held a meeting with officials from her department and industry representatives from the textile and leather and footwear sectors. The idea was to assess how these sectors may get hit when competing countries such as Vietnam get preferential access into the markets of the US and other TPP countries,” a government official told *BusinessLine* .

Similar meetings would also be held for sectors such as agriculture and engineering products in the coming weeks, the official added.

The TPP is an ambitious free trade pact between the Pacific Rim countries which includes the US, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

The agreement not only calls for tariff elimination in most industrial and agricultural goods sectors but sets very high standards in areas such as labour and environment and tight rules for intellectual property.

“Although the pact has not been ratified yet, the Indian industry needs to have an idea of what it would be up against if it does get implemented. The idea behind the exercise of joint deliberation between the industry and the government is to understand the challenges that lay ahead and see what could be done to cope with it,” the official added.

The TPP is expected to make around 11,000 tariff lines duty free for its members, which may result in loss of competitiveness of Indian exports in these markets.

“This will lower India’s export share to the US and the EU, shifting it to the TPP developing countries instead. Some of the export sectors such as textiles and clothing industry are likely to face stiff competition from Vietnam, and it may lead to trade diversion,” the Economic Survey for 2016 pointed out.

### **Higher costs**

But on the brighter side, the high labour, environment and other standards to be adopted by TPP members may make production in these countries less cost competitive and give Indian exporters an edge.

“There were reasons why India decided against joining the TPP. The stringent non-tariff measures that TPP countries would compulsorily have to embrace was something that India did not want to agree to. It is these unnecessarily stiff standards that could lead to an increase in cost of production in TPP countries,” the official said.

India’s exports to TPP countries were estimated around \$78 billion in 2014, about one-fourth of its total exports of around \$300 billion, while imports from the countries were at \$74 billion.

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