



NATIONAL APEX CHAMBER

INDIA'S TRADE AGREEMENTS

Dynamics and Diagnostics of Trade Prospects

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PHD RESEARCH BUREAU
PHD CHAMBER OF COMMERCE AND INDUSTRY



Mr. Anil Khaitan

From President's Desk

In the recent years, the world is witnessing a rapid proliferation of free trade agreements (FTAs). The growing trend of signing FTAs is irreversible in any region of the globe.

As an emerging super power, India's Free Trade Agreements deserve special attention. Indian exports have gradually found their way into new markets. The size of developed countries in India's exports has declined and that of emerging economies has increased. India now exports over 50% of its exports to emerging and developing economies surpassing the share of advanced economies.

The report "India's Trade Agreements: Dynamics and Diagnostics of Trade Prospects" specifically focus on an extensive picture of trade relations of India with its FTA partners. India is a fairly open economy with overall trade as a percentage of GDP around 40%. India's exports have diversified both in terms of markets and products and services in the past two decades.

PHD Chamber is continuously promoting the role of FTAs as industry needs to be aware of various parameters associated with trade agreements, and should be able to utilize the benefits of trade agreements to a greater extent, while also looking at various bottlenecks removal mechanisms.

With many comprehensive economic agreements in the pipeline, I believe it is time for India to establish the contours of its negotiating strategy.



Mr. Rajeev Talwar

From Senior Vice President's Desk

India has been actively engaging in regional and bilateral trade negotiations with a view to diversify and expand the markets for exports as well as ensuring access to the needed raw materials, intermediates and capital goods for stimulating value added domestic manufacturing.

FTAs don't just reduce and eliminate tariffs and quotas, they also address behind-the-border barriers that impede the flow of goods and services between parties, encourage investment, enhance cooperation and can address other issues such as intellectual property, e-commerce and government procurement.

It has been observed that India's imports have increased both from FTA and non-FTA partners. There has been a significant price advantage to many players and domestic demand in India also experienced a significant jump. Hence, India requires global strategy to protect the domestic industry. As tariff is no more a strong instrument to apply, India needs to work on developing WTO compatible standards and technical barriers.

PHD Chamber has always noted the importance of FTAs in India's Balance of Trade, and remains an enthusiastic promoter towards a strengthened stance of India in various FTAs with its partner countries.



Mr. D K Aggarwal

From Vice President's Desk

The world trading system has witnessed an increasing number of integration initiatives in recent years on the back of comparative advantages. For India too it became necessary to be integrated into the global trade to attain its economic growth targets.

The ever-growing number of Free trade agreements and preferential trade arrangements is a prominent feature of international trade in the world.

Free trade agreements can be a useful tool in promoting growth. FTAs structure trade in a way that can increase domestic productive capacity, promote upward harmonization of standards, improve institutions, introduce technical know-how into the domestic market and increase preferential access to desirable markets.

I believe FTAs have to be signed keeping two things in mind, mutually reciprocal terms and focusing on products and services with maximum export potential.

Given the changing international trade environment, India needs to strike the right balance between regionalism and multilateralism. The WTO rules for FTAs seek to ensure that the rights of third parties are not compromised.



Mr. Saurabh Sanval

From Secretary General's Desk

PHD Research Bureau under the aegis of PHD Chamber of Commerce and Industry has come up with a report on 'India's Trade Agreements: Dynamics and Diagnostics of Trade Prospects'. It gives me an immense pleasure and honour to present it to our esteemed readers.

The report articulately examines the growth of free trade agreements as it entails the benefits by increasing trade between two or more countries. There has been a significant increase in the number of regional trade agreements in recent years, with presently more than one third of world's trade taking place within the framework of such agreements.

I believe there is also need for India to strengthen its product strategy as it has been decided by the government that the focus will be on promoting exports of high value products with a strong domestic manufacturing base, going forward.

I commend and appreciate the ardent efforts of PHD Research Bureau led by Dr. S.P. Sharma, Chief Economist and Mr. Rohit Singh, Research Associate for producing this report.

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Executive Summary

Over the years, bilateral and regional trading arrangements have become permanent features of the global trading architecture. India has been actively engaging in regional and bilateral trade negotiations with a view to diversify and expand the markets for exports as well as ensuring access to the needed raw materials, intermediates and capital goods for stimulating value added domestic manufacturing.

These arrangements are known by various nomenclatures such as, Preferential Trade Agreements (PTAs), Free Trade Agreements (FTAs), Regional Trade Agreements (RTAs), Comprehensive Economic Cooperation Agreements (CECAs), Comprehensive Economic Partnership Agreements (CEPAs), Broad-based Trade and Investment Agreements (BTIA) etc. India has signed various bilateral and multi-lateral trade agreements since 2005.

While these FTAs could serve to open up markets for India's exports, there could be scope for cost reduction through economies of scale, and sourcing materials and components from partner countries as well. Indian companies could also find it easier to set up projects in partner countries to cater to local and regional customers.

On analyzing the trend in number of trade agreements signed by various countries within Asia, India ranked 2nd with 28 FTAs, preceding Singapore with 33 FTAs, followed by South Korea with 25 FTAs, Japan with 24 FTAs, China with 23 FTAs and Malaysia and Thailand with 22 FTAs. Some of the major trading nations with which SAFTA and Singapore have trade arrangements include EU, Canada, ASEAN, Korea, GCC, Japan, China, India, and Australia.

Since the creation of WTO in 1995, over 490 additional agreements covering trade in goods and services have been notified. A total of 654 RTAs had been notified by the WTO by 5th May 2017. Out of which, 440 are in force. While the most common category is the FTA, which accounts for 86 per cent of all RTAs, the configuration of RTAs is diverse and is becoming more complex with overlapping RTAs and networks of RTAs spanning across continents.

The intra-group trade declined from 51.69 in 2005 to 44.10 in 2016 within Euro zone members, 60.54 per cent to 55.53 per cent within FTAA, 55.74 per cent to 50.35 per cent within NAFTA, 70.8 per cent to 69.29 per cent within APEC, and from 17.95 per cent to 14.80 per cent within CIS. Nonetheless, some prominent trading groups increased their intra trade such as SAARC's share rose from 5.53 per cent in 2011 to 7 per cent in 2015, MERCOSURs trade increased from 11.51 per cent in 2005 to 13.36 per cent in 2016, and GCC increased from 4.88 per cent in 2005 to 10.65 per cent in 2016.

Analyzing the percent share of these regional groupings in India's total trade, it is observed that the share of all four regional grouping has increased in India's total trade since 2000. The most significant increase is observed in SAFTA, followed by APTA, ASEAN and MERCOSUR. The share of ASEAN and MERCOSUR in India's total trade increased only marginally. Thus, India's trade potential has increased significantly only with SAFTA, while for other three regional groupings the increase is not that significant.

Analyzing the trade relations between India and its trade agreement partners it is observed that India has a trade deficit of USD 51.9 billion with APTA and USD 11.8 billion with ASEAN. On the other hand, India has a trade surplus of USD 14.3 billion with SAFTA. A fascinating feature of Indian Foreign Trade policy is continuity wherein remarkable alterations are pursued in a series of timely micro changes. Consequently, these recent proactive edifications corroborated the merchandize trade deficit for the period April – March 2016-17 is estimated at USD 46.42 billion, which is 14.49% lower than the level of USD 54.28 billion during April – March 2015-16.

As compared to India's trade cost with Saudi Arabia, Germany, UK and US, trade cost with SAARC members has been at an exorbitant rate. Interestingly, for some SAARC members, the trade cost has actually witnessed a surging trend in the recent years. The exorbitant trade costs reveal a true picture of trade between India and Pakistan or even with other SAARC countries. Despite holding a significant factor in trade - Contiguity, trade cost has been kept high due to re-routing the products traded from Dubai and Singapore.

The partial equilibrium analysis revealed that cross country effects, which gives a statistical idea of India's export performance with respective countries, all the SAARC countries exhibited a negative cross-country coefficient mainly due to high trade costs and untapped export potential. A similar image was painted by the trade cost analysis wherein India's trade cost with SAARC members was relatively very high. In addition, this model has further substantiated our hypothesis. It was expected that figures with Pakistan are the worst due to high tariffs, border issues, low trust and huge unexploited trade potential.

Sri Lanka and Nepal held the lowest coefficient, but negative, indicating scope for further expansion of exports from India. It also revealed that figures for UAE, Singapore are the highest suggested India's exports are immensely channeled in these countries.

The analysis indicates that imports from various groups such as ASEAN, APTA, etc has increased in recent time. However, it is not wise to conclude that it is due to FTA only. Imports have increased both from FTA and non-FTA partners. There has been a significant price advantage to many players and domestic demand in India also experienced a significant jump. Hence, India requires global strategy to protect the domestic industry. As tariff is no more a strong instrument to apply, India needs to work on developing WTO compatible standards and technical barriers.

The study identify that many of the surge of imports may not last for long on the back of falling trade complementarities. However, few products are of higher quality and foreign players have an advantage of huge economies of scale. To counter this onslaught, India also needs to intelligently devise the incentive structure including developing value chain within the country (through connecting and complimentary clusters), subsidy for new technology, etc. It is also noted that due to high competitiveness in the international markets, companies are not encouraged much too aggressively to pitch for higher exports. In contrast, there are many products in which India has distinct advantage and in several products, India's trade may be part of evolving global value chain. Hence, rather than making attempt to protect domestic industry, it is necessary to equip them for global competition. This will help the industry in two ways: with increasing ability to counter imports and able to sail through in international market with rising exports.

The essence of engaging in complex negotiations with various FTA partners is not relying on expanding negative or sensitive list or promoting higher tariffs for highly demanded products but to rely on various non-tariff barriers especially stringent technical barriers to trade and rules of origin. The aforementioned barometers will not only ensure the curbing of rising imports from various FTA partners but will enable a qualitative monitoring ecosystem for the products being imported in India.



