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**EDITORIAL ANALYSIS**

# Reviewing the India-ASEAN Trade Equation

 **INDIAN EXPRESS**27 June 2026 · **ECONOMY** · **GS2** · **GS3**

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# Reviewing the India-ASEAN Trade Equation

 **The Indian Express**

27 June 2026

**GS2**
**GS3**

 Source: [ujyari.com](http://ujyari.com) — researched, fact-checked & UPSC-mapped


## INTERVIEW ANGLE

*"How should India keep an FTA strategically valuable to a neighbourhood while fixing the trade deficits and loopholes it created? Where does free trade end and economic security begin?"*

 Source: [Original editorial](#)
[The Indian Express](#)
 **Every fact web-verified against primary sources** (<https://ujyari.com/how-we-verify/>)

## WHY THIS MATTERS NOW

The ASEAN-India Trade in Goods Agreement (AITIGA), operational since 2010, is under review, and the stakes are high. India runs a large and widening goods deficit with ASEAN, and weak rules of origin let third-country goods, especially Chinese, slip into the Indian market at preferential tariffs. With Act East and economic-security concerns converging, the review is a test of whether India can make a flagship FTA work for it. For an aspirant, this is a clean GS2 plus GS3 case study in trade policy and strategic economics.

## THE CRUX IN 60 WORDS

India must **recalibrate** (<https://ujyari.com/vocab/recalibrate/>) its ASEAN trade engagement. The AITIGA review should correct a structural deficit caused by uneven market access, tighten rules of origin to stop the mis-routing of third-country, mainly Chinese, goods, and convert one-way imports into genuine two-way supply-chain integration. The goal is a fairer, deeper partnership under Act East, not a retreat from ASEAN.

## THE ISSUE, DECODED

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CONCEPT	WHAT IT MEANS	WHY IT MATTERS
AITIGA	ASEAN-India Trade in Goods Agreement, in force since 2010	The core FTA now under review
Rules of Origin	Criteria deciding a product's economic nationality for tariff benefits	Weak rules let third-country goods be rerouted
Mis-routing / Trans-shipment	Minimal processing in ASEAN to relabel third-country goods	Chinese goods enter India at concessional ( <a href="http://ujjiyari.com/terms/concessional/">http://ujjiyari.com/terms/concessional/</a> ) tariffs
Trade Deficit	Imports exceeding exports with a partner	India's ASEAN deficit has widened steadily
Regional Value Chains	Cross-border production networks adding value at each stage	The intended, but underachieved, purpose of the FTA

## THE ANALYSIS

- 1 The FTA has been lopsided.** Since AITIGA came into force, India's imports from ASEAN have grown faster than its exports, producing a persistent deficit, partly because Indian goods and services face non-tariff barriers and limited access in several ASEAN markets.
- 2 Mis-routing hollows out the agreement.** Lax rules of origin let goods from third countries, notably China, undergo minimal processing in an ASEAN member and then enter India at concessional AITIGA tariffs, defeating the FTA's purpose.
- 3 It undercuts domestic manufacturing.** Cheap rerouted imports compete unfairly with Make in India and PLI-backed industries, weakening the case for building domestic capacity.
- 4 The review is the right instrument.** The ongoing AITIGA review lets India press for product-specific rules of origin, higher regional value-content thresholds, and reciprocal access for Indian goods, services and professionals.
- 5 Retreat is not the answer.** ASEAN is central to Act East, the Indo-Pacific and the effort to balance China. India must recalibrate firmly while keeping the strategic partnership strong, pairing trade reform with connectivity and maritime cooperation.

## DATA AND INSTITUTIONS VAULT

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### CARRY THESE INTO THE EXAM HALL.

**AITIGA:** Signed 2009, in force from January 2010; the goods component of the broader ASEAN-India FTA framework.

**ASEAN:** Ten member states; founded 1967; India became a full Dialogue Partner in 1995 and a Strategic Partner in 2012, upgraded to Comprehensive Strategic Partnership in 2022.

**Trade:** ASEAN is among India's top trading-bloc partners; India has run a widening goods deficit under AITIGA.

**RCEP:** The Regional Comprehensive Economic Partnership, which India chose not to join in 2019 over deficit and import-surge concerns, especially regarding China.

**Rules of origin:** India's CAROTAR rules (2020) tightened verification of origin claims for FTA imports.

**Policy frames:** Act East Policy (<https://ujjayari.com/terms/act-east-policy/>); SAGAR (Security and Growth for All in the Region); Indo-Pacific Oceans Initiative.

## THE DEBATE

**For a tougher review:** A widening deficit and large-scale mis-routing of Chinese goods make the FTA a strategic and economic liability; tighter rules and reciprocal access are overdue.

**Against:** An aggressive stance could irritate ASEAN partners and nudge them toward China-led arrangements like RCEP, weakening India's Indo-Pacific position.

**Balanced verdict:** Recalibrate firmly, do not retreat. Use the review to fix rules of origin and market access while deepening genuine value chains and keeping the strategic partnership warm. Economic security and Act East are complementary, not contradictory, if the FTA is renegotiated with skill.

