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Committee on Regional Trade Agreements

FACTUAL PRESENTATION

PREFERENTIAL TRADE AGREEMENT BETWEEN MERCOSUR AND INDIA (GOODS)

Report by the Secretariat

This report, prepared for the consideration of the Preferential Trade Agreement between MERCOSUR and India, has been drawn up by the WTO Secretariat on its own responsibility and in full consultation with the Parties. The factual presentation reproduces as closely as possible the terminology used in the Agreement and in the comments provided and does not imply official endorsement or acceptance by the Secretariat of such terminology. The report has been drawn up in accordance with the rules and procedures contained in the Decision for a Transparency Mechanism for Regional Trade Agreements (WT/L/671) and thus does not imply any value judgement by the Secretariat regarding the contents of the Agreement.

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Key Facts

Parties to the Agreement:	MERCOSUR State Parties (Argentina, Brazil, Paraguay and Uruguay) and India
Date of Signature:	25 January 2004 Annexes incorporated on 19 March 2005
Date of Entry into Force:	1 June 2009
Date of Notification:	23 February 2010
Full implementation:	1 June 2009

1 TRADE ENVIRONMENT[1]

1.1. The MERCOSUR-India Preferential Trade Agreement is MERCOSUR's first collective trade agreement notified to the WTO[2] and the 10th agreement notified to the WTO by India, of which three involve countries outside the Asia continent.[3]

1.2. MERCOSUR's average GDP per capita is around US$ 11,680. India in turn has a per capita GDP of around US$1,500. MERCOSUR's total population account for around one-fifth of India's population, which reached 1.25 billion inhabitants in 2013. Total GDP of all MERCOSUR economies reached US$2.9 trillion in 2013, and that of India 1.9 trillion.

1.3. In terms of world trade ranking (excluding intra-EU trade), in 2013 India had the leading position - 13th in terms of exports and 8th in terms of imports - followed respectively by Brazil - 16th for both and Argentina - 32nd and 28th; Uruguay and Paraguay have much lower trade - respectively 74th and 71st for the former and 71st and 68th for the latter. A different situation appears when considering trade to GDP ratio (2011-2013), where Paraguay has the highest such rate (97.2%), followed by India, Uruguay, Argentina and Brazil (respectively at 54.2%, 53.2%, 31.3% and 25.5%). In terms of trade with the world in 2013, India's main exports are composed of manufactures (59.4%) while fuel and mining are the main imports (45.4%); for MERCOSUR (simple average), while imports are dominated by manufactured products (73.6%), agricultural products comprise the main exports (57.5%).

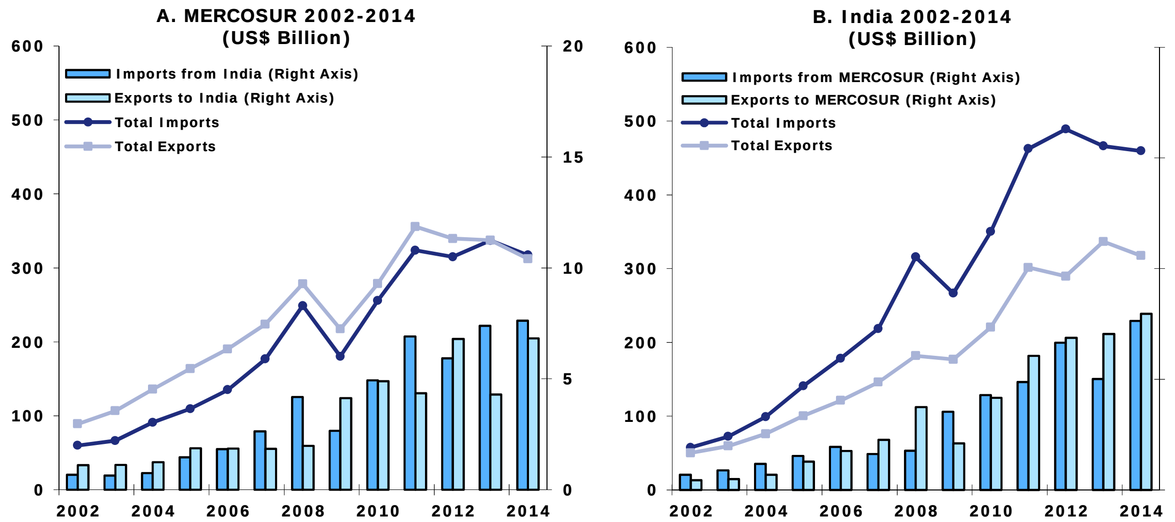
1.4. Chart 1.1 illustrates that bilateral trade between India and MERCOSUR in the period 2002-2014 has shown a general trade deficit for India in the early years and a more volatile situation thereafter. In the most recent years depicted, trade deficit has switched towards MERCOSUR; in 2012, Charts A and B point to discrepancies in trade figures. As regards the world, MERCOSUR has been a net exporter with the recent exception of 2014, while India has been a net importer throughout the period. Regarding growth of imports in the period 2009-2014 - i.e. since the entry into force of the Agreement - India's and MERCOSUR's global imports have grown by around 70%, while for bilateral trade MERCOSUR's imports from India were almost 3 times higher and those of India from MERCOSUR more than doubled.

1.5. Chart 1.2 shows the commodity structure of the Parties' bilateral and global trade during the period 2006-2008 by broad HS Section. Minerals are the major sector of global export interest to both India and MERCOSUR countries (respectively at 21.2% and 15.9%); in bilateral trade, they represent India's second and MERCOSUR's first imports - accounting for around two-fifths of bilateral imports. Textiles - India's second sector of export interest - is MERCOSUR's third major import, with the second being chemicals. Other MERCOSUR's products of major global export interest - prepared foods and vegetables - have smaller penetration in India market; India's

[1] Figures in this Section are from WTO Trade Profiles 2014 and the UNSD Comtrade Database.
[2] Information on various other MERCOSUR agreements has however been submitted to the WTO in the context of the biennial reports submitted by the Latin American Integration Association (LAIA).
[3] These are the Global System of Trade Preferences (GSTP) and the bilateral agreement with Chile.

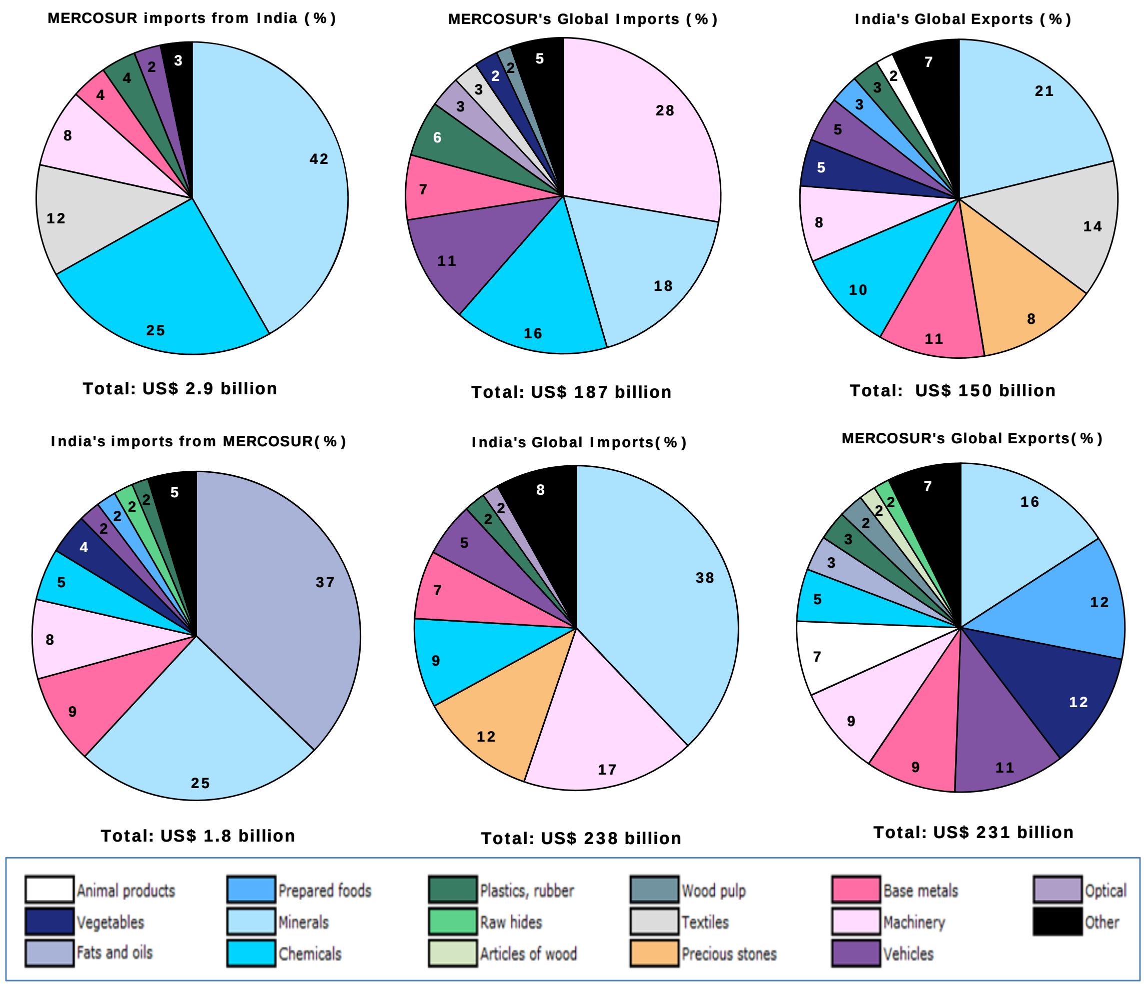
largest imports from MERCOSUR are of fats and oils and base metals are third in the rank.

Chart 1.1 MERCOSUR and India: Merchandise bilateral trade and with world, 2002-2014



Source: UNSD, Comtrade database.

Chart 1.2 MERCOSUR and India: product composition of merchandise trade, annual average (2006-2008)



Source: UNSD, Comtrade database.

1.6. Evolution of bilateral trade from the period 2006-2008 to the period 2012-2014 shows a similar bilateral trade profile as regards MERCOSUR's imports from India. However, as regards India's imports from MERCOSUR, there has been a shift on the import composition: minerals became the top imports, accounting for around 53% of the total, followed by fats and oils at 23% with imports of prepared foods moving to third place and accounting for 8% of total imports (in 2006-2008, these were respectively at 25%, 37% and 5%).