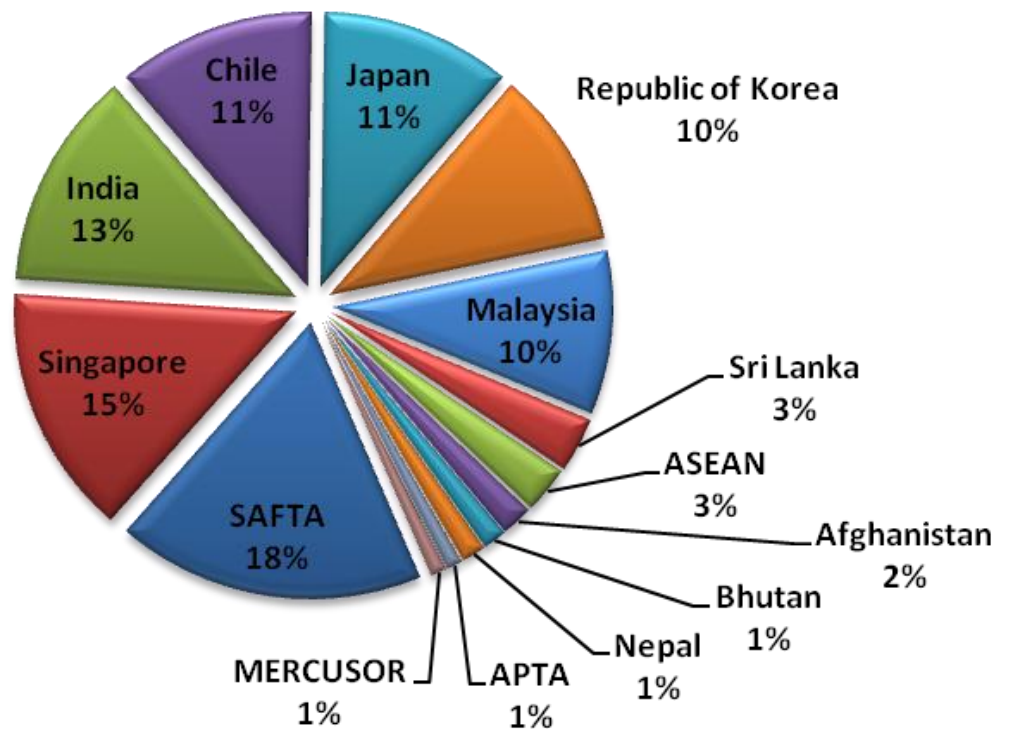
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INTRODUCTION

1. Introduction: World of Trade Agreements

True to the theory of comparative advantages, the world trading system has witnessed an increasing number of integration initiatives in recent years. For India too it became necessary to be integrated into the global trade to attain its economic growth targets. The basic premise of such initiatives is to liberalize trade among the members by granting tariff concessions for, or eliminations of selected products. The integration initiatives can be of various types, depending on the degree of integration.

These arrangements have various nomenclatures such as Preferential Trade Agreement (PTA), Free Trade Area (FTA), Comprehensive Economic Cooperation Agreement (CECA) and Comprehensive Economic Partnership Agreement (CEPA), Customs Union (CU), Common Market (CM) And Economic Union (EU) culminating into a Political Union (PU). India has, so far, signed 11 FTAs and 5 limited Preferential Trade Agreements (PTAs) and negotiating 17 FTAs, including expansion of the existing FTAs/PTAs.



1.1 Trade Agreements: International Scenario

Chart 1: Global Scenario of Trade Agreements

Sr. No.	Group/ Nation(s)	No. of agreements *
1	SAFTA	39
2	Singapore	32
3	India	28
4	Chile	25
5	Japan	24
6	South Korea	23
7	Malaysia	21
8	Sri Lanka	7
9	ASEAN	6
10	Afghanistan	4
11	Bhutan	3
12	Nepal	3
13	APTA	2
14	MERCUSOR	2

Source: PHD Research Bureau, compiled from Asian Development Bank's database

*Agreements signed & enforced, signed & not enforced and under negotiations.

Table 1: Intra-trade of groups (as percentage of total exports of each group)

Trade Group	1980	1990	1995	2000	2005	2010	2012	2013	2015	2016
EUROPE										
EFTA	1.1	0.8	0.7	0.6	0.53	0.63	0.76	0.65	0.58	0.49
EU (25)	60.9	67.1	66.1	67.2	66.57	63.48	60.55	59.74	61.02	59.96
EU (15)	60.8	65.9	62.4	62.1	60.28	55.71	52.76	51.88	52.61	51.13
Euro Zone	51.4	55.1	52.1	50.8	51.69	48.89	46.06	45.47	45.34	44.10
AMERICA										
ANCOM	3.8	4.1	12.0	8.5	8.97	7.93	7.21	7.28	7.46	7.51
CACM	24.4	15.3	21.8	13.2	17.13	18.43	17.45	17.84	17.68	20.27
CARICOM	5.4	8.0	12.2	14.4	135.54	14.07	14.09	14.47	14.49	14.48
FTAA	43.4	46.6	52.6	60.8	60.54	54.80	54.89	55.02	55.41	55.53
LAIA	13.9	11.6	17.3	13.1	14.75	16.88	16.48	16.50	14.97	14.11
MERCOSUR	11.6	8.9	20.3	20.0	11.51	14.85	13.20	13.74	13.03	13.36
NAFTA	33.6	41.4	46.2	55.7	55.74	48.74	48.58	49.23	50.18	50.35
OECS	9.0	8.1	12.6	10.0	9.94	12.73	13.97	15.02	14.94	14.59
AFRICA										
CEPGL	0.1	0.5	0.5	0.8	0.98	1.61	2.40	2.67	2.84	3.33
COMESA	5.7	6.3	6.0	4.9	5.11	7.36	7.85	9.19	10.99	11.21
ECCAS	1.4	1.4	1.5	1.1	0.83	1.65	1.57	1.34	1.04	1.79



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ECOWAS	9.6	8.0	9.0	7.6	9.65	8.27	7.88	9.78	8.92	10.84
MRU	0.8	0.0	0.1	0.4	2.86	1.32	1.89	1.09	1.08	1.01
SADC	0.4	3.1	10.6	9.3	10.46	18.18	18.07	18.52	19.34	20.92
CEMAC (UDEAC)	1.6	2.3	2.1	1.0	1.39	2.74	2.26	2.14	2.08	2.09
UEMOA	9.6	13.0	10.3	13.1	14.09	12.70	13.74	14.40	15.30	16.02
UMA	0.3	2.9	3.8	2.3	1.92	2.43	2.69	3.65	4.48	5.15
ASIA										
ASEAN	17.4	19.0	24.6	23.0	25.27	24.99	25.93	26	25.26	24.45
Bangkok Agreement	1.7	1.6	6.8	8.0	11.02	12.14	11.15	11.07	11.19	11.48
ECO	6.3	3.2	7.9	5.6	7.53	9.61	11.73	10.82	10.62	10.76
GCC	3.0	8.0	6.8	4.9	4.88	5.80	5.13	6.01	6.29	10.65
MSG	0.7	0.3	0.4	0.6	1.03	1.08	1.27	1.56	1.40	1.03
SAARC	4.8	3.2	4.4	4.1	6.82	6.10	5.76	5.77	6.77	7.0
INTERREGIONAL GROUPINGS										
APEC	57.9	68.4	71.8	73.1	70.8	67.37	68.13	68.63	68.0	69.29
CIS	-	-	29.8	20.0	17.95	16.72	16.85	16.43	13.78	14.80
BRICS (non-FTA)	-	-	4.12	3.72	5.69	8.51	8.78	8.69	7.99	7.69
OECD (non-FTA)	-	-	77.02	80.52	77.82	71.26	69.70	69.48	70.19	70.80
TPP	-	-	52.98	57.61	52.74	45.20	46.20	46.19	47.55	48.14

Direction of Trade Statistics and UN/DESA/Statistics Division data 2017

There had been a sharp increase in intra-group trade among some RTAs over the last few decades. However, some of the major trading blocs registered a sharp decline as well during the same period. The intra-group trade declined from 51.69 in 2005 to 44.10 in 2016 within Euro zone members, 60.54 per cent to 55.53 per cent within FTAA, 55.74 per cent to 50.35 per cent within NAFTA, 70.8 per cent to 69.29 per cent within APEC, and from 17.95 per cent to 14.80 per cent within CIS. Nonetheless, some prominent trading groups increased their intra trade such as SAARC's share rose from 5.53 per cent in 2011 to 7 per cent in 2015, MERCOSURs trade increased from 11.51 per cent in 2005 to 13.36 per cent in 2016, and GCC increased from 4.88 per cent in 2005 to 10.65 per cent in 2016.

Table 2: Major Trading Blocks in the World

Regional trade blocks	Member countries
High-income, low-income and middle-income economies	
European Union	Austria, Belgium, Croatia, Czech republic Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, Estonia, Hungary, Poland, Slovenia, Slovakia, Latvia, Lithuania, Malta, Bulgaria, and Romania
North American Free Trade Area (NAFTA)	Canada, Mexico, and the United States
Asia Pacific Economic Cooperation (APEC)	Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Indonesia, Japan, Republic of Korea,



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	Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Republic of the Philippines, The Russian Federation, Singapore, Chinese Taipei, Thailand, United States of America, Vietnam, Mongolia, Somalia.
Latin America and the Caribbean	
Association of Caribbean States (ACS)	Antigua and Barbuda, the Bahamas, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominica, the Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Venezuela
Andean Community	Bolivia, Colombia, Ecuador, and Peru
Group of Three	Colombia, Mexico, and <i>Republica Bolivariana de Venezuela</i>
Latin American Integration Association (LAIA) (formerly Latin American Free Trade Area)	Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and <i>Republica Bolivariana de Venezuela</i>
Southern Cone Common Market (MERCOSUR)	Argentina, Brazil, Paraguay, Venezuela and Uruguay.
Africa	
Common Market for Eastern and Southern Africa (COMESA)	Burundi, Comoros, the Democratic Republic of Congo, Djibouti, the Arab Republic of Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Libya, Seychelles, Sudan, Swaziland, Uganda, Zambia, and Zimbabwe
Economic Community of West African States (ECOWAS)	Benin, Burkina, Faso, Cape Verde, Ivory Coast, the Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo
Southern African Development Community (SADC), formerly Southern African Development Coordination Conference	Angola, Botswana, the Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Madagascar, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe
Middle East and Asia	
Association of South-East Asian Nations (ASEAN)	Brunei, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.
Asia Pacific Trade Agreement (APTA) (Bangkok Agreement)	Bangladesh, China, India, Republic of Korea, Lao People's Democratic Republic, Sri Lanka, and Mongolia
Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC)	Bangladesh, India, Sri Lanka, Thailand, Myanmar, Nepal, and Bhutan
East Asian Economic Caucus (EAEC)	Brunei, People's Republic of China, Hong Kong (China), Indonesia, Japan, the Republic of Korea, Malaysia, the Philippines, Singapore, Taiwan (China), and Thailand
Gulf Cooperation Council (GCC)	Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.
South Asian Free Trade Agreement (SAFTA)	Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka

Source: Regional Trade Agreements Database 2016, WTO

2. India's Trade Agreements: Multilateral and Bilateral

2.1 Introduction

Trade agreements with countries like Nepal, Singapore, Finland, Malaysia, Bhutan, Myanmar, Japan, South Korea, Afghanistan, Chile and regions like ASEAN (India-ASEAN Trade in Goods Agreement) and MERCOSUR, have been signed and enforced so far.

