

Recognising the different stages of economic development among ASEAN Member States and the need for flexibility, including the need to facilitate the increasing participation of Cambodia, Lao PDR, Myanmar and Viet Nam (the New ASEAN Member States) in the India-ASEAN economic co-operation and the expansion of their exports, inter alia, through the strengthening of their domestic capacity, efficiency and competitiveness;

Reaffirming the rights, obligations and undertakings of the respective parties under the World Trade Organisation (WTO), and other multilateral, regional and bilateral agreements and arrangements; and

Recognising that regional trade arrangements can contribute towards accelerating regional and global liberalisation and as building blocks in the framework of the multilateral trading system,

Have agreed as follows:

ARTICLE 1

Objectives

The objectives of this Agreement are to:

strengthen and enhance economic, trade and investment co-operation between the Parties;

progressively liberalise and promote trade in goods and services as well as create a transparent, liberal and facilitative investment regime;

explore new areas and develop appropriate measures for closer economic co-operation between the Parties; and

facilitate the more effective economic integration of the new ASEAN Member States and bridge the development gap among the Parties.

ARTICLE 2

Measures For Economic Cooperation

The Parties agree to enter into negotiations in order to establish an India-ASEAN Regional Trade and Investment Area (RTIA), which includes a Free Trade Area (FTA) in goods, services and investment, and to strengthen and enhance economic cooperation through the following:

progressive elimination of tariffs and non-tariff barriers in substantially all trade in goods;

(b) progressive liberalisation of trade in services with substantial sectoral coverage;

(c) establishment of a liberal and competitive investment regime that facilitates and promotes investment within the India-ASEAN RTIA;

(d) provision of special and differential treatment to the New ASEAN Member States;

provision of flexibility to the Parties in the India-ASEAN RTIA negotiations to address their sensitive areas in the goods, services and investment sectors with such flexibilities to be negotiated and mutually agreed based on the principle of reciprocity and mutual benefits;

establishment of effective trade and investment facilitation measures, including, but not limited to, simplification of customs procedures and development of mutual recognition arrangements;

expansion of economic cooperation in areas as may be mutually agreed between the Parties that will complement the deepening of trade and investment links between the Parties and formulation of action plans and programmes in order to implement the agreed sectors/areas of co-operation; and