

## Lessons to be learnt from UK on FTAs

### Why in news?

To achieve the export target of 2 trillion dollars by 2030, India is seriously negotiating on Free Trade Agreements (FTAs), but most FTAs happen behind closed doors with very little information available.

### What are FTAs?

*The Ministry of Commerce is the nodal body dealing with FTAs in India.*

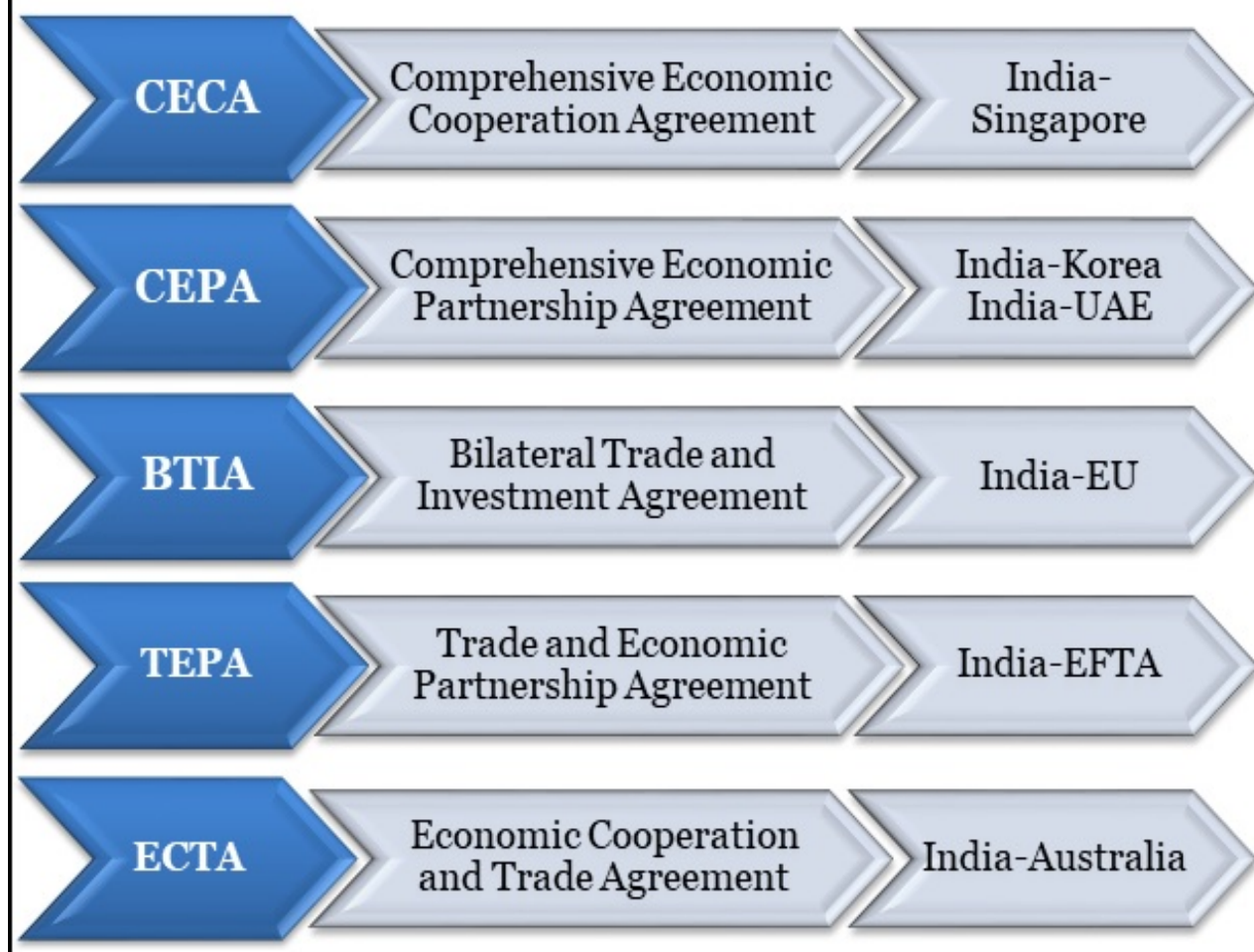
- FTAs are arrangements between two or more countries or trading blocs that primarily agree to reduce or eliminate customs tariff and non-tariff barriers on substantial trade between them.
- FTAs, normally cover trade in goods or trade in services.
- FTAs also cover other areas such as intellectual property rights (IPRs), investment, government procurement and competition policy, etc.
- India is negotiating FTAs with countries such as the European Union, Canada, the U.K., and Israel.
- **Types of FTA**
  - PTA (Preferential Trade Agreement)
  - CECA (Comprehensive Economic Cooperation Agreement)
  - CEPA (Comprehensive Economic Partnership Agreement)
  - Customs Union
  - Common Market and Economic Union

To know more about FTAs, click [here](#)

### What is the significance of FTAs?

- **Market access** - By eliminating tariffs and some non-tariff barriers, FTA partners get easier market access into one another's markets.
- **Preferential treatment** - Exporters prefer FTAs to multilateral trade liberalization because they get preferential treatment over non-FTA competitors.
- **Protection of local exporters** - FTAs protect local exporters from losing out to foreign companies that might receive preferential treatment under other FTAs.
- **Increased foreign investment** - There is also possibility of increased foreign investment from outside the FTA.

## IMPORTANT FREE TRADE AGREEMENTS



### What lessons should India learn from UK regarding FTAs?

*In India, entering into treaties and negotiations, signing and ratification are within the constitutional competence of Parliament.*

- **Outlining the objective** - The executive should make a clear case outlining of its strategic objectives publicly for entering into negotiations for a FTA treaty.
- **Stakeholder consultation** - The executive should be under an obligation to consult all stakeholders, respond to their concerns and make this information publicly available.
- **Committee for scrutiny** - The Indian Parliament should constitute a committee on the lines of the UK's International Agreements Committee (IAC) for effective scrutiny.
- **Parliamentary debate** - The executive should place the FTA on the floor of Parliament for debate before ratification.

### References

1. [The Hindu|Quest for transparency in FTA negotiations](#)

2. [Commerce Ministry | FAQs on FTAs](#)