2 CHARACTERISTIC ELEMENTS OF THE AGREEMENT

2.1 Background Information

2.1. MERCOSUR and India signed a framework trade agreement on 17 June 2003[4] aimed at strengthening relations between the parties, promoting expansion of trade, and the negotiation of a free-trade area agreement in conformity with the rules and disciplines of the WTO.

2.2. The MERCOSUR-India Framework Agreement provided, as a first step, for the conclusion – by 31 August 2003 – of a "limited scope Fixed Preference Agreement", aimed at increasing bilateral trade flows through the granting of mutual concessions. Negotiations were completed with the signature of the Preferential Trade Agreement (PTA) between MERCOSUR and India on 25 January 2004; its Annexes, including the list of covered products and preferences provided, were incorporated into the Agreement on 19 March 2005. The Agreement applies between the signatory Parties, namely India and the four original State Parties of MERCOSUR (Southern Common Market customs union) - Argentina, Brazil, Paraguay, and Uruguay. Venezuela, which later acceded to MERCOSUR, is not a Party to the Agreement.[5, 6] The Agreement entered into force on 1 June 2009 and was notified to the WTO under paragraph 4(a) of the Enabling Clause on 23 February 2010.[7] The Agreement is of indefinite duration and, as stated in its Article 2, is the first step towards the creation of a free trade area among its parties, though no deadline has been set for that.

2.3. The structure of the Agreement is described below.

Table 2.1 Preferential Trade Agreement between MERCOSUR and the Republic of India

Preamble	
Chapter I (Articles 1-2)	Purpose of the Agreement
Chapter II (Articles 3-8)	Trade Liberalization
Chapter III (Article 9)	General Exceptions
Chapter IV (Articles 10-11)	State Trading Enterprises
Chapter V (Article 12)	Rules of Origin
Chapter VI (Article 13)	National Treatment
Chapter VII (Article 14)	Customs Valuation
Chapter VIII (Articles 15-16)	Safeguard Measures
Chapter IX (Article 17)	Antidumping and Countervailing Measures
Chapter X (Articles 18-20)	Technical Barriers to Trade
Chapter XI (Articles 21-22)	Sanitary and Phytosanitary Measures
Chapter XII (Articles 23-26)	Administration of the Agreement
Chapter XIII (Articles 27-28)	Amendments and Modifications
Chapter XIV (Article 29)	Settlement of Disputes
Chapter XV (Article s 30-31)	Entry into Force
Chapter XVI (Article s 32)	Withdrawal
Chapter XVII (Article s 33-34)	Depositary
Chapter XVIII (Article s 35)	Transitory Provision
Annexes	
Annex I	MERCOSUR's offer list to India

[4] See MERCOSUR's Decision CMC/DEC/09/03. The text of this Agreement can be found at: http://www.mre.gov.py/tratados/public_web/Tratados.aspx.

[5] As of August 2015, Venezuela's accession to MERCOSUR had not yet been notified to the WTO.

[6] There is no provision in the Agreement in the sense that a country which has acceded to MERCOSUR automatically becomes a Party to it. Therefore, Venezuela could only become a party to the Agreement once the procedures provided for in its Articles 27 and 28 on "Amendments and Modifications" are fulfilled. The accession of Venezuela to MERCOSUR's trade agreements with third parties is the subject of an Ad Hoc Working Group created within the bloc.

[7] Document WT/COMTD/N/31 of 25 February 2010. The text of the Agreement and of the Annexes can be found at: http://www.mre.gov.py/tratados/public_web/Tratados.aspx and http://commerce.gov.in/MOC/international_trade_agreements_indmer.asp.

Preamble	
Annex II	India's offer list to MERCOSUR
Annex III	Rules of Origin
Annex IV	Safeguard Measures
Annex V	Dispute Settlement Procedure

Source: Preferential Trade Agreement between MERCOSUR and the Republic of India.

2.2 National Treatment

2.4. Article 13 reaffirms the GATT 1994 Article III national treatment principle as relates to taxes, fees and any other domestic duties for products originating in the territory of the Parties to the Agreement.

3 PROVISIONS ON TRADE IN GOODS

3.1 Import duties and charges, and quantitative restrictions

3.1.1 General provisions

3.1. Preferential treatment under the Agreement is granted through margins of preference (MOP) on applied "customs duties" (Article 5). Annexes I and II list the products and the MOP granted respectively from MERCOSUR to India and from India to MERCOSUR (Article 3). These MOP – at 10%, 20% or 100% of the applied MFN rate – are granted for (originally) 452 lines (at HS-8 digits) in the case of MERCOSUR and 450 lines in the case of India; they are listed on the basis of the Harmonized System (HS).

3.2. "Customs duties" are defined as including duties and charges of any kind imposed in connection with the import, but excluding WTO-consistent internal taxes, anti-dumping or countervailing duties and other duties and charges (Article 6).

3.3. Article 7 includes a general prohibition on the application of non-tariff barriers – defined to include administrative, financial, exchange-related, or other measures – on products covered by the PTA, except as authorized elsewhere in the Agreement or in GATT 1994. As of August 2015, no such measures were applied.

3.4. The PTA does not provide for a MFN clause for preferential treatment granted elsewhere; however, it states that in cases where a Party concludes a preferential agreement with a non-Party, opportunity shall be given for consultations for the granting of additional benefits (Article 8). As of August 2015, no party to the Agreement had requested consultations under this Article.

3.5. In the context of the second meeting of the Joint Administration Committee, held in India in June 2010, discussions on further liberalization under the Agreement were held on the basis of "wish lists" of India and MERCOSUR (of respectively 3,111 and 1,287 HS 8-digit lines).[8] As of August 2015, these lists are under review with a view to further discussion on the subject.

3.1.2 Liberalization of trade and tariff lines

3.6. Table 3.1 shows the number of tariff lines benefitting from the Agreement's MOP; MERCOSUR grants for the majority of lines a 10% MOP, while India's most commonly granted MOP is 20%. As regards MERCOSUR, it shall be noted that its nomenclature is only harmonized at the level of 8-digit, therefore the 452 lines may represent a different number of lines for each MERCOSUR country; further, given the country-specific exceptions to its common external tariff (CET), the 2009 MFN tariffs might differ and this is reflected in Table 3.2 and Chart 3.1. In the case of India, between the incorporation into the Agreement of the list of covered products in 2005 and its entry into force in 2009, some tariff lines have been split, as a result of which the original 450 lines represented in 2009 a total of 463 tariff lines.[9]

[8] See http://www.iadb.org/intal/iji/query/FichaAcuerdo.aspx?lang=en&Acuerdo=2.
[9] The original list was based on HS 2002 nomenclature but data submitted by India was on HS 2007.

Table 3.1 Number of Tariff Lines Benefitting from Preferences under the Agreement

Margins of Preference	MERCOSUR	India[a]
10%	394	94[b]
20%	45[c]	349
100%	13	20
Total N° of lines	452	463

a Aligned in HS 2007 nomenclature.
b Includes one tariff line subject to tariff-rate quotas (TRQs).
c Includes two tariff lines subject to TRQs.

Source: Information in the Agreement.

3.7. Tariff-rate quotas (TRQs) have been exchanged between India and Paraguay. Paraguay grants India TRQs for dried coconuts (250 metric tons/year) and cumin seeds (100 metric tons/year). India grants Paraguay a TRQ (30,000 metric tons) on soybean crude oil - MERCOSUR's largest export to India. Trade to and from other MERCOSUR Member States are on a MFN basis, as well as imports that exceed the quota.[10]

3.8. Table 3.2.A illustrates liberalization in each of the MERCOSUR parties towards imports from India. Prior to the entry into force of the Agreement, 7.5% of tariff lines of Brazil, and around 15% for other MERCOSUR countries, were already duty-free on an MFN basis. Some of these were also duty-free under the Agreement (42, 16, 75 and 50 tariff lines for Argentina, Brazil, Paraguay and Uruguay respectively). Among them, gasoline (diesel oil of HS 2710.19.21) alone accounted for 39.9% of total MERCOSUR imports from India in the period 2006-08; gasoline benefitted from MFN duty-free in all of MERCOSUR members, with imports into Brazil representing 99.5% of the total. In terms of bilateral trade for products under the Agreement, MFN duty-free lines represented 46.6% of imports into Brazil from India, but only 0.1% of imports from India into Uruguay. Additional liberalization brought about by the Agreement is through reduced rates of duty (all of which remain however dutiable) on 4.1% lines of MERCOSUR countries (simple average) representing, on a trade-weighted basis, 10.3% of their imports from India during 2006-08.

Table 3.2 Tariff treatment under the Agreement and MFN with corresponding average trade

A. MERCOSUR

Duty phase-out period	N° of lines	% of total lines in tariff schedule	Value of imports from India (2006-2008) in million US$	% of total imports from India 2006-2008	N° of lines	% of total lines in tariff schedule	Value of imports from India (2006-2008) in million US$	% of total imports from India 2006-2008
	ARGENTINA				**BRAZIL**			
Covered under the RTA								
Already MFN duty-free	42	0.4	6.5	1.7	16	0.2	1'111.9	46.6
Reduced rates	411	4.2	65.1	16.6	436	4.5	223.1	9.4
Sub-total	**453**	**4.6**	**71.6**	**18.3**	**452**	**4.6**	**1'335.0**	**56.0**
Not covered under the RTA								
MFN duty-free (2009)	1'388	14.2	22.0	5.6	711	7.3	133.0	5.6
MFN dutiable	7'943	81.2	298.3	76.1	8'619	88.1	916.8	38.4
Sub-total	**9'331**	**95.4**	**320.3**	**81.7**	**9'330**	**95.4**	**1'049.9**	**44.0**
Total	**9'784**	**100.0**	**391.8**	**100.0**	**9,782**	**100.0**	**2'384.9**	**100.0**
	PARAGUAY				**URUGUAY**			
Covered under the RTA								
Already MFN duty-free	75	0.8	1.7	5.2	50	0.5	0.1	0.1
Reduced rates	378	3.9	2.7	8.2	409	3.7	4.8	9.1
Sub-total	**453**	**4.7**	**4.4**	**13.4**	**459**	**4.2**	**4.9**	**9.2**

[10] MERCOSUR's CET for dried coconuts and cumin seeds has remained stable at 10%; India's basic customs duty on all crude edible oils, including crude edible soya bean oils, was 7.5% at the end of 2014.

