The agreed modalities for the FTA in goods between ASEAN and India are as follows:

## i. Normal Track (NT)

- Coverage: 80% of tariff lines and 75% of trade value (imports).
- Tariff Elimination:

|   | ASEAN 5 &<br>India        | Philippines &<br>India    | India to CLMV             | CLMV to<br>India          |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| 71% tariff lines &<br>72% import value<br>(NT1) | 1.1.2010 to<br>31.12.2013 | 1.1.2010 to<br>31.12.2018 | 1.1.2010 to<br>31.12.2013 | 1.1.2010 to<br>31.12.2018 |
| 9% tariff lines &<br>3% import value<br>(NT2)   | 1.1.2010 to<br>31.12.2016 | 1.1.2010 to<br>31.12.2019 | 1.1.2010 to<br>31.12.2016 | 1.1.2010 to<br>31.12.2021 |

## ii. Sensitive Track (ST):

Coverage: 10% of tariff lines.

|                | ASEAN 5 &<br>India | Philippines &<br>India | India to CLMV | CLMV to India |
|----------------|--------------------|------------------------|---------------|---------------|
| Reduction of   | 1.1.2010 to        | 1.1.2010 to            | 1.1.2010 to   | 1.1.2010 to   |
| tariffs to 5%: | 31.12.2016         | 31.12.2019             | 31.12.2016    | 31.12.2021    |

- Products where the tariff is already at 5% and placed in the ST (Standstill lines), it was agreed that:
  - o 50 tariff lines at MFN 5% will be at standstill;
  - $\circ~$  duties on remaining tariff lines will be reduced to 4.5% rate upon entry into force; and
  - subsequent reduction to 4% rate by 31.12.2016 for ASEAN 6 and India (special arrangements for Indonesia and Thailand; and 31.12.2019 for Philippines).

## iii. Highly Sensitive List (HSL)

- A three step modalities for tariff reduction has been adopted as follows:
  - a. products with duties above 50% to be reduced to 50% by 31.12.2019 for ASEAN 5, 31.12.2022 for Philippines, and 31.12.2024 for CLMV;
  - b. products with duties of 50% and below to be reduced by margin of preference (MOP) of 50% by 31.12.2019 for ASEAN 5, 31.12.2022 for Philippines, and 31.12.2024 for CLMV; and
  - c. products with duties of 50% and below to be reduced by MOP of 25% by 31.12.2019 for ASEAN 5, 31.12.2022 for Philippines , and 31.12.2024 for CLMV.
- iv. Highly Sensitive Track (HST)
- India has placed crude and refined palm oil, coffee, black tea and pepper in the HST.

| Tariff Line | Rate |      |                          |      |      |      |      |      |      |      |      |        |  |  |
|-------------|------|------|--------------------------|------|------|------|------|------|------|------|------|--------|--|--|
|             |      |      | Not later than 1 January |      |      |      |      |      |      |      |      |        |  |  |
|             |      | 2010 | 2011                     | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 31.12. |  |  |
|             |      |      |                          |      |      |      |      |      |      |      |      | 2019   |  |  |
| CPO         | 80   | 76   | 72                       | 68   | 64   | 60   | 56   | 52   | 48   | 44   | 40   | 37.5   |  |  |
| RPO         | 90   | 86   | 82                       | 78   | 74   | 70   | 66   | 62   | 58   | 54   | 50   | 45     |  |  |
| Coffee      | 100  | 95   | 90                       | 85   | 80   | 75   | 70   | 65   | 60   | 55   | 50   | 45     |  |  |
| Black Tea   | 100  | 90   | 90                       | 85   | 80   | 75   | 70   | 65   | 60   | 55   | 50   | 45     |  |  |
| Pepper      | 70   | 68   | 66                       | 64   | 62   | 60   | 58   | 56   | 54   | 52   | 51   | 50     |  |  |

- v. Exclusion (EL) :
  - Threshold : 489 tariff lines and not exceeding 5% trade value (imports) on bilateral basis. Malaysia has excluded 361 tariff lines. However, Malaysian exporters can export and benefit from preferential tariff for these products, provided these products are not in India 's Exclusion List.
- vi. Rules of Origin (ROO) for AIFTA :
  - General applicable ROO : Regional value content of 35% + Change in Tariff Sub-Heading (CTSH).
  - ROO Agreement for AIFTA: ASEAN and India have reached agreement on the text.
    - Product Specific Rules (PSR): ASEAN and India have finalised the first tranche of 54 PSRs for the AIFTA
- vii. Dispute Settlement Agreement : • The Agreement was signed on 13 August 2009 in Bangkok, Thailand .
- The schedule of tariff reduction for the various tracks is as follows:
  - Normal Track (NT)
    - NT 1

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i.