Table 2.1: India's Regional Trade Agreements (Multilateral)

Agreements	Partners	Year of Enforcement
Asia-Pacific Trade Area (APTA)	Bangladesh, China, India, South Korea and Sri Lanka	2005
South Asia Free Trade Area (SAFTA)	Bangladesh, Bhutan, Maldives, Nepal, Pakistan, Sri Lanka, Afghanistan	2006
India - MERCOSUR PTA	Brazil, Argentina, Uruguay and Paraguay	2009
ASEAN - India FTA	Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam	2010

Source: PHD Research Bureau, compiled from MOC&I

As stated above, the basic objects of these agreements is to eliminate barriers to trade and facilitate cross-border movement of goods between the territories of the member countries, to promote conditions of fair competition in the free trade area, and ensure equitable benefits to all members, taking into account their respective levels and pattern of economic development, create effective mechanism for the implementation and application of the agreement and to establish a framework for further regional cooperation to expand and enhance the mutual benefits of these agreements.

Table 2.2: India's Trade Agreements (Bilateral)

Agreements	Year of Enforcement
India - Sri Lanka FTA	2000
India - Nepal Trade Treaty	1999
Agreement of Cooperation with Nepal to control Unauthorised Trade	2002
Treaty of transit between India and Nepal	2009
India - Afghanistan PTA	2003
India - Singapore CECA	2005
India - Bhutan Trade Agreement	2006
India - Chile PTA	2007
India - Korea CEPA	2010
India - Malaysia CECA	2011
India - Japan CEPA	2011
India -Finland Agreement on Economic Cooperation	2009

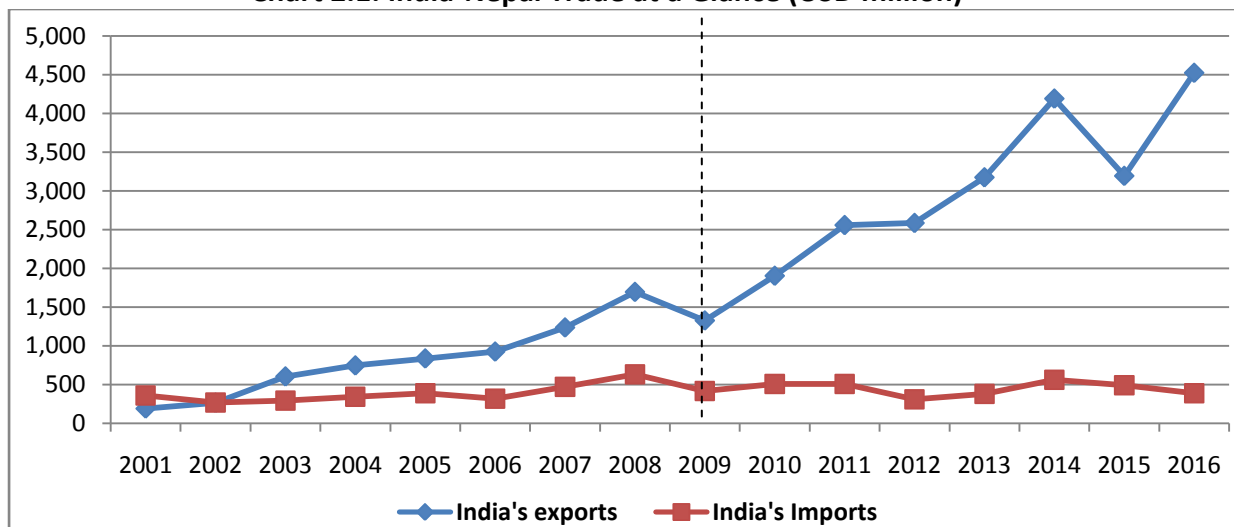
Source: PHD Research Bureau, compiled from MOC&I

2.2 India's engagement with FTAs: Current Status

- **Treaty of Transit between India and Nepal**

The India-Nepal Treaty of Transit, renewed every seven years, provides for port facilities to Nepal at Kolkata and specifies 15 transit routes between Kolkata and the India-Nepal border. As requested by the Nepalese side, a separate Customs Cell at Haldia has become operational from 16th August 2004. For bilateral trade, 22 entry/exit points are provided along the Indo- Nepal border. The Transit Treaty was last renewed in March 2006. The Agreement for Cooperation between India and Nepal to Control Unauthorized Trade was automatically renewed for five years in March 2007.

Chart 2.1: India-Nepal Trade at a Glance (USD million)



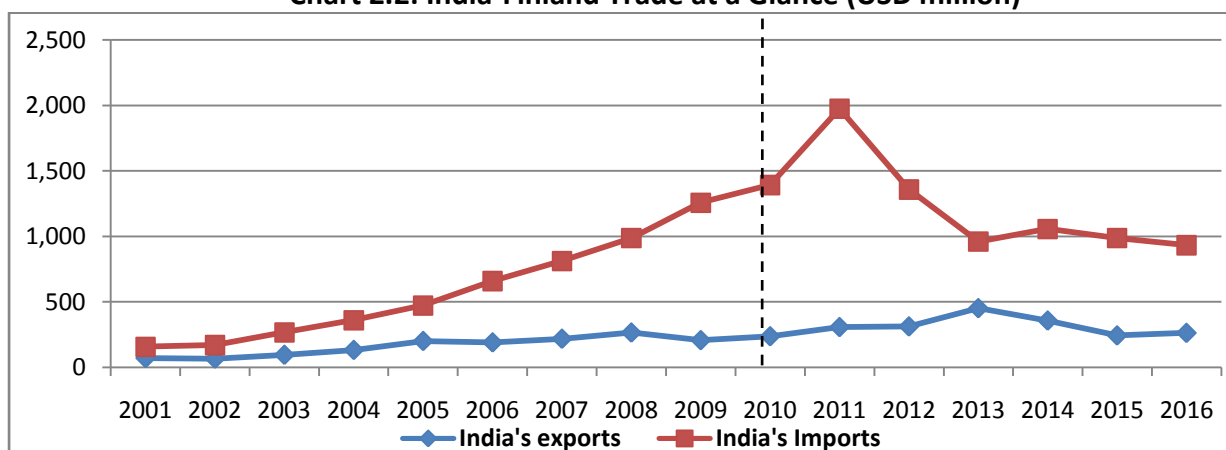
Source: PHD Research Bureau; Compiled from Trademap

Since the implementation of India-Nepal Treaty of Transit in 2009, India’s exports to Nepal grew at a staggering pace compared to imports from Nepal. The treaty has worked in favour of India as India’s exports grew from USD 1.32 billion in 2009 to USD 4.53 billion in 2016 whereas imports from Nepal declined from USD 416.34 million to USD 385.31 million during the same period.

- **Agreement on Economic Cooperation between India and Finland**

The Agreement on Economic Cooperation between India and Finland was signed with objectives to promote activities aimed at the development of bilateral economic cooperation; support and develop business contacts, facilitate the expansion of bilateral trade and investment and promote economic and investment opportunities in respective countries; and reinforce cooperation for the enhancement of economic relations between the two nations.

Chart 2.2: India-Finland Trade at a Glance (USD million)



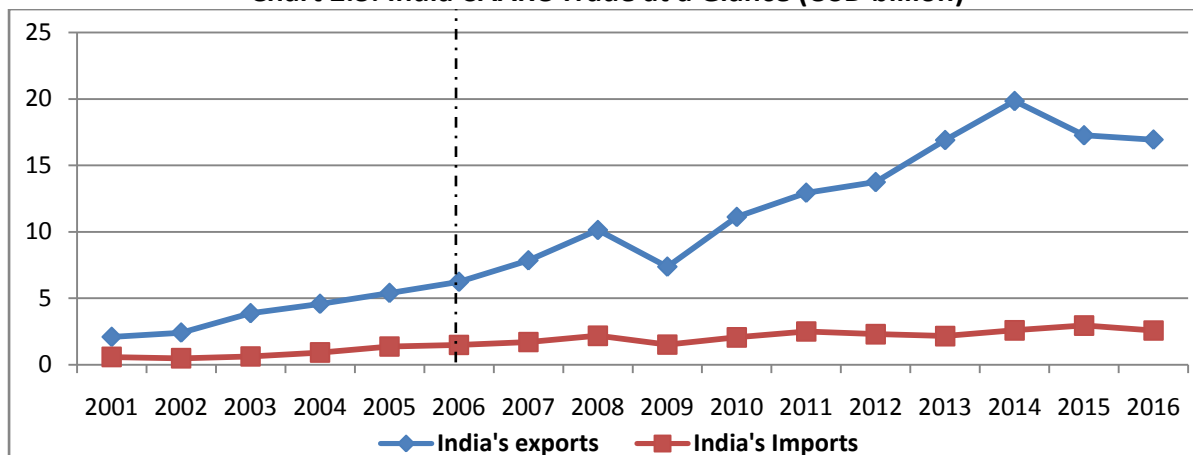
Source: PHD Research Bureau; Compiled from Trademap

With the implementation of India- Finland Agreement of Economic Cooperation, India’s imports from Finland witnessed a surge from USD 1.39 billion in 2010 to USD 1.97 billion in 2011. However, since then imports from Finland witnessed a consistent fall to arrive at USD 933.5 million in 2016. Comparatively, India’s trade with Finland has remained in the deficit zone. Interestingly, the pre- and post- analysis suggests that the widened trade gap during the pre-agreement has actually narrowed down to an extent in favour of India.

- **South Asian Free Trade Agreement (SAFTA)**

South Asian FTA came into effect in 2006 and the trade liberalization process commenced thereafter. SAFTA instigated with the reduction in tariff rates to 20 per cent in the first phase by 2007, and followed by zero in the second phase on annual basis till 2012, in case of India, Pakistan, and Sri Lanka. Rest of the members were given an extra three years to reduce the tariffs to zero. Tariff reduction could not be translated into a higher intra-regional trade as SAFTA was not able to capture the confidence due to restrictions on products, multiple exemptions, and constrained rules of origin. Members include Afghanistan, Bangladesh, Bhutan, India, Nepal, Sri Lanka, Pakistan and Maldives.