Duty phase-out period	N° of lines	% of total lines in tariff schedule	Value of imports from India (2006-2008) in million US$	% of total imports from India 2006-2008	N° of lines	% of total lines in tariff schedule	Value of imports from India (2006-2008) in million US$	% of total imports from India 2006-2008
Not covered under the RTA								
MFN duty-free (2009)	1'527	15.7	7.1	21.9	1'603	14.5	15.0	28.3
MFN dutiable	7'741	79.6	21.1	64.7	8'969	81.3	33.0	62.4
Sub-total	**9'268**	**95.3**	**28.2**	**86.6**	**10'572**	**95.8**	**48.0**	**90.7**
Total	**9,721**	**100.0**	**32.5**	**100.0**	**11,031**	**100.0**	**52.9**	**100.0**

Note: Based on the HS 2007 nomenclature.

Source: WTO estimates based on data provided by MERCOSUR in the WTO-IDB and the information in the Agreement.

3.9. Table 3.2.B shows that 243 lines representing a significant amount of trade (31.9%) benefitted from MFN duty-free rates prior to the Agreement's entry into force. In fact, one single product that was already MFN duty-free prior to the Agreement's entry into force - soybean oil of HS 1507.10.00 - accounted for 31% of total imports from MERCOSUR into India during 2006-2008. Another 40 lines covered by the Agreement were already duty-free on an MFN basis in 2009. Additional market access provided by the Agreement is granted on 423 lines, covering 4.9% of India's imports from MERCOSUR countries; of these, one line was fully liberalized (parts of printer machines, see paragraph 3.15. below).

B. India

Duty phase-out period	Number of lines	% of total lines in India's tariff schedule	Value of India's imports from MERCOSUR (2006-2008) in million US$	% of India's total imports from 2006-2008
Covered under the RTA				
Already MFN duty-free	40	0.4	574.4	31.7
Becoming duty-free	1	0.0	0.5	0.0
Reduced rates	422	3.7	87.6	4.8
Sub-total	**463**	**4.1**	**662.5**	**36.6**
Not covered under the RTA				
MFN duty-free	203	1.8	4.2	0.2
MFN dutiable	10,667	94.1	1,144.7	63.2
Sub-total	**10,870**	**95.9**	**1,148.9**	**63.4**
Total	**11,333**	**100.0**	**1,811.4**	**100.0**

Note: Only tariff and trade falling under HS Chapter 1-97 is included.
Based on the HS 2007 nomenclature.

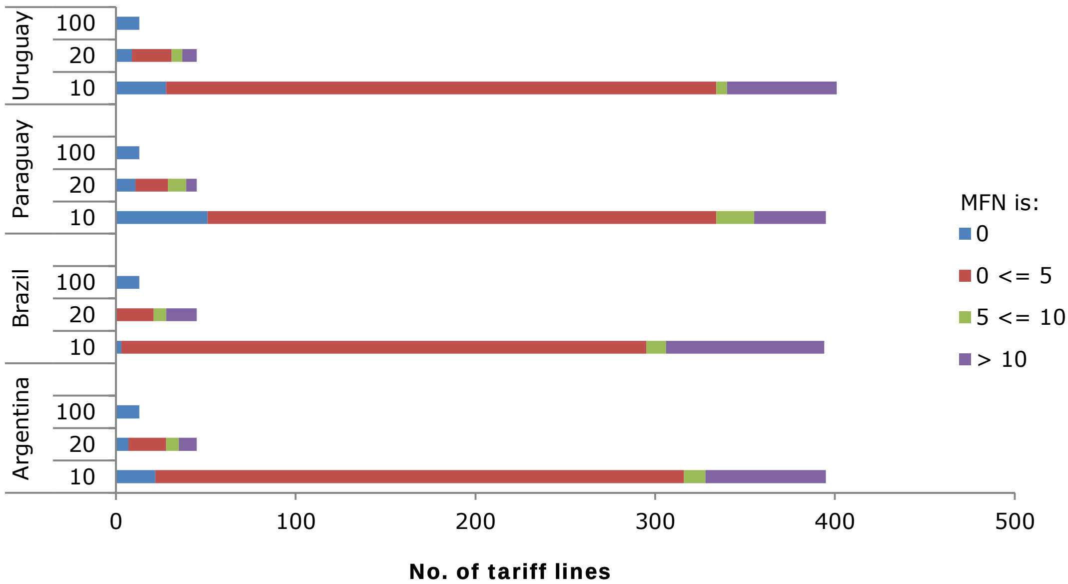
Source: WTO estimates based on data provided by India, information in the Agreement and the WTO-IDB.

3.1.2.1 MERCOSUR's liberalization schedule

3.10. The major product groups covered in the offer list of MERCOSUR are food preparations, organic chemicals, pharmaceuticals, essential oils, plastics and articles, rubber and rubber products, tools and implements, machinery items, electrical machinery and equipment. The vast majority of these products are bound at 35%, though applied rates are generally much lower.

3.11. Chart 3.1 shows that for all MERCOSURs parties, 13 products benefitting from a MOP of 100% were already traded on an MFN duty-free basis. As for the 45 lines benefitting from a 20% MOP, all countries except Brazil had some lines already at MFN duty-free rates; for Brazil, around two-fifths of MFN rates higher than 10% benefitted from a 20% MOP. As regards lines benefitting from a MOP of 10%, and for all MERCOSUR countries, around three-quarters of them had MFN rates of up to 5%, while Brazil and Argentina had the highest number of lines with MFN rates higher than 10%.

Chart 3.1 MERCOSUR's duty reduction under the Agreement



Source: WTO Secretariat estimates based on the MERCOSUR data in the WTO-IDB.

3.12. Table 3.2 details the MOP under the Agreement by HS Section. Three-fifths of the lines partially liberalized under the Agreement are in Section VI, namely products of the chemical and allied industries - second major imports from India in 2006-2008. Its MFN average rate (for all products and not only those covered by the Agreement) was around 7% in MERCOSUR parties, and the MOP provided is 10%. The second section where preferences are granted is that of machinery (Section XVI), ranked fourth in MERCOSUR imports from India in 2006-2008. Mineral products, gasoline - MERCOSUR's main import product from India - benefit from a 100% MOP (duty elimination), but the MFN rate was already duty-free in all MERCOSUR countries. MOP of 100% is also granted to other minerals (calcium phosphates and oil, not crude), machinery (including turbo-jets, textile spinning machines, electric motors and magnetic discs) and medical instruments. As regards Sections XI, XII and XIX - with the highest MFN rates in MERCOSUR - only one line is covered in the Agreement, namely twine and cordage of HS 5607, with the granting of a MOP of 10% on an MFN tariff of 2%. That product is the only textile product - a section ranking third in 2006-2008 imports from India - that is covered by the Agreement.

Table 3.3 MERCOSUR: Tariff reduction commitments under the Agreement, by HS Section

MFN			MOP under the Agr.					HS Sections	MFN			MOP under the Agr.				
			10		20		100					10		20		100
MFN average (%)	Nº of lines	Duty-free lines	Duty-free	Dutiable	Duty-free	Dutiable	Duty-free		MFN average (%)	Nº of lines	Duty-free lines	Duty-free	Dutiable	Duty-free	Dutiable	Duty-free
ARGENTINA									BRAZIL							
				1				I	9.0	372	34		1			
7.8	353	62		4		2		II	7.7	353	59		4		2	
10.5	71							III	9.6	71						
14.9	268			5				IV	14.9	268			5			
2.7	206	68		4		1	4	V	2.4	206	68		4		1	4
6.7	2,969	123		269	1	12		VI	6.8	2,969	110	1	268		13	
11.1	423	10	1	17		3		VII	11.4	419	4		18		3	
11.0	115			1				VIII	11.0	115			1			