## HOW TO THINK ABOUT THIS (TRANSFERABLE SKILL)

*When an agreement underperforms, do not conflate criticism of the deal with rejection of the relationship. Ask two questions: is the partner strategically valuable (yes, ASEAN is), and is the instrument working (no, AITIGA leaks)? The answer is to fix the instrument, not abandon the partner. This reframes trade-deficit questions away from protectionism toward smart recalibration.*

## DIAGRAM-IN-WORDS

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AITIGA (2010) -> widening deficit + mis-routing of Chinese goods -> hurts Make in India and PLI -> AITIGA review -> tighter rules of origin + reciprocal access + regional value chains -> fairer, deeper ASEAN partnership under Act East

## THE WAY FORWARD

- 1 **Tighten rules of origin.** Insist on product-specific rules and higher regional value-content thresholds, backed by robust CAROTAR-style verification, to end mis-routing.
- 2 **Secure reciprocal access.** Negotiate the removal of non-tariff barriers facing Indian goods, services and professionals in ASEAN markets.
- 3 **Build value chains.** Move from one-way imports to genuine two-way integration in electronics, pharmaceuticals and semiconductors.
- 4 **Protect strategic industries.** Align the review with Make in India and PLI so the FTA supports, not undermines, domestic capacity.
- 5 **Keep the partnership warm.** Pair trade reform with connectivity, the Indo-Pacific Oceans Initiative and SAGAR so recalibration strengthens, not strains, the relationship.

## THE TAKEAWAY BOX

*Argue that the AITIGA review must correct structural imbalances and the mis-routing of third-country goods, converting the FTA into genuine supply-chain integration while preserving the strategic ASEAN partnership.*

*“A free-trade agreement should serve India’s economic security, not subsidise the back-door entry of a rival’s exports.”*

*AITIGA (2010); ASEAN founded 1967, ten members; India a Comprehensive Strategic Partner since 2022; RCEP and why India stayed out (2019); CAROTAR 2020; rules of origin; Act East; SAGAR.*

*Where should a nation draw the line between open trade and economic security? Is recalibrating an FTA a betrayal of free-trade principles or a duty to domestic industry?*

*“What are the key areas of reform if the WTO has to survive in the present context of ‘Trade War’, especially keeping in mind the interest of India?” (GS2). Also GS3 questions on FTAs, trade deficits and Make in India.*

*Act East policy, Indo-Pacific strategy, Make in India and PLI, WTO and trade reform, RCEP, supply-chain resilience (<https://ujjiyari.com/vocab/resilience/>) and economic security.*

Sources: *Indian Express* (<https://indianexpress.com>), *Ministry of Commerce and Industry* (<https://commerce.gov.in>),

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#### ● KEY ARGUMENTS AT A GLANCE

India must recalibrate its ASEAN trade engagement, using the ongoing FTA review to correct persistent imbalances, plug the mis-routing of third-country goods, especially Chinese, and convert the relationship into genuine two-way supply-chain integration under Act East.

#### ✓ SUPPORTING

- The ASEAN-India Trade in Goods Agreement (AITIGA) has produced a widening deficit for India, partly due to limited market access for Indian goods and services.
- Weak rules of origin allow third-country goods, notably Chinese, to be rerouted through ASEAN to enter India at concessional tariffs, hollowing out the FTA's intent.
- ASEAN is central to India's Act East policy and Indo-Pacific strategy, so the answer is recalibration and deeper integration, not retreat from the partnership.

#### ⚠ COUNTER

Some warn that a tougher Indian stance in the AITIGA review could strain ties with ASEAN partners and push them closer to China-led arrangements like RCEP.

#### → WAY FORWARD

Tighten rules of origin and value-addition norms, secure better access for Indian goods and services, build regional value chains in electronics, pharma and semiconductors, and pair trade reform with connectivity and the Indo-Pacific vision.


**MAINS ANSWER FRAMEWORK**

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**QUESTION**

*The India-ASEAN trade relationship needs recalibration. Examine the structural imbalances and the mis-routing problem, and suggest how the ongoing FTA review can serve India's interests. (250 words)*

**INTRODUCTION**

The ASEAN-India Trade in Goods Agreement, in force since 2010, is central to India's Act East policy. Yet it has delivered a widening trade deficit and become a conduit for third-country goods, prompting an ongoing review that India must use wisely.

**BODY**

The case for recalibration rests on two structural problems. First, the imbalance: Indian exporters face non-tariff barriers and limited access in several ASEAN markets, while imports surged, producing a persistent and growing deficit.

Second, mis-routing: lax rules of origin allow goods from third countries, notably China, to be minimally processed in an ASEAN member and then exported to India at AITIGA's concessional tariffs, defeating the agreement's purpose and undercutting domestic manufacturing and the Make in India and PLI push. The ongoing AITIGA review is the right vehicle.

India should insist on tighter, product-specific rules of origin and higher regional value-content thresholds, demand reciprocal access for Indian goods, services and professionals, and push to convert the relationship from one-way imports into genuine regional value chains in electronics, pharmaceuticals and semiconductors. Crucially, the answer is not retreat.

ASEAN is indispensable to the Indo-Pacific and to balancing China, so India must recalibrate firmly while keeping the strategic partnership warm, pairing trade reform with connectivity projects and the SAGAR and Indo-Pacific vision.

**CONCLUSION**

The India-ASEAN FTA should serve India's economic security, not subsidise the rerouting of a rival's exports. A firm, well-negotiated review can make the partnership both fairer and deeper.


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