Chart 2.3: India-SAARC Trade at a Glance (USD billion)



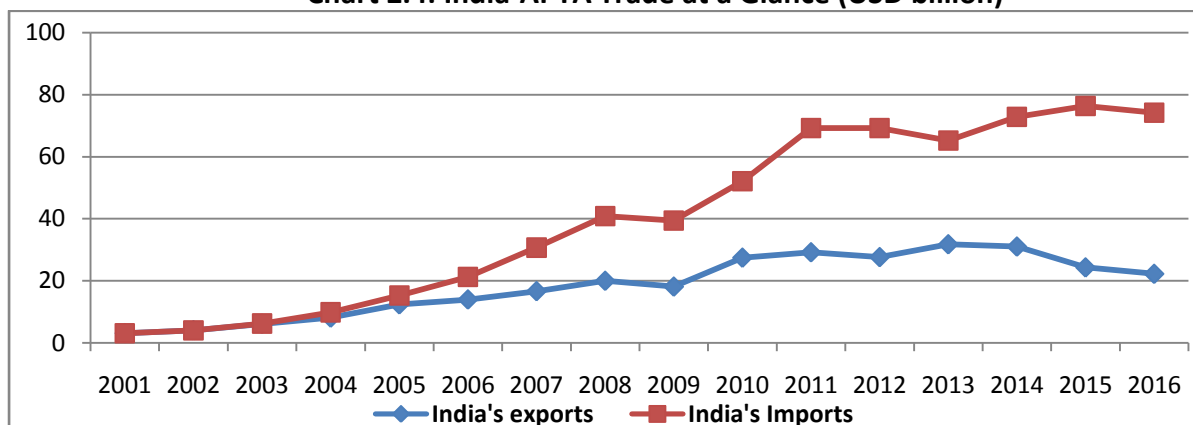
Source: PHD Research Bureau; Compiled from Trademap

Post implementation of South Asian Free Trade Agreement in 2006, India's exports to other SAARC members have grown tremendously from USD 6.23 billion in 2006 to USD 16.93 billion in 2016. SAARC region accounts for about 6.5 percent of India's total exports, whereas they only supply about 0.8 per cent of India's total imports. In 2015 India's share in total exports among all SAARC members to SAARC region was around 83 per cent whereas in total imports it was around 15 percent. India's compound annual growth rate (CAGR) for exports among all SAARC members to SAARC region was also recorded highest at 11.98 percent for the last decade (from 2006 to 2015).

- **Asia Pacific Trade Agreement (APTA) or Bangkok Agreement**

APTA or the Bangkok Agreement came into effect in 1976. Members include Bangladesh, India, Lao, China, Mongolia, South Korea, and Sri Lanka. It is the oldest preferential trade agreement between countries in the Asia-Pacific region. APTA's key objective is to hasten economic development among the six participating states opting trade and investment liberalization measures that will contribute to intra-regional trade and economic strengthening through the coverage of merchandise goods and services. Its aim is to promote economic development and cooperation through the adoption of trade liberalization measures.

Chart 2.4: India-APTA Trade at a Glance (USD billion)



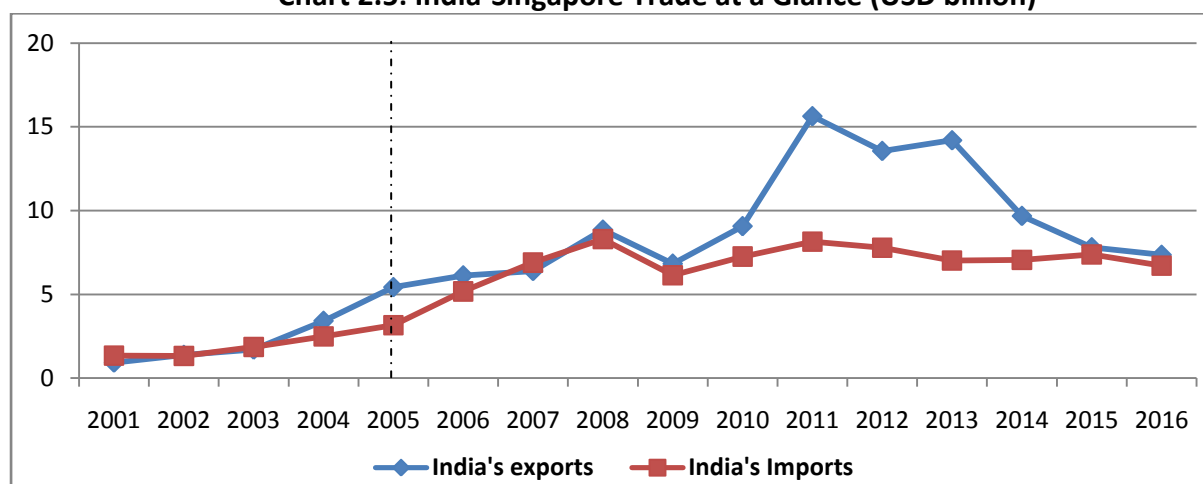
Source: PHD Research Bureau; Compiled from Trademap

In 2001, India's trade with APTA members remained in a balanced position at around USD 3 billion. Since then, India's imports witnessed a sudden surge to value at USD 74.18 billion in 2016. Contrary, the exports from India grew at a sluggish pace to value at USD 22.19 billion. The trade gap has expanded exponentially in favour of other APTA members since 2001.

- **Comprehensive Economic Cooperation Agreement between India and Singapore**

The Comprehensive Economic Cooperation Agreement (CECA) is a free trade agreement between Singapore and India to strengthen bilateral trade. It was signed on 29th June 2005.

Chart 2.5: India-Singapore Trade at a Glance (USD billion)



Source: PHD Research Bureau; Compiled from Trademap

Since the implementation of CECA between India and Singapore in 2005, India's trade with Singapore has witnessed a positive shift. The trade between two nations has shifted from a range of USD 0 – 5 billion to USD 5-22 billion during the post-agreement period. In the recent period, India's exports to Singapore grew to USD 11 billion in 2011, however, since then India's exports to Singapore consistently declined to value at USD 14.07 billion in 2016. On the imports front, India imported USD 6.72 billion in 2016 from Singapore.

- **Comprehensive Economic Cooperation Agreement between India and Malaysia**

India-Malaysia's Comprehensive Economic Cooperation Agreement (CECA) was implemented in 2011 to strengthen and enhance the economic, trade and investment cooperation between both the nations; to liberalize and promote trade in goods, services; to facilitate regional economic cooperation and integration and to improve the efficiency and competitiveness of the manufacturing and services sectors.

Chart 2.6: India-Malaysia Trade at a Glance (USD billion)



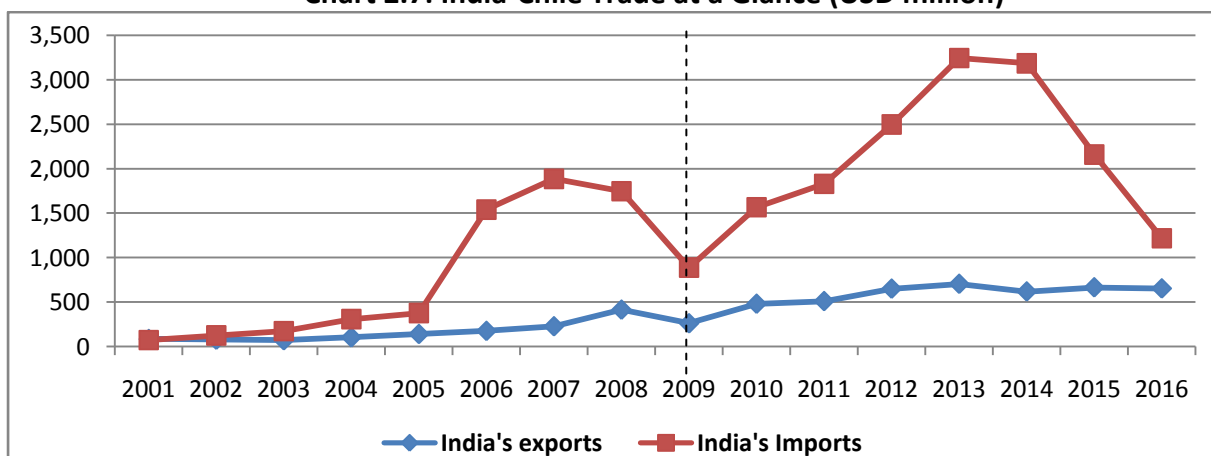
Source: PHD Research Bureau; Compiled from Trademap

Since the implementation of India-Malaysia CECA in 2011, India's trade with Malaysia reduced from USD 12.91 billion in 2011 to USD 12.84 in 2016. India-Malaysia attained a highest trade volume of USD 15.57 billion in 2014, however, since then the trade has become sluggish. Further, the trade deficit has reduced from USD 6.7 billion in 2014 to USD 4.46 billion in 2016 for India.

- **India Chile Preferential Trade Agreement**

India-Chile Preferential Trade Agreement came into effect in 2007. It was aimed to promote the expansion of trade; provide fair conditions of competition for trade; pay due regard to the principle of reciprocity in the implementation of agreement; removal of barriers to trade, to the harmonious development and expansion of world trade.

Chart 2.7: India-Chile Trade at a Glance (USD million)



Source: PHD Research Bureau; Compiled from Trademap

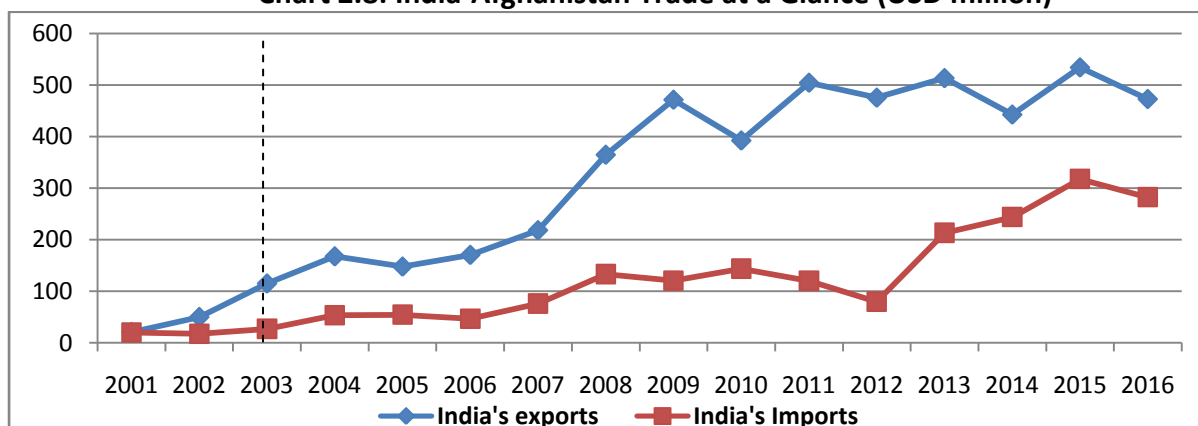
Since the implementation of India – Chile Preferential Trade Agreement in 2009, the trade between two nations rejuvenated to an extent wherein India's imports from Chile grew from USD 888.9 million in 2009 to USD 1.22 billion in 2016 whereas India's exports to Chile

grew at a lethargic pace to grew from USD 261.56 million in 2007 to USD 652.73 million in 2016. Post signing of the PTA, imports from Chile expanded exponentially to jump by USD 2.4 billion in a period of four years whereas exports to Chile just expanded by 442.83 million during the same period. Interestingly, despite sudden spurt in imports from Chile, India managed to reduce its trade deficit from USD 2.54 billion in 2013 to USD 565.6 million in 2016.