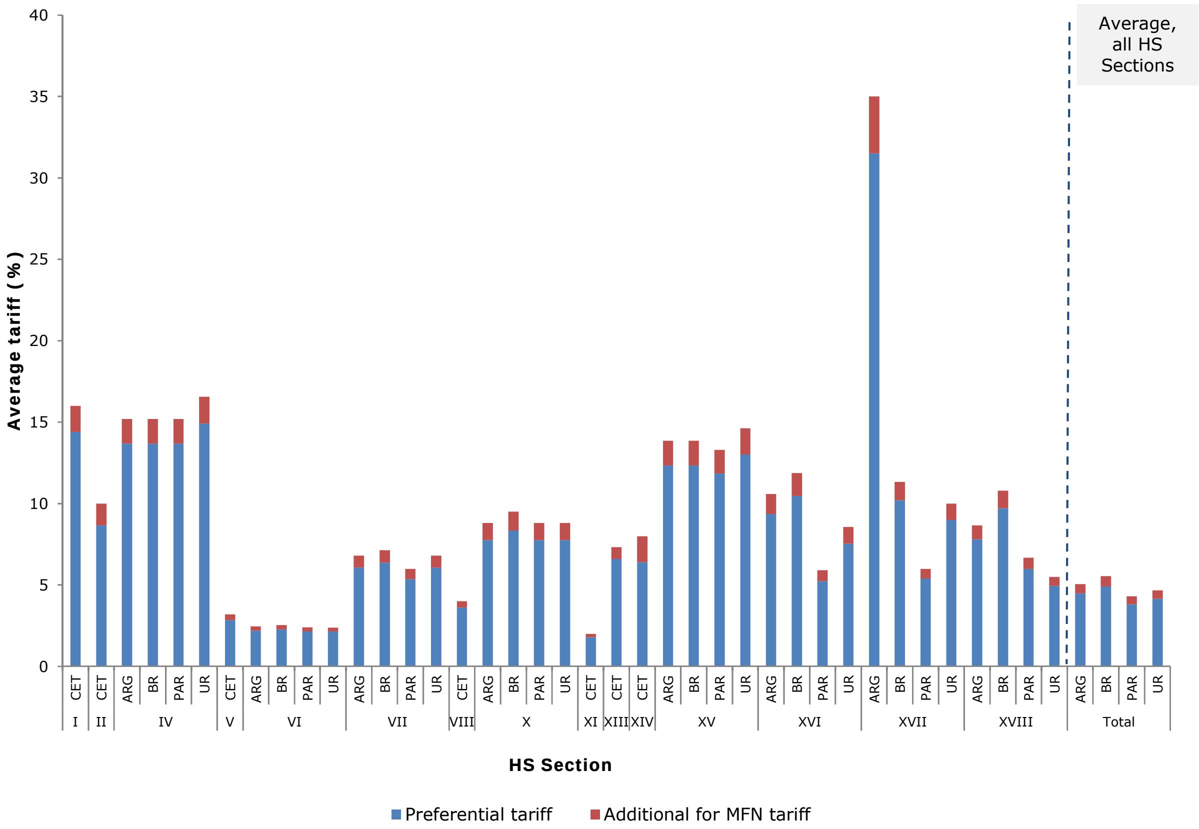
MFN			MOP under the Agr. 10 20 100					HS Sections	MFN			MOP under the Agr. 10 20 100				
MFN average (%)	Nº of lines	Duty-free lines	Duty-free	Dutiable	Duty-free	Dutiable	Duty-free		MFN average (%)	Nº of lines	Duty-free lines	Duty-free	Dutiable	Duty-free	Dutiable	Duty-free
8.3	129	1						IX	8.4	129						
11.2	225	10		3		2		X	11.2	225	15	1	2		2	
25.0	980	1		1				XI	25.0	981			1			
25.8	65							XII	26.0	63						
10.5	216	4		3				XIII	10.7	215	2		3			
9.3	64	6				4		XIV	9.6	64	6				4	
11.4	740	28		22		7		XV	12.0	738	12		22		7	
7.5	1,726	833	18	38	6	7	5	XVI	11.9	1,732	295	1	54		13	5
23.0	215	62	1	2				XVII	17.8	215	32		3			
9.6	457	183	2	3			4	XVIII	12.5	457	86		5			4
20.0	20							XIX	20.0	20						
17.6	163	8						XX	17.8	163	4					
4.0	7							XXI	4.0	7						
10.6	9,784	1,430	22	373	7	38	13	Tot.	11.5	9,782	727	3	391		45	13
PARAGUAY									**URUGUAY**							
9.0	351	29		1				I	9.0	688	38		1			
7.9	353	60		4		2		II	7.7	388	70		4		2	
9.6	70							III	9.7	85	1					
14.6	268	3		5				IV	14.9	357	12		7			
2.4	206	68		4		1	4	V	2.4	208	68		4		1	4
6.3	2,945	197	19	251	3	10		VI	6.7	3,026	161	1	271	3	10	
10.2	417	28	2	16		3		VII	10.5	459	47	1	17		3	
10.9	115			1				VIII	11.9	329			1			
8.4	129							IX	7.0	138	20					
10.5	225	21		3		2		X	10.6	253	27		3		2	
16.9	981	13		1				XI	16.1	1,221	22		1			
19.6	63							XII	24.5	98						
10.3	215	3		3				XIII	10.8	257	3		3			
9.6	64	6				4		XIV	9.3	72	9				4	
11.5	737	20		22		7		XV	11.4	769	52	2	20	1	6	
4.3	1,720	884	27	28	8	5	5	XVI	5.4	1,770	856	21	35	5	8	5
7.9	215	80	1	2				XVII	8.6	235	73	1	2			
7.7	457	189	2	3			4	XVIII	8.4	469	188	2	4			4
20.0	20							XIX	20.0	20						
16.7	163	8						XX	17.6	180	6					
4.0	7							XXI	4.0	9						
8.6	9,721	1,609	51	344	11	34	13	Tot.	9.2	11,031	1,653	28	373	9	36	13

Note: Based on HS *2007 nomenclature.*

Source: WTO estimates based on data provided by MERCOSUR in the WTO-IDB and the information in the Agreement.

3.13. Chart 3.2 illustrates the average tariff reduction, and the equivalent MOP, by HS Section and by MERCOSUR member country. Among the 452 lines covered by the Agreement, pertaining to 15 HS Sections, MERCOSUR's CET was applied on products of seven HS Sections - live animals, vegetables, minerals, hides and skins, textiles, articles of stone, precious stones. For products pertaining to the other 8 Sections - prepared foods, chemicals, plastics, pulp and paper, base metals, machinery, transport equipment and precision equipment - exceptions to the CET apply, and the Chart reflects these differences. Overall, the highest MOP is provided by Brazil, followed by Argentina, Uruguay and Paraguay, with the average effective MOP varying from 0.64% to 0.48%.

Chart 3.2 MERCOSUR: Average of Reduced Rates and Average MOP by HS Section



Note: Based on HS 2007 nomenclature.

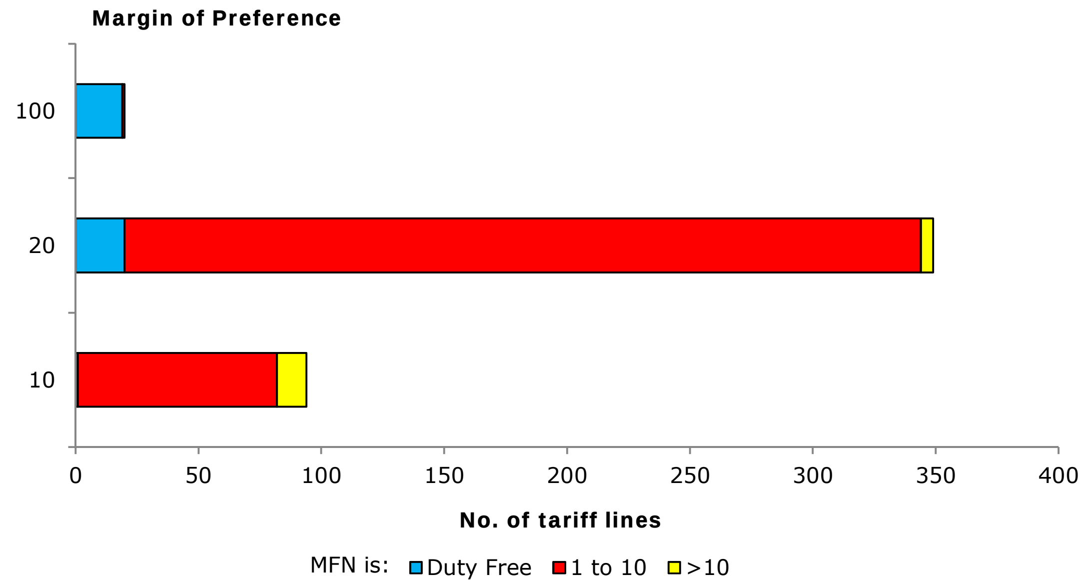
Source: WTO estimates based on data provided by MERCOSUR in the WTO-IDB and Agreement's information.

3.1.2.2 India's liberalization schedule

3.14. Products liberalized by India are meat and meat products (mainly pork and its products but excluding poultry meat), organic and inorganic chemicals, dyes and pigments, raw hides and skins, leather articles, wool, cotton yarn, glass and glassware, articles of iron and steel, machinery items, electrical machinery and equipment, optical, photographic and cinematographic apparatus.

3.15. All MOP of 100% - except parts of printer machines of HS 8443.99.90 with an MFN rate of 7.5% - is provided for tariff lines with MFN rates already duty-free when the Agreement entered into force. The vast majority of lines with a MOP of 20% concern products with MFN rates below 10%, but they are also offered on some lines with MFN rates of zero and above 10%. MOP of 10% concerns lines having generally a MFN rate below 10% and on 14 lines a MFN rate above 10%.

Chart 3.3 India's duty reduction under the Agreement



Source: WTO Secretariat's estimates based on the data provided by India.

3.16. Table 3.3 details the MOP under the Agreement by HS Section. Most of the preferences are granted for machinery and chemicals - ranked respectively fourth and fifth in India's import from MERCOSUR in 2006-2008. The majority of these lines were dutiable and benefit from a MOP of 20%, with an average MFN rate (for all products and not only those covered by the Agreement) of 7.1% for machinery and 10.8% for chemicals. For covered agricultural products, one line benefits from a MOP of 20% - namely ethyl alcohol, with a MFN rate of 30% - while a 10% MOP applies to all other dutiable lines. Soybean crude oil - India's main import from MERCOSUR - benefits from this MOP, but prior to the Agreement's entry into force it was already duty-free on an MFN basis. No product from Section V (minerals) - ranked second section in India's import from MERCOSUR in the period 2006-2008, and first in the following three-year period - is covered by the Agreement.

Table 3.4 India: Tariff reduction commitments under the Agreement, by HS Section

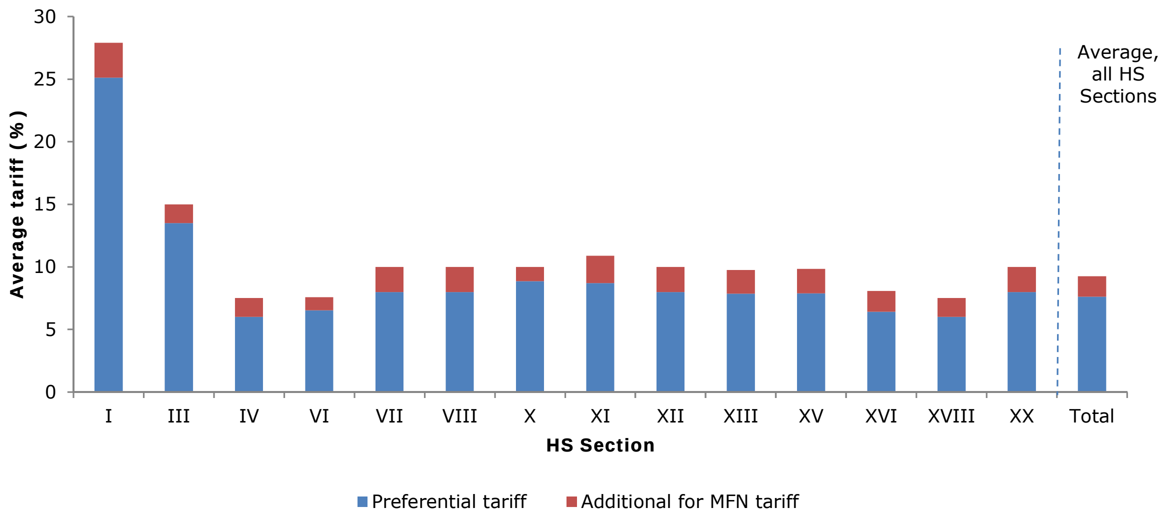
HS Section	MFN			MOP Under the Agreement						
	MFN average (%)	Total N° of lines	N° of duty-free lines	10		20		100		Total
				Duty-free	Dutia-ble	Duty-free	Dutia-ble	Duty-free	Dutia-ble	
I	30.9	349			12					12
II	41.0	558	10							
III	75.0	119	1	1	1					2
IV	50.1	405					1			1
V	9.0	313								
VI	10.8	2,243	6		73		48			121
VII	10.4	585					1			1
VIII	8.4	134	23			2	32	12		46
IX	9.1	197								
X	9.4	274	9		6		1			7
XI	10.2	1,901					40			40
XII	10.0	105					6			6
XIII	10.0	263			1		20			21
XIV	10.0	92								
XV	9.1	1,264					31			31
XVI	7.1	1,663	165			17	113	7	1	138
XVII	30.0	263	1							
XVIII	8.1	353	25			1	18			19
XIX	10.0	20								
XX	10.0	215					18			18
XXI	8.2	17	3							
Total	14.3	11,333	243	1	93	20	329	19	1	463

Note: Only tariff falling under HS Chapter 1-97 is included.
Based on the HS 2007 nomenclature.

