Free Trade? Not so much?

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'First published on LEXOLOGY' By: Safir Anand India is one of the largest consumer and producer of black tea in the world with the states of Assam, West Bengal, Tamil Nadu and Kerala leading the brigade. Darjeeling Tea was one of the first few success stories in India which has not just received a Geographical Indication tag and registration but also strongly contributes to India's exports. In fact, it is also referred to as "The Champagne of Teas". The Treaty of Trade was signed between India and Nepal in 2009 and has been renewed since. The Treaty states that it was signed for:

- Fortifying the traditional connection between the markets of both countries;
- Strengthening economic cooperation between the two countries;
- Developing the economies for mutual benefit; and
- Sharing scientific and technical knowledge and for promoting trade.

The Treaty allows for free and unhampered flow of goods between the two countries and to this effect, has exempted certain products from customs duty and import regulations including quantitative restrictions. One of such products for which there is preferential treatment under the treaty is Tea and the terms of this Treaty have started weighing heavy on India. While India is a large exporter of tea, some portion of tea is also imported from Nepal. Recent reports suggest that the tea being produced in Nepal is entering India through the free trade route, being blended with Darjeeling Tea and in some cases, even being mislabeled as Darjeeling Tea and sold in India as also the rest of the world. In many cases, the tea is labeled as Himalayan Tea, which is again understood as Darjeeling Tea. The price that Darjeeling Tea commands is nowhere close to that of the tea from Nepal. This naturally has hurt the tea producers, exporters and traders in India. The Darjeeling Tea Association has even requested the Indian government to impose anti-dumping duty on tea originating from Nepal. The Department Related Parliamentary Standing Committee on Commerce's 171st Report titled "Issues affecting the Indian Tea Industry especially in Darjeeling Region" was presented in the Rajya Sabha (the Upper House of the Parliament of India) in June 2022 also sought the imposition of anti-dumping duty on Nepal and specifically sought the establishment of an accredited Quality Control Lab in Darjeeling for checking the quality standards of each consignment of imported teas. Geographical Indications protect communities that have perfected over time, the manufacture of products, arts, textiles imbibing unique attributes or characteristics owing to geographical origin. Hence, being products that help the Indian economy flourish particularly due to exports, such products need strong protection both in domestic as well as global markets. A Geographical Indication protection is not granted to a single entity or enterprise, but rather to an association of persons, producers, organisation or authority established representing the interests of the producers in a particular area. On the basis of the registration sought, proprietary rights can be asserted successfully. As per a recent release from Ministry of Commerce & Industry, the Government has been focusing on GIs through its "Vocal for Local", "Atmanirbhar Bharat" and "Make in India"

campaigns. The Indian Government has initiated various action plans through Digital India coupled with the initiatives taken up by individual Ministries to ensure that the benefit to local communities is channelled in the right direction. Action plans like these in the form of the Parliamentary Committee Report work to empower the local communities and provide them a global platform to market their products and add to the economy of the local region. In fact, the Government has indicated that if the GDP of each district goes up, the overall GDP is bound to go up.

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