- **India Afghanistan Preferential Trade Agreement**

India and Afghanistan signed a Preferential Trade Agreement in March 2003 under which India allowed substantial duty concessions, ranging from 50% to 100%, to certain category (38 times) of Afghan dry fruits. Afghanistan in turn has allowed reciprocal concessions to Indian products, including tea, sugar, cement and pharmaceuticals. In November 2011, India removed basic customs duties for all SAARC LDCs at the SAARC Summit in Male which gave all products of Afghanistan (except alcohol and tobacco) duty free access to Indian market.

Chart 2.8: India-Afghanistan Trade at a Glance (USD million)



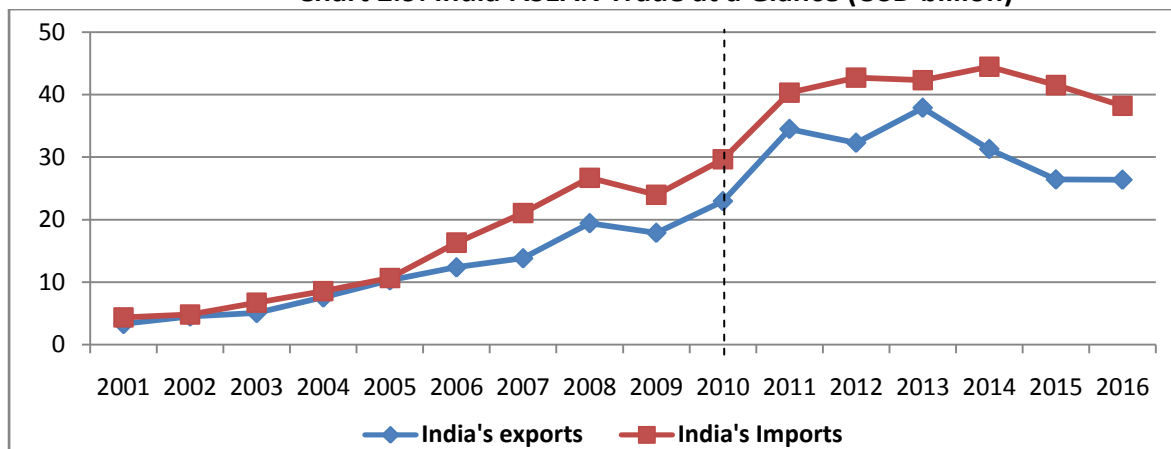
Source: PHD Research Bureau; Compiled from Trademap

Since the implementation of India-Afghanistan PTA in 2003, trade between the two nations expanded from USD 67.5 million in 2003 to USD 755.29 million in 2016. Exports from India witnessed a remarkable jump from USD 50.11 million to USD 473 million during the same period. Interestingly, Afghanistan has been able to expand its share in overall trade from 25% in 2003 to 38% in 2016.

- **India-ASEAN Comprehensive Economic Cooperation Agreement**

The ASEAN–India Free Trade Area (AIFTA) is a free trade area among the ten member states of the Association of Southeast Asian Nations (ASEAN) and India. The initial framework agreement was signed on 8 October 2003 in Bali, Indonesia and the final agreement was on 13 August 2009. The free trade area came into effect on 1 January 2010. AIFTA emerged from a mutual interest of both parties to expand their economic ties in the Asia-Pacific region. India's Look East policy was reciprocated by similar interests of many ASEAN countries to expand their interactions westward.

Chart 2.9: India-ASEAN Trade at a Glance (USD billion)



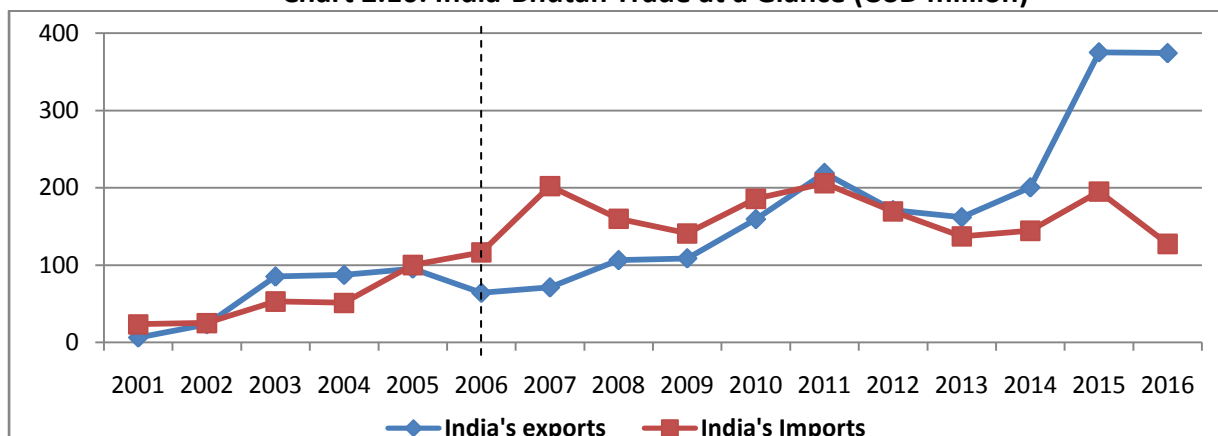
Source: PHD Research Bureau; Compiled from Trademap

Post the implementation of India-ASEAN CECA in 2010, trade between India and ASEAN nations USD 52.6 billion in 2010 to USD 64.6 billion in 2016. India's exports to ASEAN witnessed a drop from USD 37.89 billion in 2013 to USD 26.38 billion in 2016. Contrary, India's imports declined from USD 42.31 billion to USD 38.22 billion during the same period.

- **India Bhutan Trade Agreement**

To strengthen the trade relationship, India-Bhutan signed a Trade Agreement in 2006. The free trade regime between India and Bhutan was signed for a period of 10 years. India Bhutan signed a new bilateral agreement in 2016 aiming at cutting down on documentation and adding additional exit and entry points for Bhutan's trade with other countries. It is also expected to further strengthen the excellent relations between the two countries.

Chart 2.10: India-Bhutan Trade at a Glance (USD million)



Source: PHD Research Bureau; Compiled from Trademap

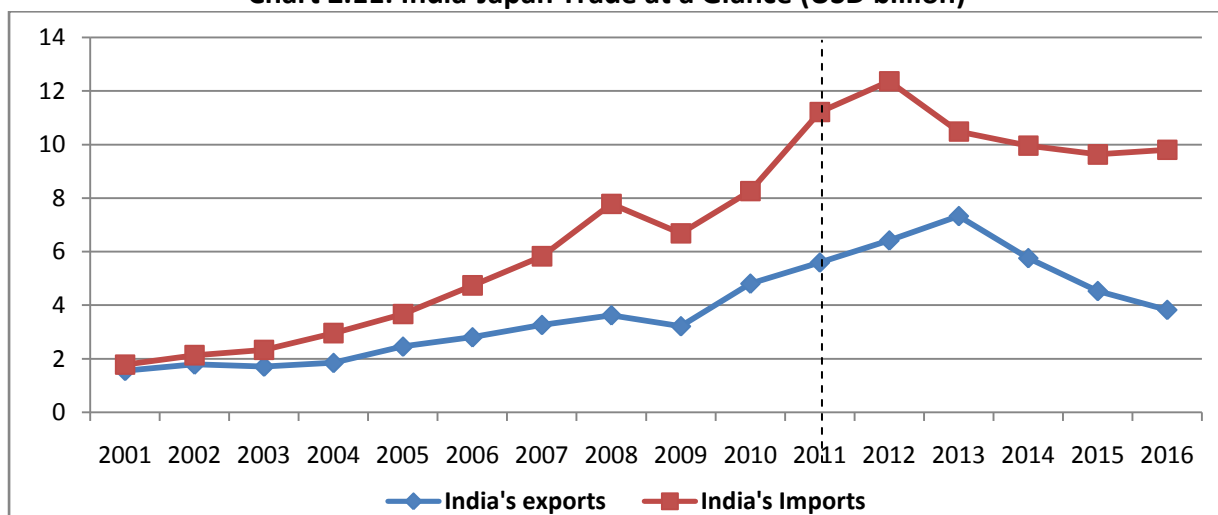
Since the implementation of India Bhutan trade agreement in 2006, India has transformed itself from a net-importer to a net-exporter of trade. From a trade deficit of USD 52.48

million in 2006, India has leapfrogged to a trade surplus of 246.88 million in 2016. India's exports to Bhutan expanded from USD 63.8 million in 2006 to USD 374.21 million in 2016. On the other hand, India's imports from Bhutan expanded from USD 116.29 million to USD 127.33 million during the same period.

- **India Japan CEPA**

The India-Japan Comprehensive Economic Partnership Agreement (CEPA) came into effect on 1st August 2011 and is the most comprehensive free trade agreement that India has entered into with any country. It consists of agreed measures on liberalization of trade in goods, trade in services and investment and an agreement to implement cooperation in a number of identified areas.