Source: WTO estimates based on data provided by India, information in the Agreement and the WTO-IDB.

3.17. India's average reduced rates, and the equivalent MOP by HS Section, are illustrated in Chart 3.4. Among the 463 lines covered by the Agreement, pertaining to 14 HS Sections, live animals and animal products will benefit from the highest MOPs, though on a limited number of lines (12). Agricultural preferential tariffs will however remain at high rates. Industrial tariffs are at much lower levels, but overall no HS Section will have an average preferential rate below 5%. The final average rate will be of 7.6%, compared to an average MFN rate of 9.3%.

Chart 3.4 India: Average of Reduced Rates and Average MOP by HS Section



Note: Based on HS 2007 nomenclature.

Source: WTO estimates based on data provided by India and information in the Agreement.

3.2 Rules of origin

3.18. As per Article 12 of the Agreement, the granting of tariff preferences to the products covered is subject to the fulfilment of rules of origin laid down in Annex III. In accordance with Articles 2 to 4 of the Annex, goods are "originating" when:

a. they are wholly produced or obtained in the territory of a Party (e.g. mineral, plants domestically-grown, live animals domestically born and raised and their products, etc.);

b. for goods not wholly obtained or produced, a regional value-added content (RVC) threshold of 60% is met, and the final process of manufacture (excluding minimal operations) is performed in the territory of the exporting Party.

3.19. The RVC is defined through the requirement that the value of all non-originating materials does not exceed 40% of the final value of the product. Non-originating materials are valued on a c.i.f. basis, while the final product is valued on a f.o.b. basis.[11] The goods from one Party used as an input for a finished product in another Party are considered originating in the latter.

3.20. Minimal operations are defined in Article 6 of Annex III. Direct transportation between the parties is required to qualify for tariff preferences. However, transit - with or without transhipment and storage - is permitted if the entry is justified for geographical or transport requirements reasons; the goods are not intended for trade, consumption, use or employment and do not undergo operations other than unloading, reloading or any operation designed to preserve them in good condition.

3.21. In the case of sets (Article 9), each part of the set has to fulfil the origin requirements. Notwithstanding this, a set or assortment will be originating if the c.i.f. value of all non-originating

[11] C.i.f. value at the time of importation; if that cannot be proven, the earliest ascertained price paid for the material in the territory of the Party.

elements does not exceed 15% of the f.o.b. price of the set.

3.22. Bilateral cumulation as per Article 3 of Annexe III of the Agreement applies between the two parties.

3.23. Article 37 of the Annex provides for a review of the Rules of Origin annex within three years from the Agreement's entry into force or following an increase of product coverage. As of August 2015, no such review has taken place.

Table 3.5 Rules of Origin at a Glance

Basic Characteristics
• Regime-wide criterion, RVC≥ 60% and last process of manufacture.
• Bilateral cumulation.
• No tolerance rule (except for sets).
• No outward-processing authorized.

3.3 Export duties and charges, and quantitative restrictions

3.24. The Agreement contains no provision related to export duties and charges connected to export, thus maintaining the parties' MFN regime in this respect. Out of five the parties, only Paraguay does not apply export duties. Argentina maintains export taxes on all products, at a rate varying from 5% to 35% generally, with higher duties applying on some products (40% on metal scrap and waste, 45% on hydrocarbons and 100% on natural gas). Uruguay maintains a 5% export tax on certain raw hides (HS heading 4101 and HS sub-headings 4104.11 and 4104.19), while a 9% export tax applies on Brazilian exports of hides and skins of HS 41.01-41.03, 4104.10, 4104.22 and 4104.29.00. India, in turn, maintains export taxes varying from 5% to 25% on tanned and untanned hides, skins, and leathers (except manufactures of leather), iron ores and concentrates (including iron ore pellets since 27 January 2014), chromium ores and concentrates (specific rate per tonne), products of iron and steel (including ferrous waste and scrap, flat rolled products, and tubes and pipes) and, temporarily, on raw cotton and cotton waste.[12] In addition, export duty is levied on bauxite and unprocessed and upgraded ilmenite.

3.25. Article 7 on the general prohibition of non-tariff measures (see paragraph 3.3. above) applies also to those connected to exportation.

3.4 Regulatory Provisions of the Agreement

3.4.1 Standards

3.4.1.1 Sanitary and phytosanitary measures

3.26. The Parties incorporate the WTO Agreement on Sanitary and Phytosanitary Measures into the Agreement. (Articles 21-22). Besides, they agree to cooperate in the areas of animal health and plant protection, food safety and mutual recognition of sanitary and phytosanitary measures through their respective competent authorities, including *inter alia* through the conclusion of equivalence and mutual recognition agreements taking into account international criteria. As of August 2015, no such agreement had been negotiated.

3.4.1.2 Technical barriers to trade

3.27. In order to facilitate trade, the Parties agree to cooperate in the area of standards, technical regulations and conformity assessment procedures and to endeavour to conclude mutual equivalence agreements; as of August 2015, no such agreement had been negotiated. Articles 18-20 incorporate the WTO Agreement on Technical Barriers to Trade into the Agreement.

[12] Information obtained in most recent TPRs: Argentina (2007), Brazil (2009), India and Paraguay (2011), and Uruguay (2012). See also http://www.cbec.gov.in/customs/cst2012-13/sch2-exptariff.pdf.

3.4.2 Safeguard mechanisms

3.4.2.1 Global safeguards

3.28. Article 16 incorporates in the Agreement the rights and obligations of Article XIX of the GATT 1994 and the WTO Agreement on Safeguards; this is reiterated in Article 1 of Annex IV on Safeguard Measures. Definitions of serious injury and threat thereof, and of domestic industry (Article 2 of Annex IV) are that of the WTO; as for the latter, an additional requirement is that, when the case arises, the investigating authority provide reasons why the domestic industry cannot be understood to mean the producers as a whole.

3.4.2.2 Bilateral safeguards

3.29. The Agreement authorizes the application of safeguard measures on products covered by the Agreement, as follows Articles 3-10 of Annex IV):

a. safeguards may not be applied in the first year after the preference came into force;

b. they are applied only to the extent necessary to prevent serious injury and following an investigation in accordance with the Annex;

c. MERCOSUR may apply safeguards as a sole entity or on behalf of one of its members; determination of serious injury or threat thereof is to fulfilled accordingly. Under these same terms, India can apply safeguard measures to MERCOSUR as a whole or to one of its members;

d. safeguard measures shall consist of a temporary suspension or reduction of the preference under the Agreement, up to a maximum of two years; subsequent application is only possible after one year;

e. safeguards are to be accompanied by an import quota equivalent, generally, to at least the average imports in the 36 months preceding the injury determination. In the absence of this quota, the safeguard may only consist of a 50% reduction of the preference;

f. an illustrative list of elements to be taken into account in the investigations are spelled out in Article 10.

3.30. Investigation and transparency procedures are contained in Articles 11-20 of Annex IV. These establish a maximum period of one year between the publication of the decision to initiate the investigation and the final decision, the possibility of applying provisional safeguards - of a maximum of 200 days - in critical circumstances after notification and pursuant to a preliminary determination of serious injury or threat thereof, as in the WTO. Transparency is ensured by requiring the importing Party to notify the exporting Party, within 7 days from publication, of decisions to initiate an investigation, apply provisional safeguards and to apply or not definitive safeguards; relevant WTO requirements refer to prompt notifications to the Committee on Safeguards. Further, precise disciplines are laid down concerning public notice and a 30-day prior to imposition of a definitive safeguard notification is required; adequate opportunity for consultation shall be provided.

3.4.3 Anti-dumping and countervailing measures

3.31. The right to apply anti-dumping duties and countervailing measures (CVM) is maintained and subject to domestic legislation, that is consistent with Article VI and XVI of the GATT 1994, the Agreement on Implementation of Article VI of the GATT 1994, and the WTO Agreement on Subsidies and Countervailing Measures.

3.4.4 Subsidies and State-aid

3.32. The Agreement contains no rules regarding subsidies nor State-aid.

3.4.5 Customs-related procedures

3.33. Article 14 incorporates GATT 1994 Article VII and the WTO Agreement on the Implementation of Article VII of the GATT 1994 in regards to customs valuation.

3.34. Articles 14 to 37 of Annex III on Rules of origin relate to customs formalities. Preferential treatment is granted upon the production of a Certificate of Origin (annexed to the Agreement). The Certificate is issued by the Government or by delegated authorities (Article 14.2 and 16.5) on the basis of a sworn declaration; self-certification is not provided for. Invoices from an operator in a third country are authorized but a sworn declaration by the final producer is required (Article 15). Certificates are generally to be issued within 5 working days and are valid for 180 days. In cases of regular exports, a sworn declaration is normally valid for 180 days.

3.35. The procedure for control and verification of the origin of a good is described in Articles 17-34. The competent authorities of the importing Party may request any additional information with respect to registers and documents available in the government office or delegated authority. Additional information shall be provided within 30 days from the date of receipt. In case of delay, or of insufficient information, an investigation may be initiated 60 days from the request of information; pending investigation, no suspension of new import operations shall take place but a guarantee can be requested. An investigation shall be immediately notified to the importer and the authorities of the exporting Party; the investigation may lead to a visit of the premises of the producer, which can be postponed by 30 days. If the information provided is not adequate or if no authorization for a visit is provided, the importing Party may deny preferential tariff treatment on the good subject to verification. Within 90 days from receipt of the requested information, the competent authorities of the importing Party shall inform the importer and the authorities of the exporting Party of its conclusion and the reasons for it. If the investigation establishes the non-qualifying nature of the good, MFN duties shall be levied and sanctions under the Agreement or domestic legislation shall be applied; if it establishes that the product is originating, any guarantee shall be released within 30 days. Within 60 days from the determination, consultations or technical advice may be requested by the authorities of the exporting Party.

