

Highlights of framework Agreement for Establishing Free Trade Areas between India and Thailand

1. Framework Agreement between the two countries (referred to as "Contracting Party" or "Country") was entered on 9 October 2003 (referred to as "FA")
2. The two countries have signed a Protocol on 30 August 2004, which will take effect from 31 August 2004 (referred to as "Protocol").
3. The Protocol specifies Interim Rules of Origin and also provides the framework for the Early Harvest Scheme (EHS).
4. The EHS basically envisages tariff reduction as follows:
Period Tariff reduction on 'applied Most Favoured Nations (MFN) rate'
1 September 2004 to 31 August 2005 50%
1 September 2005 to 31 August 2006 75%
1 September 2006 100%
5. The EHS, at present, covers 82 products satisfying "origin" criteria.
6. The "origin" criteria was subject matter of involved negotiations and, to ensure that the benefit is availed only by the intended beneficiaries and not to delay giving effect to the FA the Interim Determination of Origin Rules (Rules) are announced.
7. The imported/exported products are deemed to be "origin" of a country, if they are either '**wholly produced or obtained**' in a "country" and if not, satisfy minimum '**value addition**' norms.
8. The following, amongst others, are considered as '**wholly produced or obtained**' in a country:
 - a. Plants, animals and minerals - if such plants, animals or minerals are respectively grown, born or extracted in a country;
 - b. Products obtained by hunting, trapping, fishing, aquaculture and obtained from seabed;
 - c. Products obtained or produced solely from products referred above.
9. '**Value addition**' norm is 40% to be determined on the basis of following formula:
Free on Board (FOB) value of exports (-) value of non originating materials
FOB value of the export product X 100
10. **Value of non-originating materials** is:
 - a) the Cost Insurance Freight ('CIF') value at the time of importation of the materials, parts or produce; and/or
 - b) the earliest ascertained price paid for the materials, parts or produce of undetermined origin in the territory of the Party where the working or processing takes place.
11. The Protocol lists processes/operations that would be considered for the purpose of determining whether the products arising out of such processes/operations are 'originating products'.
12. The Protocol also contains other incidental rules, such as, treatment for accessories, spare parts and tools, containers and packing materials for transport while determining the origin of the main product.

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