Chart 2.11: India-Japan Trade at a Glance (USD billion)



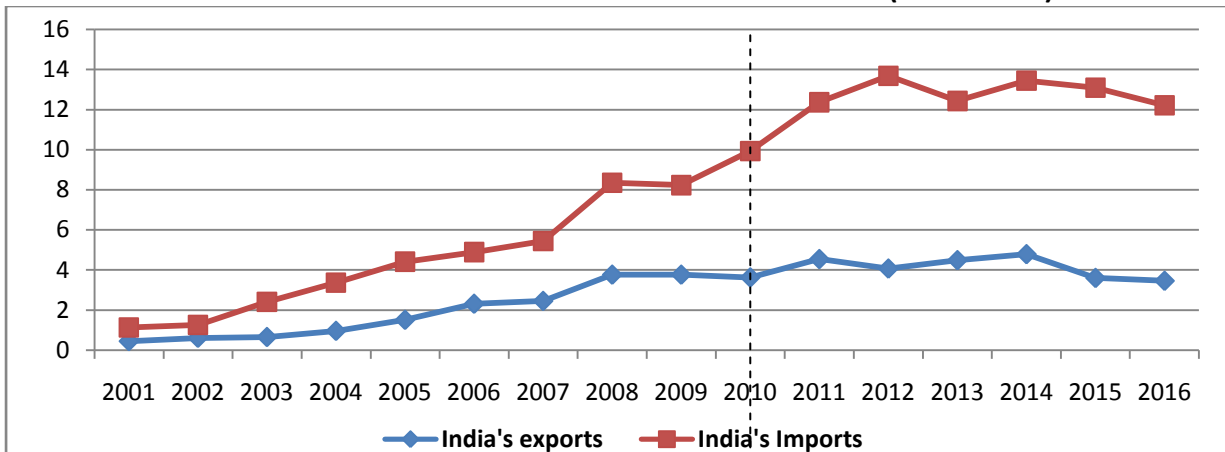
Source: PHD Research Bureau; Compiled from Trademap

Since the implementation of India-Japan CEPA in 2011, trade between India and Japan has actually reduced from USD 16.81 billion in 2011 to USD 13.64 billion in 2016. Apart from the rising trend till 2012, trade between both nations has fallen consistently. India's exports to Japan fell to USD 3.83 billion in 2016 compared to USD 5.59 billion in 2011. On the flip side, India's imports from Japan fell from 11.22 billion to USD 9.81 billion during the same period.

- **India South Korea CEPA**

The Comprehensive Economic Partnership Agreement (CEPA) is a free trade agreement between India and South Korea. The agreement was signed in 2009 and came into effect in 2010.

Chart 2.12: India-South Korea Trade at a Glance (USD billion)



Source: PHD Research Bureau; Compiled from Trademap

Since the implementation of India-South Korea CEPA in 2010, trade between both the nations has expanded, particularly and profoundly in favour of South Korea. Trade between India and South Korea expanded from USD 13.56 billion in 2010 to USD 16 billion in 2016. India's exports to South Korea have remained dreary to value at USD 3.47 billion in 2016 from USD 3.63 billion in 2010. On the other hand, India's imports from South Korea, post CEPA, expanded from USD 9.92 in 2010 to USD 12.21 billion in 2016.

- **India MERCOSUR Preferential Trade Agreement**

MERCOSUR is a trading bloc in Latin America comprising Brazil, Argentina, Uruguay and Paraguay. A Framework Agreement was signed between India and MERCOSUR in 2003 at Paraguay. As a follow up to the Framework Agreement, a Preferential Trade Agreement (PTA) was signed in New Delhi in 2004. Finally, the agreement came into effect in 2009. The aim of this Preferential Trade Agreement was to expand and strengthen the existing relations between MERCOSUR and India and promote the expansion of trade by granting reciprocal fixed tariff preferences with the ultimate objective of creating a free trade area between the two groups.

Chart 2.13: India-MERCOSUR Trade at a Glance (USD billion)



Source: PHD Research Bureau; Compiled from Trademap



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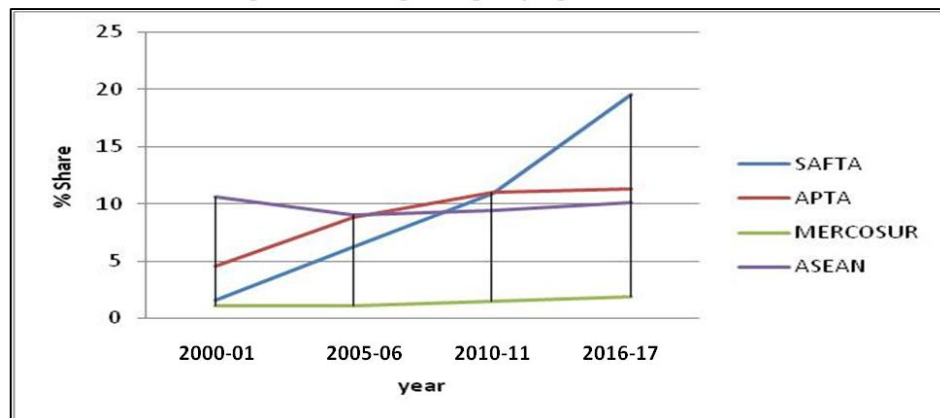
Post implementation of India-MERCOSUR PTA in 2009, trade expanded at a good pace. The trade recovered from USD 7.65 billion in 2009 to USD 29.02 billion in 2014. However, the recovery part could not continue as trade fell to USD 14.6 billion in the period of next two years. India's exports grew from USD 2.31 billion in 2009 to USD 3.14 billion in 2016 whereas India's imports grew from USD 5.34 billion to USD 11.46 billion during the same period. The trade surplus has remained in favour of MERCOSUR nations.

3. Trade Scenario of Regional Groupings and Intra regional Trade

3.1 India and Regional trading blocs: Trade analysis

Among the top trading blocs enlisted above, India has trade arrangements with 4 regions viz-APTA, ASEAN, SAARC and MERCOSUR. Apart from analysing gains for India from trade arrangements with these regional groupings, the study explores intra-regional trade among the members of these four regional groupings. The idea is to identify the trade potential for India with these regional groups.

Percentage share of regional groupings in India's total trade



Source: PHD Research Bureau, compiled from MOC&I

Analyzing the percent share of these regional groupings in India's total trade, it is observed that the share of all four regional grouping has increased in India's total trade since 2000. The most significant increase is observed in SAFTA, followed by APTA, ASEAN and MERCOSUR. The share of ASEAN and MERCOSUR in India's total trade increased only marginally. Thus, India's trade potential has increased significantly only with SAFTA, while for other three regional groupings the increase is not that significant.

In the latest Foreign Trade Policy Statement it has been highlighted that India's trade relations with its immediate neighbours in South Asia are a special focus area for the government, with a larger goal of building regional value chains in different sectors such as textiles, engineering goods, chemicals, pharmaceuticals, auto-components, plastic and leather products¹. An added advantage of such integration will be an expanded role for North East India in regional trade with consequent development outcomes. A better connected South Asia can provide additional trade routes to South East Asia and Central Asia.

India's economic engagement with most of the countries in the CIS (Commonwealth of Independent States) region, except Russia, has been much below its potential. In the past there was a brisk trade between India and countries like Kazakhstan, Uzbekistan and Mongolia. The trade route was popularly known as the Silk Route, as silk was exported from India via this route.

Therefore the focus of action should be to promote investment in the exploitation of raw materials; to operationalize the International North South Transport Corridor; to promote export of products of India's strength and to help facilitate investments in some of these countries to build value chains, for example, in the pharmaceutical sector. The Indian diamond industry stands to benefit from the Special Notified Zones proposed for import and export of rough diamonds.

Another focus area is South-East Asia. Trade integration with the CLMV (Cambodia, Lao PDR, Myanmar and Vietnam) countries is an important part of India's future regional trade strategy. Where the degree of integration is measured by intraregional trade in goods, capital, and ideas, South Asia is the least integrated region in the world¹. However, only recently the Asian Development Bank through its Global Trade Analysis Project-based computable general equilibrium (CGE) model has found that South Asia has experienced large gains in global trade, with proportionately larger increases in intraregional trade². Much of the intraregional trade gain is seen in intermediates. Since countries in the region specialize in similar goods, lower border costs will allow them to obtain raw materials and intermediate inputs more easily from their South Asian neighbours that would further contribute in expanding exports and regional growth.

There is enormous untapped potential for enhancing India's economic relations with the African continent, encompassing not just trade and investment but also capacity development, technical assistance and provision of services such as healthcare and education. Indonesia, Mongolia, and the Philippines are developing countries, which are frequently referred as countries of great economic potential. Indonesia and the Philippines are member states of the Association of Southeast Asian Nations (ASEAN). By committing through the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA), they could significantly lower the tariff barriers among the member states.

3.2 Intra-Regional Trade Analysis: Trade Complementarities Index

▪ SAFTA (South Asian Free Trade Agreement)

The following table presents **merchandise trade complementarities index** which assesses the suitability of preferential trade agreement between two economies given the structure of how one potential partner's exports match the imports of the other potential partner.

¹ World Bank Database

² Study on Intraregional Trade and Investment in South Asia, Asian Development Bank 2009

Changes over time may indicate whether the trade profiles are becoming more or less compatible. The index takes a value between 0 and 1, with zero indicating no overlap and 1 indicating a perfect match in the import/export pattern. Two countries with a high index may gain from trade expansion following a preferential trade agreement.

Trade complementarities Index within SAFTA member countries in 2016

		IMPORTER							
		A	B	C	D	E	F	G	
SAFTA	EXPORTER	A	-----	0.1	0.1	0.1	0.1	0.1	
		B	0.1	-----	0.1	0.1	0.1	0.2	
		C	0.1	0.1	-----	0.1	0.1	0.1	
		D	0.2	0.2	0.2	-----	0.1	0.2	
		E	0.3	0.2	0.2	0.2	-----	0.2	
		F	0.2	0.2	0.2	0.2	0.2	-----	
		G							
		G							

Source: PHD Research Bureau, compiled from UNCDAT

Note: A: Bangladesh, B: Bhutan, C: Maldives, D: Sri Lanka, E: Pakistan, F: Nepal

From the above table it can be clearly analysed that intra-regional trade within the region is low among all member countries. The trade complementarities index within this region is highest for trade between countries Pakistan and Bangladesh is 30%. However it is a poor score by all standards to suggest that the two regions are integrated. A major reason behind the low volume of Bangladesh's exports to Pakistan is the country's undiversified production and export base. However, all other countries within the region either account for 20% or 10% of trade with each other.