3.4.6 Other regulations

3.36. State-trading enterprises, as defined in Article XVII of GATT 1994 are permitted as per Article 10 of the Agreement. Article 11 provides that each Party shall ensure that any such enterprise acts consistently with the PTA's obligations and accords non-discriminatory treatment in import from, and export to the other Party.

4 GENERAL PROVISIONS OF THE AGREEMENT

4.1 Current payments and capital movements

4.1. The Agreement has no provision concerning payments and movement of capital.

4.2 Exceptions

4.2. Article 9 reaffirms the Parties' rights to take action and adopt measures consistent with Article XX (General Exceptions) and XXI (Security Exceptions) of the GATT 1994.

4.3 Accession and Withdrawal

4.3. There is no provision for accession by third parties to the Agreement.

4.4. Article 32 of the PTA establishes a 60 day advance notice of withdrawal. The rights and obligations of that Party shall cease to apply at that date, but tariff preferences shall remain in force for an additional year, unless otherwise agreed upon.

4.5. In the Framework Agreement, Article 10 provides that it is established for an initial duration of three years, after what the Framework Agreement shall be extended automatically unless one of the Parties decided not to renew it. This decision has to be taken 30 days before the expiry date and will enter into force six months after the denunciation.

4.4 Institutional framework

4.6. Articles 23-26 deal with the institutional framework. The governing body of the Agreement is the Joint Administrative Committee, composed of the Common Market Group of MERCOSUR and India's Secretary of Commerce, to meet at least once a year. Its decisions are taken by consensus. Its main functions include ensure proper functioning and implementation of the Agreement; propose modifications and amendments; recommend further steps towards the objective of establishing a free trade area between the parties; and establish mechanisms to encourage active participation of the private sectors in areas covered by the Agreement.

4.5 Dispute settlement

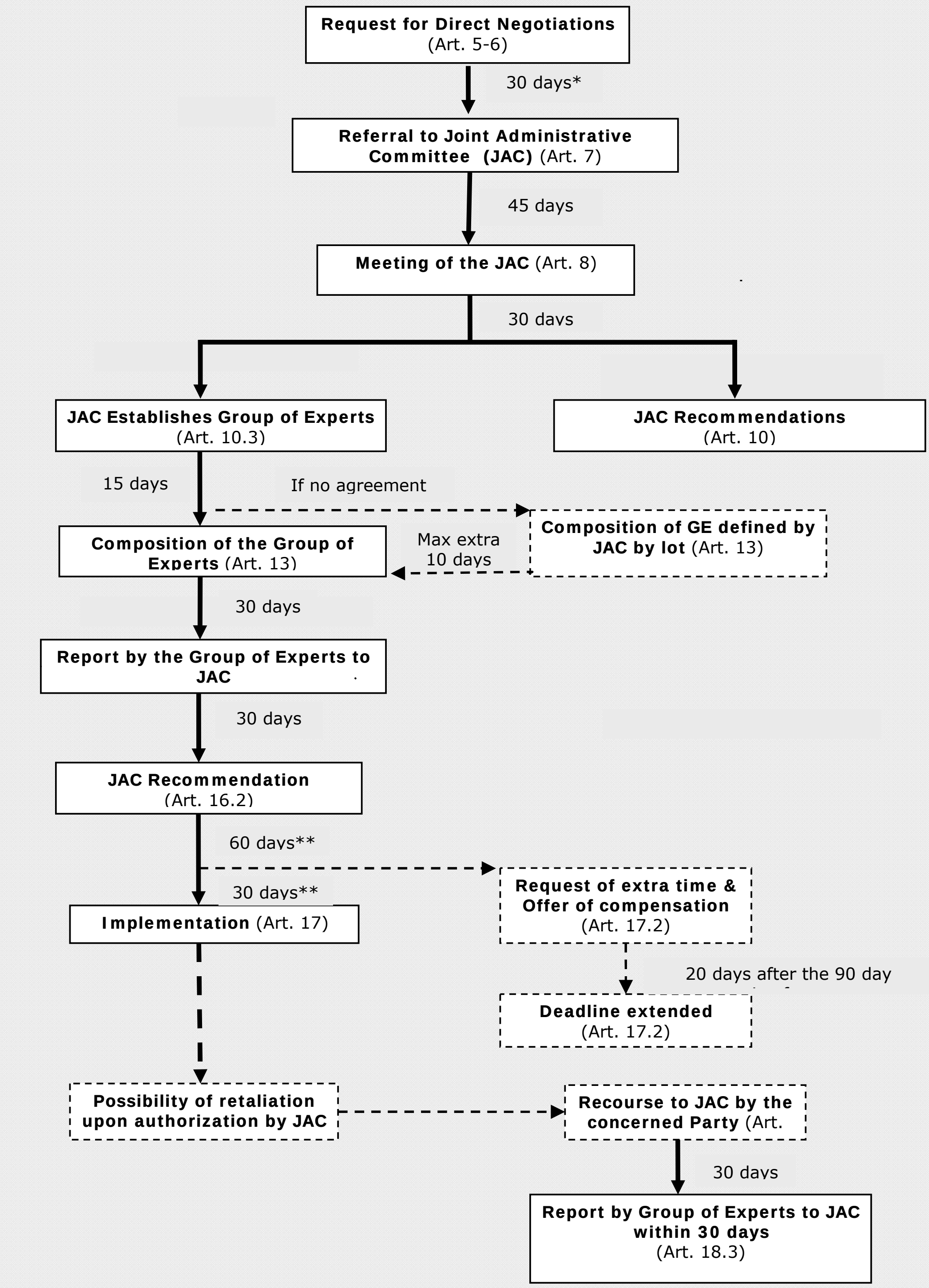
4.7. The Agreement establishes a mechanism for dispute settlement (Article 29 and Annex V). Disputes may be raised by MERCOSUR - either collectively or by one or some of its members - or India. Article 2 of Annex V deals with choice of forum; it provides that for issues also regulated by the WTO, the choice of forum is to be made upon agreement between the parties or by the complaining party in case of disagreement. The choice is to be made once "direct negotiations" have been completed; a case is considered "initiated" under the WTO Dispute Settlement Understanding (DSU) once a "request for consultation" under Article 4 of the DSU has been issued. Once the forum has been selected, it must be used to the exclusion of other; this provision may be reviewed within five years from the Agreement's entry into force. Disputes in connection to anti-dumping and CVM can only be submitted to the WTO. Box 4.1 provides a synopsis of the dispute settlement procedures.

4.8. Cases may be settled either by the Joint Administrative Committee (JAC) or by a "Group of Experts" established either upon request of one of the parties or upon a JAC decision. A roster of experts has been established, comprising 10 experts appointed by each signatory party, of which four are non-nationals. As of August 2015, such lists are yet to be adopted by the JAC. The Group of Experts is composed of three members, each party appointing one member; the third expert, chosen by consensus by both parties, is to preside over the Group (unless decided otherwise) and shall not be a national of the parties. (Art. 13)

4.9. The report of the Group of Experts is submitted to the JAC, which in turn issues recommendations. The parties are not given the opportunity to comment on the Report, nor to appeal the JAC recommendations. The timeframe provided for the JAC to implement its recommendations - 90 days - may be extended upon request and the provision of compensation. In case of failure to comply with either of these, retaliation may be authorized. The concerned party may object to the authorized retaliation, in which case the original Group of experts is called upon to decide on the issue.

4.10. The periods referred to are consecutive days. All communications made to the JAC are to be also transmitted to the Parties. At any time during the procedures the complaining party may abandon its claim or the parties may reach an agreement; in such cases, the dispute shall be closed. The claim will be considered abandoned if the complaining party does not refer the claim to the JAC within 12 months from the time agreed for the conduct of direct consultations.

Box 4.1 Synopsis of the Agreement's dispute settlement provisions



* May be extended upon mutual agreement.
** The 90 days period may be extended upon agreement of the parties and the JAC.

4.6 Relationship with other agreements concluded by the Parties

4.11. Article 8 provides that, in case of the conclusion of preferential agreements by the Parties with third-parties, the other Party shall upon request afford adequate opportunity for consultation on any additional benefits granted therein; as of August 2015, no consultations were requested.

4.12. Table 4.1 below lists those RTAs concluded by the Parties which are in force as of October 2012. While numerous agreements concluded under the LAIA framework have not been notified to the WTO, information on many of them has been submitted in the context of LAIA's periodic reports to the GATT/WTO.[13]

Table 4.1 India and MERCOSUR: Participation in other RTAs (notified and non-notified in force), as of 18 August 2015*

Partner/ Agreement	Date of entry into force	Type of agreement	GATT/WTO Notification	
			Year	WTO Provision
		INDIA		
Japan	01.08.11	Goods & Services	2011	GATT Art. XXIV & GATS Art. V
Malaysia	01.07.11	Goods & Services	2011	Enabling Clause & GATS Art. V
ASEAN	01.01.10	Goods	2010	Enabling Clause
Rep. of Korea	01.01.10	Goods & Services	2010	GATT Art. XXIV, Enabling Clause & GATS Art. V
Nepal	27.10.09	Goods	2010	Enabling Clause
Chile	17.08.07	Goods	2009	Enabling Clause
Bhutan	29.07.06	Goods	2008	Enabling Clause
SAFTA	01.01.06	Goods	2008	Enabling Clause
Singapore	01.08.05	Goods & Services	2007	GATT Art. XXIV & GATS Art. V
Afghanistan	13.05.03	Goods	2010	Enabling Clause
Asia Pacific Trade Agreement (APTA) - Accession of China	01.01.02	Goods	2004	Enabling Clause
Sri Lanka	15.12.01	Goods	2002	Enabling Clause
SAPTA	07.12.95	Goods	1997	Enabling Clause
GSTP	19.04.89 [a]	Goods	1989	Enabling Clause
APTA	17.06.76	Goods	1976	Enabling Clause
India-ASEAN Agreement on Services & Investment	01.07.15	Services & Investment	Non notified - in force	
SAARC Agreement on Trade in Services (SATIS)	29.11.12	Services	Non notified - in force	
India - Thailand Early Harvest	01.09.04	Goods	Non notified - in force	
		MERCOSUR - COLLECTIVELY		
MERCOSUR	29.11.91 07.12.05	Goods Services	1991 2006	Enabling Clause GATS Art. V
MERCOSUR – Accession of Venezuela	12.08.12	Goods & Services	Not notified, LAIA framework	
MERCOSUR – Israel	09.09.11	Goods	Not notified	
MERCOSUR – Cuba (ACE N°62)	02.07.07 [b]	Goods	Not notified, LAIA framework	
MERCOSUR – Mexico (ACE N°54)	05.01.06	Goods	Not notified, LAIA framework	
MERCOSUR – Peru (ACE N°58)	02.01.06[c]	Goods & Services	Not notified, LAIA framework	
MERCOSUR – Andean Community (except Peru) (ACE N°59)	05.01.05 [d]	Goods & Services	Not notified, LAIA framework	

[13] MERCOSUR Parties state the following: "RTAs concluded by MERCOSUR or by individual MERCOSUR Member States within the LAIA framework are not new agreements, but legal instruments that implement the Treaty of Montevideo constituting LAIA, which has itself been notified to the WTO. In this context, Parties to such partial scope agreements, negotiated under the LAIA framework, understand that, in principle, an individual notification of each agreement to the WTO is not required. The Secretariat of LAIA submits a list of agreements to the WTO Secretariat on a biennial basis."