| ASE  | ASEAN-5 to India and India to all ASEAN Member Countries, except the<br>Philippines |                                  |    |      |      |      |        |      |     |      |   |  |  |  |
|------|---|----------------------------------|----|------|------|------|--------|------|-----|------|---|--|--|--|
|      |   | x > x = 20 < x x = 15 < x 10 < x |    |      |      |      |        |      |     |      |   |  |  |  |
| Cuts | On  | 30                               | 30 | < 30 | 20   | < 20 | x = 15 | < 15 | 10  | < 10 | 5 |  |  |  |
| 1st  |   |                                  |    |      |      |      |        |      |     |      |   |  |  |  |
| Cut  | 1.1.2010  | 30                               | 25 | 20   | 15   | 15   | 12.5   | 10   | 7.5 | 5    | 4 |  |  |  |
| 2nd  |   |                                  |    |      |      |      |        |      |     |      |   |  |  |  |
| Cut  | 1.1.2011  | 20                               | 20 | 15   | 12.5 | 10   | 10     | 7.5  | 5   | 5    | 3 |  |  |  |
| 3rd  |   |                                  |    |      |      |      |        |      |     |      |   |  |  |  |
| Cut  | 1.1.2012  | 10                               | 10 | 10   | 10   | 7.5  | 7.5    | 5    | 5   | 2.5  | 2 |  |  |  |
| 4th  |   |                                  |    |      |      |      |        |      |     |      |   |  |  |  |
| Cut  | 1.1.2013  | 5                                | 5  | 5    | 5    | 5    | 5      | 2.5  | 2.5 | 2.5  | 0 |  |  |  |
| 5th  |   |                                  |    |      |      |      |        |      |     |      |   |  |  |  |
| Cut  | 31.12.2013  | 0                                | 0  | 0    | 0    | 0    | 0      | 0    | 0   | 0    | 0 |  |  |  |

## NT 2

| ASE  | ASEAN-5 to India and India to all ASEAN Member Countries, except the<br>Philippines |     |     |        |      |        |     |        |     |       |    |  |  |
|------|---|-----|-----|--------|------|--------|-----|--------|-----|-------|----|--|--|
|      |   | X > | x = | 20 < x | X =  | 15 < x | X = | 10 < x | X = | 5 < X | x≤ |  |  |
| Cuts | On  | 30  | 30  | < 30   | 20   | < 20   | 15  | < 15   | 10  | < 10  | 5  |  |  |
| 1st  |   |     |     |        |      |        |     |        |     |       |    |  |  |
| Cut  | 1.1.2010  | 30  | 25  | 20     | 17.5 | 15     | 13  | 10     | 7.5 | 5     | 4  |  |  |
| 2nd  |   |     |     |        |      |        |     |        |     |       |    |  |  |
| Cut  | 1.1.2011  | 25  | 20  | 17     | 15   | 12     | 11  | 9      | 6   | 4     | 4  |  |  |
| 3rd  |   |     |     |        |      |        |     |        |     |       |    |  |  |
| Cut  | 1.1.2012  | 20  | 15  | 15     | 12   | 10     | 8   | 8      | 5   | 3     | 3  |  |  |
| 4th  |   |     |     |        |      |        |     |        |     |       |    |  |  |
| Cut  | 1.1.2013  | 15  | 13  | 13     | 10   | 8      | 6   | 6      | 4   | 3     | 3  |  |  |
| 5th  |   |     |     |        |      |        |     |        |     |       |    |  |  |
| Cut  | 1.1.2014  | 12  | 11  | 10     | 7    | 6      | 5   | 5      | 3   | 2     | 2  |  |  |
| 6th  |   |     |     |        |      |        |     |        |     |       |    |  |  |
| Cut  | 1.1.2015  | 8   | 8   | 7      | 5    | 4      | 3   | 3      | 2   | 2     | 2  |  |  |
| 7th  |   |     |     |        |      |        |     |        |     |       |    |  |  |
| Cut  | 1.1.2016  | 5   | 5   | 5      | 3    | 2      | 2   | 2      | 1   | 1     | 1  |  |  |
| 8th  |   |     |     |        |      |        |     |        |     |       |    |  |  |
| Cut  | 31.12.2016  | 0   | 0   | 0      | 0    | 0      | 0   | 0      | 0   | 0     | 0  |  |  |

| ASEAN-5 and India |            |           |        |           |        |           |        |           |           |               |  |  |
|-------------------|------------|-----------|--------|-----------|--------|-----------|--------|-----------|-----------|---------------|--|--|
|                   |            |           |        | 20 <      |        | 15 <      |        | 10 <      |           |               |  |  |
| Cuts              | On         | x ><br>30 | x = 30 | x <<br>30 | x = 20 | x <<br>20 | v _ 15 | x <<br>15 | x =<br>10 | 5 < x<br>< 10 |  |  |
| Cuis              | UII        | 30        |        | 30        | x = 20 | 20        | x = 15 | 15        | 10        | < 10          |  |  |
| 1st Cut           | 1.1.2010   | 30        | 27     | 20        | 18     | 15        | 14     | 10        | 9         | 6             |  |  |
| 2nd Cut           | 1.1.2011   | 26        | 24     | 18        | 15     | 13        | 13     | 9         | 8         | 6             |  |  |
| 3rd Cut           | 1.1.2012   | 23        | 21     | 16        | 13     | 12        | 12     | 8         | 7         | 6             |  |  |
| 4th Cut           | 1.1.2013   | 20        | 18     | 14        | 12     | 11        | 11     | 7         | 7         | 6             |  |  |
| 5th Cut           | 1.1.2014   | 16        | 15     | 12        | 10     | 10        | 10     | 6         | 6         | 5             |  |  |
| 6th Cut           | 1.1.2015   | 13        | 12     | 10        | 8      | 8         | 8      | 6         | 6         | 5             |  |  |
| 7th Cut           | 1.1.2016   | 9         | 8      | 7         | 6      | 6         | 6      | 6         | 5         | 5             |  |  |
| 8th Cut           | 31.12.2016 | 5         | 5      | 5         | 5      | 5         | 5      | 5         | 5         | 5             |  |  |

Note: 4% of ST will be reduced to 0% by 31.12.2018 for ASEAN 5 and India