▪ ASEAN (Association of South East Asian Nations)

Trade complementarities Index within ASEAN member countries in 2016

		IMPORTER										
		A	B	C	D	E	F	G	H	I	J	
ASEAN	EXPORTER	A	-----	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
		B	0.0	-----	0.0	0.1	0.2	0.1	0.1	0.0	0.1	0.1
		C	0.1	0.1	-----	0.1	0.1	0.1	0.1	0.1	0.1	0.1
		D	0.4	0.4	0.5	-----	0.4	0.6	0.6	0.4	0.5	0.5
		E	0.4	0.5	0.5	0.4	-----	0.5	0.5	0.4	0.5	0.5
		F	0.2	0.3	0.5	0.5	0.4	-----	0.5	0.3	0.4	0.3
		G	0.3	0.4	0.4	0.6	0.5	0.6	-----	0.4	0.5	0.5
		H	0.1	0.1	0.0	0.1	0.1	0.1	0.1	-----	0.1	0.1
		I	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.3	-----	0.4
		J	0.3	0.3	0.2	0.3	0.4	0.4	0.4	0.3	0.3	-----

Source: PHD Research Bureau, compiled from UNCTAD

Note: A: Cambodia, B: Brunei, C: Laos, D: Singapore, E: Thailand, F: Philippines, G: Malaysia, H: Myanmar, I: Vietnam, J: Indonesia

Within ASEAN, the trade complementarities index between Singapore and Malaysia in the year 2016 and for Philippines and Malaysia is 60% and is the highest. There are number of countries within this region whose trade with each other is significant at about 50%. For all other countries within the region the index is low to point towards any significant intra-

regional trade among them. However, given the index value of other countries it can be said that the intra-regional trade is considerably good among Singapore, Philippines, Thailand and Indonesia.

▪ **APTA (Asia Pacific Trade Agreement)**

Similarly, within the APTA the index is highest between LAO PD and Republic of Korea with a value of 0.51, indicating some intra-regional trade between the two countries is taking place, followed by China and Republic of Korea with an index value of 0.50. The index value is however low enough to suggest any significant and substantial intra-regional trade among member countries.

Trade complementarities Index within APTA member countries in 2016

		IMPORTER					
		A	B	C	D	E	
APTA	EXPORTER	A	-----	0.1	0.1	0.1	0.1
		B	0.3	-----	0.4	0.4	0.4
		C	0.4	0.5	-----	0.5	0.5
		D	0.2	0.1	0.2	-----	0.1
		E	0.1	0.1	0.1	0.1	-----

Source: PHD Research Bureau, compiled from UN Comtrade, 2015

Note: A: Bangladesh, B: China, C: Rep of Korea, D: Sri Lanka, E: Lao PD

▪ **MERCOSUR (Southern Common Market)**

Within MERCOSUR, the index value is very low to show any intra regional trade among member countries. The maximum value of the index is 0.4 for trade between Argentina and Brazil with Uruguay followed by an index value of 0.3 for trade between Argentina and Brazil with Paraguay and between Argentina and Brazil. Thus there is only about 30% to 40% overlap between export import patterns of member countries.

Trade complementarities Index within MERCOSUR member countries in 2016

		IMPORTER				
		A	B	C	D	
MERCOSUR	EXPORTER	A	-----	0.1	0.1	0.1
		B	0.2	-----	0.2	0.2
		C	0.3	0.4	-----	0.3
		D	0.3	0.4	0.3	-----

Source: PHD Research Bureau, compiled from UNCTAD

Note: A: Paraguay, B: Uruguay, C: Argentina, D: Brazil

3.3 India's Involvement in Trading Arrangements

While these RTAs could serve to open up markets for India's exports, there could be scope for cost reduction through economies of scale, and sourcing materials and components from partner countries as well. Indian companies could also find it easier to set up projects in partner countries to cater to local and regional customers. Investments have become more industry- or product-specific than country-specific in today's world; a lot of trans-national FDI takes place across countries. It may promote FDI in India along with other member countries. The following table provides a summary of PTAs in South Asia.

Preferential Trading Agreements in South Asia

Agreements into Force	Signed / Entered	Remarks
BIMSTEC	2004	FTA-regional
SAFTA	2006	FTA-regional
SAPTA	1995	PTA-regional
ASEAN-India	2010	Comprehensive Economic Cooperation Agreement
Bhutan-India	2006	Special Trade Agreement
Bangladesh-Sri Lanka	Proposed	FTA Bilateral
Bangladesh-Pakistan	2003	FTA Bilateral
India-Chile	2007	PTA
India-Gulf Cooperation Council (GCC)	2006	FTA
India-Nepal	1996	FTA-Unilateral non-Reciprocal
India-South African Customs Union (SACU) Trade Agreement	2007	PTA
India Singapore Comprehensive Economic Cooperation Agreement	2005	FTA-bilateral
India-Sri Lanka	1999	FTA bilateral
India-Afghanistan	2003	PTA-bilateral
India Japan	2011	Comprehensive Economic Partnership Agreement
India Korea Comprehensive Economic Partnership Agreement	2010	Comprehensive Economic Partnership Agreement
India-MERCOSUR	2004	PTA
India-Thailand	2004	Framework Agreement-bilateral
India-Pakistan	Proposed	FTA-bilateral
Pakistan-China	2006	FTA-bilateral
Pakistan-Malaysia	2005	FTA-bilateral
Pakistan-Singapore	2005	FTA-bilateral
Pakistan-Sri Lanka	2002	FTA-bilateral
Pakistan-USA Trade and Investment Framework Agreement	Proposed	Framework Agreement bilateral



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Sri Lanka Singapore Comprehensive Economic Partnership Agreement	Proposed	Framework Agreement –bilateral
Sri Lanka Maldives	Proposed	FTA bilateral
India-Australia	2011	FTA-bilateral
India-Canada	2010	Economic Partnership Agreement
Regional Comprehensive Economic Partnership (RCEP)	2013	Economic Partnership Agreement
India-Malaysia	2011	FTA-bilateral
India-Nepal	2010	PTA
India-Eurasian Economic Union	Proposed	FTA
India-Israel	Proposed	FTA

Source: Regional Trade Agreement Database 2016.

India was a founder member of the SAARC, which was established in 1985. In April 1993, these countries signed a PTA named SAPTA, effective from 7 December 1995 that graduated into the South Asian Free Trade Area (SAFTA) which became operational from 1 January 2006. India has also been instrumental in forming BIMSTEC, the ‘Bay of Bengal’ initiative PTA. Besides, India’s other PTAs include comprehensive economic partnership with ASEAN, a Comprehensive Economic Co-operation Agreement (CECA) with Singapore, and separate PTAs with Afghanistan and Thailand.

3.4 India’s Current Trade Scenario

Analyzing the trade relations between India and its trade agreement partners it is observed that India has a trade deficit of USD 51.9 billion with APTA and USD 11.8 billion with ASEAN. On the other hand, India has a trade surplus of USD 14.3 billion with SAFTA. A fascinating feature of Indian Foreign Trade policy is continuity wherein remarkable alterations are pursued in a series of timely micro changes. Consequently, these recent proactive edifications corroborated the merchandize trade deficit for the period April – March 2016-17 is estimated at USD 46.42 billion, which is 14.49% lower than the level of USD 54.28 billion during April – March 2015-16.

India’s Export Scenario with major regions

EU Countries

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	AUSTRIA	339.83	383.16	12.75
2	BELGIUM	5,027.61	5,656.89	12.52
3	BULGARIA	145.53	239.53	64.59
4	CROATIA	112.44	124.13	10.4
5	CYPRUS	59.8	71.77	20.02
6	CZECH REPUBLIC	488.53	533.14	9.13
7	DENMARK	688.79	692.94	0.6
8	ESTONIA	63.68	97.5	53.1



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9	FINLAND	248.48	269.74	8.56
10	FRANCE	4,633.37	5,250.05	13.31
11	GERMANY	7,092.89	7,181.61	1.25
12	GREECE	335.68	381.07	13.52
13	HUNGARY	345.13	406.29	17.72
14	IRELAND	525.79	485.28	-7.7
15	ITALY	4,217.72	4,902.18	16.23
16	LATVIA	79.5	115.6	45.41
17	LITHUANIA	88.09	95.99	8.97
18	LUXEMBOURG	8.07	11.48	42.29
19	MALTA	325.03	137.23	-57.78
20	NETHERLAND	4,725.10	5,069.69	7.29
21	POLAND	1,025.30	1,197.81	16.82
22	PORTUGAL	589.64	669.66	13.57
23	ROMANIA	255.74	257.55	0.71
24	SLOVAK REP	137.51	146.15	6.28
25	SLOVENIA	264.98	251.61	-5.05
26	SPAIN	3,237.11	3,424.99	5.8
27	SWEDEN	683.64	708.93	3.7
28	U K	8,828.71	8,530.07	-3.38
	Total	44,573.68	47,292.05	6.1
	India's Total	262,290.13	275,851.71	5.17
	%Share	16.994	17.144	

European Free Trade Associatipn (EFTA)

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	ICELAND	18.55	16.72	-9.84
2	LIECHTENSTEIN	0.82	0.73	-10.13
3	NORWAY	541.63	244.89	-54.79
4	SWITZERLAND	977.17	978.06	0.09
	Total	1,538.16	1,240.41	-19.36
	India's Total	262,290.13	275,851.71	5.17
	%Share	0.5864	0.4497	

Other European Countries

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	ALBANIA	24.04	26.45	10.02
2	BOSNIA-HRZGOVIN	19.7	13.1	-33.5
3	MACEDONIA	12.87	14.88	15.66
4	SERBIA	43.34	50.07	15.52
5	UNION OF SERBIA & MONTENEGRO	0.15	0.15	0.13
6	TURKEY	4,140.00	4,626.59	11.75
	Total	4,240.11	4,731.25	11.58
	India's Total	262,290.13	275,851.71	5.17
	%Share	1.6166	1.7151	

Southern African Customs Union (SACU)

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	BOTSWANA	52.38	77.12	47.23
2	LESOTHO	30.06	33.18	10.39



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3	NAMIBIA	73.62	89.88	22.1
4	SOUTH AFRICA	3,588.74	3,545.95	-1.19
5	SWAZILAND	59.9	39.56	-33.96
	Total	3,804.69	3,785.69	-0.5
India's Total		262,290.13	275,851.71	5.17
%Share		1.4506	1.3724	

Other South African Countries

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	ANGOLA	223.19	154.63	-30.72
2	MOZAMBIQUE	1,241.99	1,009.97	-18.68
3	ZAMBIA	298.11	237.21	-20.43
4	ZIMBABWE	205.08	109.08	-46.81
	Total	1,968.37	1,510.90	-23.24
India's Total		262,290.13	275,851.71	5.17
%Share		0.7505	0.5477	