Partner / Agreement	Date of entry into force	Type of agreement	GATT / WTO Notification	
			Year	WTO Provision
MERCOSUR – Mexico (ACE N°55)	01.01.03[e]	Goods	Not notified, LAIA framework	
MERCOSUR – Bolivia (ACE N° 36)	28.02.97	Goods & Services	Not notified, LAIA framework	
MERCOSUR – Chile (ACE N°35)	01.10.96	Goods & Services	Not notified, LAIA framework	
MERCOSUR – INDIVIDUAL MEMBERS				
Uruguay-Mexico	15.07.04	Goods & Services	2004	GATT Art. XXIV & GATS Art. V
GSTP - all MERCOSUR Parties	19.04.89	Goods	1989	Enabling Clause
LAIA - all MERCOSUR Parties	18.03.81	Goods	1982	Enabling Clause
Protocol on Trade Negotiations (PTN) - Brazil, Paraguay, Uruguay	11.02.73	Goods	1971	Enabling Clause
LAIA - Accession of Panama	03.05.12	Goods	Not notified, LAIA framework	
Uruguay – Venezuela (ACE N°63)	03.04.09	Goods	Not notified, LAIA framework	
Brazil – Suriname (AAP.A25TM N°41)	26.07.06	Goods	Not notified, LAIA framework	
Brazil – Guyana – St. Kitts and Nevis (AAP.A25TM N°38)	31.05.04	Goods	Not notified, LAIA framework	
Brazil – Mexico (ACE N°53)	02.05.03	Goods	Not notified, LAIA framework	
Argentina – Uruguay (ACE N°57)	01.05.03	Goods	Not notified, LAIA framework	
LAIA – Seeds (AAP.AG N°2)	07.06.93[f]	Goods	Not notified, LAIA framework	
Argentina – Brazil – Uruguay (AAP.A14TM N°6)	27.06.92	Goods	Not notified, LAIA framework	
Argentina – Chile (ACE N°16)	02.08.91	Goods	Not notified, LAIA framework	
Argentina – Brazil (ACE N°14)	20.12.90	Goods	Not notified, LAIA framework	
Argentina – Paraguay (ACE N°13)	28.11.89	Goods	Not notified, LAIA framework	
LAIA – Cultural Goods (AR.CEYC N°7)	01.01.89	Goods	Not notified, LAIA framework	
Argentina – Mexico (ACE N°6)	01.01.87	Goods	Not notified, LAIA framework	
Paraguay – Mexico (AAP.R.N°38)	01.07.84	Goods	Not notified, LAIA framework	
Argentina – Uruguay (AAP.AG N°1)	14.05.84	Goods	Not notified, LAIA framework	
LAIA - Unilateral preferences in favour of Paraguay (AR.AM N°3)	01.05.83[g]	Goods	Not notified, LAIA framework	
LAIA - Unilateral preferences in favour of Ecuador (AR.AM N°2)	01.05.83[h]	Goods	Not notified, LAIA framework	
LAIA - Unilateral preferences in favour of Bolivia (AR.AM N°1)	01.05.83[i]	Goods	Not notified, LAIA framework	
Brazil – Uruguay (ACE N°2)	01.01.83	Goods	Not notified, LAIA framework	
Paraguay – Venezuela (ACE N°64)	n.a.	Goods	Not notified, LAIA framework	

Source: WTO Secretariat.

[a] Dates of entry into force differ: for 15 signatory countries, INCLUDING India, as indicated in the table.
[b] Dates of entry into force differ: Argentina and Brazil as indicated in the table, Uruguay-Cuba on 03.09.08 and Paraguay-Cuba on 24.02.09.
[c] Dates of entry into force differ: Argentina, Brazil, Uruguay as indicated in the table, Paraguay-Peru on 06.02.06.
[d] Dates of entry into force differ: Argentina-Venezuela, Uruguay-Venezuela as indicated in the table, Argentina-Colombia, Brazil-Colombia, Uruguay-Colombia, Brazil-Venezuela on 01.02.05, Argentina-Ecuador, Brazil-Ecuador, Uruguay-Ecuador on 1.4.05, Paraguay-Colombia, Paraguay-Ecuador, Paraguay-Venezuela on 19.04.05.
[e] Dates of entry into force differ: Argentina, Brazil, Uruguay as indicated in the table, Paraguay-Mexico on 01.02.11
[f] The Agreement came into force after three parties had internalized it. Argentina internalized it on 18.03.91, Brazil on 19.03.93 and Chile on 07.06.93.
[g] Dates of entry into force differ: Brazil as indicated in the table, Argentina, Paraguay, Uruguay on 09.12.87.
[h] Dates of entry into force differ: Brazil as indicated in the table, Argentina, Paraguay, Uruguay on 09.11.87.

[i] Dates of entry into force differ: Brazil as indicated in the table, Argentina, Paraguay, Uruguay on 20.09.83.

n.a.	Not available
ASEAN:	Association of Southeast Asian Nations
SAFTA:	South Asian Free Trade Agreement
SAPTA:	South Asian Preferential Trade Arrangement
GSTP:	Global System of Trade Preferences
APTA:	Asia Pacific Trade Agreement
LAIA	Latin American Integration Association
AR.CEYC:	Regional Scope Agreements - Agreements on Co-operation and Exchange of Cultural Goods
AAP.R:	Renegotiation Agreements
ACE:	Economic Complementarity Agreements
AAP.AG:	Agreements signed under Article 12 of the "1980 Treaty of Montevideo" – Agricultural Agreements
AAP.A14TM:	Agreements signed under Article 14 of the "1980 Treaty of Montevideo"
AAP.A25TM:	Agreements signed under Article 25 of the "1980 Treaty of Montevideo" – Agreements concluded with non-LAIA Latin American Countries

[*] For those agreements negotiated under the LAIA framework, the LAIA reference is included in brackets. Details of these agreements can be found at: HTTP://WWW.ALADI.ORG

4.7 Other

4.13. The Agreement does not cover issues such as trade-related intellectual property rights nor government procurement.

ANNEX 1

1. Tables A1.1 and A1.2 contain the comparison between the scheduled reduction of tariffs applied to the Parties' mutual imports and their MFN tariffs, in terms of total, agriculture and non-agricultural products.

2. Table A1.1 shows these figures for MERCOSUR individual members and collectively; in the latter case, trade weighted tariff rates are presented, weighted by 2009 MERCOSUR imports (HS 1-97) from India. Before the entry into force of the Agreement, 8.7% of MERCOSUR's tariff was duty free for imports on an MFN basis, with the overall average tariff at 11.29%, with non-agricultural tariffs being around 1.5 percentage points higher than for agricultural tariffs. Given the limited number of concessions, the Agreement resulted in a marginal overall market access improvement for India, with overall tariff faced by India's exports decreasing to 11.26%. If only the lines where preferences were given are taken into account, the average duties faced by Indian exporters would move from 5.4% to 4.8% - an average improvement in market access of 11.1%, with significantly the same improvements for both agricultural and non-agricultural products.

Table A1.1 MERCOSUR: Indicators of MFN tariff rates and preferential rates for imports from India

	Origin of good	Year	ALL PRODUCTS			Agricultural products [a]			Non-agricultural products		
			Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
			Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
Argentina	MFN	2009	10.6	12.5	14.6	10.1	11.0	8.3	10.7	12.6	15.1
	India	2009	10.6	12.4	14.6	10.0	11.0	8.3	10.7	12.6	15.1
	Tariffs with reduced rates										
	MFN	2009	5.1	5.1	0.0	9.1	9.1	0.0	4.9	4.9	0.0
	India	2009	4.5	4.5	0.0	8.1	8.1	0.0	4.3	4.3	0.0
Brazil	MFN	2009	11.5	12.4	7.4	10.0	10.8	8.3	11.7	12.6	7.1
	India	2009	11.5	12.4	7.4	9.9	10.8	8.3	11.7	12.6	7.1
	Tariffs with reduced rates										
	MFN	2009	5.6	5.6	0.0	9.1	9.1	0.0	5.4	5.4	0.0
	India	2009	4.9	4.9	0.0	8.1	8.1	0.0	4.8	4.8	0.0
Paraguay	MFN	2009	8.6	10.3	16.5	9.9	10.9	8.4	8.5	10.2	17.1
	India	2009	8.6	10.3	16.5	9.9	10.8	8.4	8.4	10.2	17.1
	Tariffs with reduced rates										
	MFN	2009	4.3	4.3	0.0	9.1	9.1	0.0	4.1	4.1	0.0
	India	2009	3.8	3.8	0.0	8.1	8.1	0.0	3.6	3.6	0.0
Uruguay	MFN	2009	9.2	10.9	15.0	9.5	10.4	8.4	9.2	10.9	15.7
	India	2009	9.2	10.8	15.0	9.5	10.4	8.4	9.2	10.9	15.7
	Tariffs with reduced rates										
	MFN	2009	4.7	4.7	0.0	10.2	10.2	0.0	4.4	4.4	0.0
	India	2009	4.2	4.2	0.0	9.1	9.1	0.0	3.9	3.9	0.0
MERCOSURtrade weighted	MFN	2009	11.3	12.4	8.7	10.0	10.9	8.3	11.5	12.5	8.5
	India	2009	11.3	12.3	8.7	9.9	10.8	8.3	11.4	12.5	8.5
	Tariffs with reduced rates										
	MFN	2009	5.4	5.4	0.0	9.1	9.1	0.0	5.3	5.3	0.0
	India	2009	4.8	4.8	0.0	8.1	8.1	0.0	4.7	4.7	0.0

a WTO Definition.
Note: Based on the HS 2007 nomenclature.
Weighted by 2009 MERCOSUR imports from India, HS 1-97.

Source: WTO estimates based on data provided by MERCOSUR in the WTO-IDB and the information in the Agreement.

3. Table A1.2 shows that India's overall applied MFN rate averaged 14.3% in 2009, with 2.1% of the tariff being duty free and a significant difference in the average for agricultural and non-agricultural tariffs - respectively 43.1% and 10.1%. Following the Agreement's entry into force, MERCOSUR countries faced a slightly favourable tariff rate - a reduction of 0.1 percentage points overall. When only those products covered by the Agreement are considered, India's level of protection decreases both overall - with an average MFN rate of 8.5%, providing these countries with a market access improvement of 13.1% and 18.5% for covered agricultural and non-agricultural products, respectively.

Table A1.2 India: Indicators of MFN tariff rates and preferential rates for imports from MERCOSUR

	Origin of good	Year	ALL PRODUCTS			Agricultural products [a]			Non-agricultural products		
			Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
			Over-all (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
India	MFN	2009	14.3	14.6	2.1	43.1	44.1	2.2	10.1	10.4	2.1
	MERCOSUR	2009	14.2	14.5	2.2	43.1	44.1	2.2	10.1	10.3	2.1
	Tariffs with reduced rates										
	MFN	2009	8.5	9.3	7.8	13.0	20.3	32.5	8.1	8.6	5.4
	MERCOSUR	2009	7.0	7.6	7.8	11.3	17.7	31.7	6.6	7.0	5.5

a WTO Definition.

Note: Only tariff falling under HS Chapter 1-97 is included.
Calculations exclude specific rates and include the *ad valorem* part of compound rates.
Based on the HS 2007 nomenclature.

Source: WTO estimates based on data provided by India, information in the Agreement.

4. Table A1.3 shows market access opportunities in MERCOSUR markets for India's top 25 exports; highlighted lines are those that are at least partially covered under the Agreement. These 25 top exports represent a maximum of 161 tariff lines at the HS 8 or 10-digit level, whose share during the 2006-08 period was, on average, 45.3% of India's total exports. Out of these, the Agreement covers at least partially five 6-digit lines, and 6 at the 8 or 10-digit levels. The three (8 or 10 digit level) lines of Chapter 27 were already duty-free before the Agreement's entry into force; that is also the case for two other lines in Argentina's imports - in Chapter 29 and cathodes of Chapter 74 - and one line (copper wire of Chapter 74) for Uruguay. All the other lines have seen market access improvements in MERCOSUR markets, though tariffs remained dutiable - 1 line in the case of Argentina, 2 in the case of Uruguay and three for Brazil and Paraguay.

Table A1.3 MERCOSUR: Market access opportunities under the Agreement for India's top 25 exports

India's top export products in 2006-2008			Access conditions to MERCOSUR's import markets							
HS number and description of the product		Share in global exports (%)	Average duty (%)		No. of tariff lines		Average duty (%)		No. of tariff lines	
			MFN 2009	Preferential	Duty-free	Remain dutiable	MFN 2009	Preferential	Duty-free	Remain dutiable
			ARGENTINA				**BRAZIL**			
271019*	-- Other	11.0	0.8	0.8	10	2	0.8	0.8	10	2
710239	-- Other	8.2	10.0			1	10.0			1
271011*	-- Light oils and preparations	4.9	0.0	0.0	10		0.0	0.0	10	
711319	-- Of other precious metal, whether or not plated or clad with precious metal	3.1	18.0			1	18.0			1
260111	-- Non-agglomerated	3.0	2.0			1	2.0			1
100630	- Semi-milled or wholly milled rice, whether or not polished or glazed	1.4	11.0			8	11.0			4
300490	- Other	1.4	10.4		10	59	10.4		10	53
294200*	Other organic compounds.	1.4	0.0	0.0	1		2.0	1.8		1
230400	Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soyabean oil	1.0	6.0			1	6.0			2
740311*	-- Cathodes and sections of cathodes	1.0	0.0	0.0	1		6.0	4.8		1
610910	- Of cotton	1.0	35.0			1	35.0			1
520100	Cotton, not carded or combed.	0.9	6.0			2	6.0			3
721049	-- Other	0.8	12.0			2	12.0			2
870322	-- Of a cylinder capacity exceeding 1,000 cc but not exceeding 1,500 cc	0.7	35.0			2	35.0			2
730511	-- Longitudinally submerged arc welded	0.6	14.0			1	14.0			1
620630	- Of cotton	0.6	35.0			1	35.0			1
020230	- Boneless	0.6	12.0			9	12.0			1
030613	-- Shrimps and prawns	0.5	10.0			3	10.0			3
630492	-- Not knitted or crocheted, of cotton	0.5	35.0			1	35.0			1
740811*	-- Of which the maximum cross-sectional dimension exceeds 6 mm	0.5	2.0	1.8		1	10.0	9.0		1
290243	-- p-Xylene	0.5	4.0			1	4.0			1
620520	- Of cotton	0.5	35.0			1	35.0			1
300420	- Containing other antibiotics	0.4	6.7		8	19	6.7		8	18
080132	-- Shelled	0.4	10.0			1	10.0			1
680223	-- Granite	0.4	6.0			1	6.0			1
Total of above		**45.3**			**40**	**119**			**38**	**104**
of which under the Agr					***5***	***1***			***3***	***3***
			PARAGUAY				**URUGUAY**			
271019*	-- Other	11.0	0.8	0.8	10	2	0.8	0.8	10	2
710239	-- Other	8.2	10.0			1	10.0			1
271011*	-- Light oils and preparations	4.9	0.0	0.0	10		0.0	0.0	10	
711319	-- Of other precious metal, whether or not plated or clad with precious metal	3.1	18.0			1	18.0			1
260111	-- Non-agglomerated	3.0	2.0			1	2.0			1

India's top export products in 2006-2008			Access conditions to MERCOSUR's import markets							
HS number and description of the product		Share in global exports (%)	Average duty (%)		No. of tariff lines		Average duty (%)		No. of tariff lines	
			MFN 2009	Preferential	Duty-free	Remain dutiable	MFN 2009	Preferential	Duty-free	Remain dutiable
100630	- Semi-milled or wholly milled rice, whether or not polished or glazed	1.4	11.0			4	11.0			8
300490	- Other	1.4	9.9		10	53	10.4		10	59
294200*	Other organic compounds.	1.4	2.0	1.8		1	2.0	1.8		1
230400	Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soyabean oil.	1.0	6.0			2	3.0		1	1
740311*	-- Cathodes and sections of cathodes	1.0	6.0	4.8		1	6.0	4.8		1
610910	- Of cotton	1.0	25.0			1	20.0			1
520100	Cotton, not carded or combed.	0.9	6.0			3	4.0		1	2
721049	-- Other	0.8	10.5			2	12.0			2
870322	-- Of a cylinder capacity exceeding 1,000 cc but not exceeding 1,500 cc	0.7	5.0			2	23.0			2
730511	-- Longitudinally submerged arc welded	0.6	14.0			1	14.0			1
620630	- Of cotton	0.6	25.0			1	20.0			1
020230	- Boneless	0.6	12.0			1	12.0			9
030613	-- Shrimps and prawns	0.5	10.0			3	10.0			3
630492	-- Not knitted or crocheted, of cotton	0.5	20.0			1	20.0			1
740811*	-- Of which the maximum cross-sectional dimension exceeds 6 mm	0.5	8.0	7.2		1	0.0	0.0	1	
290243	-- p-Xylene	0.5	4.0			1	4.0			1
620520	- Of cotton	0.5	25.0			1	20.0			1
300420	- Containing other antibiotics	0.4	6.5		8	18	6.7		8	19
080132	-- Shelled	0.4	10.0			1	10.0			1
680223	-- Granite	0.4	6.0			1	6.0			1
Total of above		**45.3**			**38**	**104**			**41**	**120**
of which under the Agr					***3***	***3***			***4***	***2***

* Products included under the Agreement.

Note: Based on the HS 2007 nomenclature.

Source: WTO estimates based on data provided by MERCOSUR, WTO-IDB and UNSD, Comtrade database.

5. Table A1.4 shows market access opportunities in India's market for MERCOSUR's top 25 exports. Out of these, only one line - soybean crude oil - is covered, but - as already mentioned in paragraphs 3.7. and 3.16. above- this was already duty-free prior to the Agreement's entry into force.

Table A1.4 India: Market access opportunities under the Agreement for MERCOSUR's top 25 exports

MERCOSUR's top export products in 2006-2008			Access Conditions to India's import markets			
			Average duty (%)		No. of tariff lines	
HS number and description of the product		Share in global exports (%)	MFN 2009	Preferential	Duty-free	Remaining dutiable
120100	Soya beans, whether or not broken.	5.3	30.0			2
270900	Petroleum oils and oils obtained from bituminous minerals, crude.	5.0	5.0			1
230400	Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soya bean oil.	4.0	30.0			4
260111	-- non-agglomerated	3.5	5.0			6
150710 *	- crude oil, whether or not degummed	2.4	0.0	0.0	1	
870323	-- of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000 cc	2.0	100.0			5
020230	- boneless	1.9	30.0			1
260112	-- agglomerated	1.8	5.0			2
271011	-- light oils and preparations	1.7	10.0			6
880240	- aeroplanes and other aircraft, of an unladen weight exceeding 15,000 kg	1.7	3.0			1
100590	- other	1.6	60.0			1
170111	-- cane sugar	1.6	100.0			3
271019	-- other	1.5	10.0			9
090111	-- not decaffeinated	1.5	100.0			20
470329	-- non-coniferous	1.3	5.0			1
020714	-- cuts and offal, frozen	1.3	100.0			1
240120	- tobacco, partly or wholly stemmed/stripped	1.0	30.0			9
100190	- other	1.0	100.0			4
720110	- non-alloy pig iron containing by weight 0.5% or less of phosphorus	1.0	10.0			1
260300	Copper ores and concentrates.	0.9	5.0			1
170199	-- other	0.9	100.0			2
220710	- undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher	0.8	150.0			3
020130	- boneless	0.8	30.0			1
720712	-- other, of rectangular (other than square) cross-section	0.7	10.0			4
020712	-- not cut in pieces, frozen	0.7	30.0			1
Total of above		**45.8**			**1**	**89**
Of which under the Agreement		***2.4***			***1***	

* Covered under the RTA.

Note: Based on the HS 2007 nomenclature.

Source: WTO estimates based on data provided by India, information in the Agreement and UNSD, Comtrade.

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