West Africa

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	BENIN	427.3	447.89	4.82
2	BURKINA FASO	108.79	114.94	5.65
3	CAMEROON	190.99	148.79	-22.1
4	CAPE VERDE IS	1.43	1.25	-12.51
5	CONGO P REP	166.66	135.82	-18.5
6	EQUATL GUINEA	17.53	11.24	-35.86
7	GABON	36.82	43.34	17.72
8	GAMBIA	59.54	62.38	4.76
9	GHANA	623.73	681.03	9.19
10	GUINEA	278.57	354.95	27.42
11	GUINEA BISSAU	14.47	21.66	49.66
12	COTE D'IVOIRE	397.04	418.66	5.44
13	LIBERIA	133.88	146.3	9.28
14	MALI	107.93	107.7	-0.21
15	MAURITANIA	58.35	65.98	13.08
16	NIGER	80.16	81.24	1.35
17	NIGERIA	2,221.90	1,764.11	-20.6
18	SAO TOME	0.93	0.92	-0.46
19	SENEGAL	545.84	634.1	16.17
20	SIERRA LEONE	91.17	93.71	2.78
21	ST HELENA	0.16	0.02	-87.14
22	TOGO	532.19	315.7	-40.68
	Total	6,095.39	5,651.72	-7.28
India's Total		262,290.13	275,851.71	5.17
%Share		2.3239	2.0488	

Central Africa

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	BURUNDI	29.06	35.98	23.79
2	C AFRI REP	9.17	10.29	12.2
3	CHAD	43.49	38.52	-11.43



NATIONAL APEX CHAMBER

4	MALAWI	176.13	178.42	1.3
5	RWANDA	106.08	88.05	-16.99
6	UGANDA	569.94	494.48	-13.24
7	CONGO D. REP.	317.63	199.19	-37.29
	Total	1,251.50	1,044.92	-16.51
India's Total		262,290.13	275,851.71	5.17
%Share		0.4771	0.3788	

East Africa

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	COMOROS	17.01	20.78	22.22
2	DJIBOUTI	204.55	280.41	37.09
3	ETHIOPIA	793.62	773.5	-2.53
4	KENYA	3,025.85	2,194.29	-27.48
5	MADAGASCAR	197.04	213.7	8.46
6	MAURITIUS	855.73	881.38	3
7	REUNION	42.7	41.16	-3.59
8	SEYCHELLES	34.14	35.96	5.34
9	SOMALIA	486.6	504.04	3.58
10	TANZANIA REP	1,654.64	1,783.57	7.79
	Total	7,311.87	6,728.80	-7.97
India's Total		262,290.13	275,851.71	5.17
%Share		2.7877	2.4393	

North Africa

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	ALGERIA	787.81	841.89	6.86
2	EGYPT A RP	2,337.65	2,067.35	-11.56
3	LIBYA	122.58	120.05	-2.06
4	MOROCCO	342.19	373.91	9.27
5	SUDAN	782.35	748.71	-4.3
6	TUNISIA	222.37	255.42	14.86
	Total	4,594.95	4,407.33	-4.08
India's Total		262,290.13	275,851.71	5.17
%Share		1.7519	1.5977	

North America

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	CANADA	2,018.42	2,004.12	-0.71
2	MEXICO	2,865.16	3,460.98	20.8
3	U S A	40,335.82	42,212.27	4.65
	Total	45,219.40	47,677.38	5.44
India's Total		262,290.13	275,851.71	5.17
%Share		17.2402	17.2837	

Latin America

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	ANTIGUA	2.56	1.97	-22.99
2	ARGENTINA	536.46	510.72	-4.8



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3	BAHAMAS	11.96	5.93	-50.36
4	BARBADOS	10.5	12.35	17.65
5	BELIZE	14.51	15.23	5
6	BERMUDA	2.59	4.2	62.24
7	BOLIVIA	74.43	79.52	6.84
8	BRAZIL	2,650.34	2,400.46	-9.43
9	BR VIRGN IS	0.84	0.41	-51.14
10	CAYMAN IS	3.54	4.74	33.88
11	CHILE	679.32	674.34	-0.73
12	COLOMBIA	888.11	784.5	-11.67
13	COSTA RICA	134.76	159.31	18.22
14	CUBA	54.31	41.79	-23.05
15	DOMINIC REP	175.11	224.98	28.48
16	DOMINICA	1.47	2.46	66.81
17	ECUADOR	153.2	197.73	29.06
18	EL SALVADOR	68.54	60.45	-11.81
19	FALKLAND IS	0		
20	FR GUIANA	1.17	1.47	26.3
21	GRENADA	1.87	3.02	61.72
22	GUADELOUPE	2.87	4.39	53.17
23	GUATEMALA	255.97	241.23	-5.76
24	GUYANA	21.87	20.07	-8.25
25	HAITI	62.27	71.44	14.72
26	HONDURAS	155.05	134.97	-12.95
27	JAMAICA	40.21	43.01	6.95
28	MARTINIQUE	4.44	4.13	-7.02
29	MONTSERRAT	0.96	0.62	-35.79
30	NETHERLANDANTIL	37.25	38.12	2.34
31	NICARAGUA	82.54	86.33	4.6
32	PANAMA REPUBLIC	201.41	220.21	9.33
33	PARAGUAY	98.22	125.03	27.29
34	PERU	703.12	696.42	-0.95
35	ST KITT N A	2.2	3.09	40.44
36	ST LUCIA	2.67	4.32	61.69
37	ST VINCENT	0.55	0.78	43.33
38	SURINAME	12.86	10.5	-18.35
39	TRINIDAD	92.88	84.53	-8.99
40	TURKS C IS	0.16	0.78	384.96
41	URUGUAY	152.81	187.8	22.9
42	VENEZUELA	130.66	62.22	-52.38
43	VIRGIN IS US	4.23	5.33	26
	Total	7,530.80	7,230.94	-3.98
	India's Total	262,290.13	275,851.71	5.17
	%Share	2.8712	2.6213	

East Asia (Oceania)

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	AUSTRALIA	3,263.11	2,957.79	-9.36
2	FIJI IS	44.15	52.52	18.96
3	KIRIBATI REP	0.94	0.47	-50.02
4	NAURU RP	0.01	2.53	37,061.76
5	NEW ZEALAND	308.04	309.66	0.53



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6	PAPUA N GNA	39.45	36.28	-8.05
7	TIMOR LESTE	3.42	2.31	-32.49
8	SOLOMON IS	2.71	2.31	-15.06
9	TONGA	1.12	1.21	8.01
10	TUVALU	0.06	0.08	49.1
11	VANUATU REP	2.01	2.08	3.18
12	SAMOA	2.22	1.77	-20.25
	Total	3,667.24	3,369.00	-8.13
India's Total		262,290.13	275,851.71	5.17
%Share		1.3982	1.2213	

ASEAN

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	BRUNEI	28.45	42.88	50.75
2	CAMBODIA	143.01	105.06	-26.54
3	INDONESIA	2,819.54	3,488.12	23.71
4	LAO PD RP	37.94	25.72	-32.2
5	MALAYSIA	3,706.86	5,224.86	40.95
6	MYANMAR	1,070.65	1,107.89	3.48
7	PHILIPPINES	1,374.23	1,482.52	7.88
8	SINGAPORE	7,719.81	9,564.58	23.9
9	THAILAND	2,987.86	3,133.44	4.87
10	VIETNAM SOC REP	5,266.15	6,786.56	28.87
	Total	25,154.50	30,961.62	23.09
India's Total		262,290.13	275,851.71	5.17
%Share		9.5903	11.224	

West Asia - GCC

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	BAHARAIN IS	654.14	471.71	-27.89
2	KUWAIT	1,247.51	1,497.99	20.08
3	OMAN	2,190.79	2,728.30	24.53
4	QATAR	902.04	784.56	-13.02
5	SAUDI ARAB	6,394.23	5,110.28	-20.08
6	U ARAB EMTS	30,290.01	31,175.50	2.92
	Total	41,678.72	41,768.34	0.22
India's Total		262,290.13	275,851.71	5.17
%Share		15.8903	15.1416	

Other West Asia

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	IRAN	2,781.51	2,379.61	-14.45
2	IRAQ	1,004.39	1,111.45	10.66
3	ISRAEL	2,821.15	3,087.16	9.43
4	JORDAN	499.76	522.41	4.53
5	LEBANON	239.55	210.65	-12.06
6	SYRIA	136.83	121.74	-11.03
7	YEMEN REPUBLC	399.79	446.13	11.59
	Total	7,882.99	7,879.15	-0.05
India's Total		262,290.13	275,851.71	5.17



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%Share	3.0054	2.8563	
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North East Asia

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	TAIWAN	1,425.92	2,183.64	53.14
2	CHINA P RP	9,010.35	10,171.18	12.88
3	HONG KONG	12,092.21	14,047.24	16.17
4	JAPAN	4,662.67	3,845.73	-17.52
5	KOREA DP RP	110.88	44.84	-59.56
6	KOREA RP	3,522.64	4,241.42	20.4
7	MACAO	1.97	1.51	-23.27
8	MONGOLIA	8.44	9.78	15.86
	Total	30,835.10	34,545.33	12.03
India's Total		262,290.13	275,851.71	5.17
%Share		11.7561	12.5232	

South Asia

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	AFGHANISTAN TIS	526.6	506.34	-3.85
2	BANGLADESH PR	6,034.94	6,820.11	13.01
3	BHUTAN	468.95	509.28	8.6
4	MALDIVES	179.04	197.79	10.47
5	NEPAL	3,930.09	5,453.59	38.77
6	PAKISTAN IR	2,171.14	1,821.87	-16.09
7	SRI LANKA DSR	5,309.53	3,913.15	-26.3
	Total	18,620.28	19,222.14	3.23
India's Total		262,290.13	275,851.71	5.17
%Share		7.0991	6.9683	

Central Asian Region

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	KAZAKHSTAN	151.91	120.88	-20.43
2	KYRGHYZSTAN	25.11	30.44	21.22
3	TAJKISTAN	22.26	20.44	-8.2
4	TURKMENISTAN	68.53	57.6	-15.95
5	UZBEKISTAN	94.64	108.97	15.14
	Total	362.46	338.32	-6.66
India's Total		262,290.13	275,851.71	5.17
%Share		0.1382	0.1226	

Commonwealth of Independent States

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	ARMENIA	22.78	30.33	33.11
2	AZERBAIJAN	33.38	40.27	20.64
3	BELARUS	35.7	40.16	12.48
4	GEORGIA	82.57	90.93	10.12
5	MOLDOVA	7.81	6.71	-14.1
6	RUSSIA	1,587.81	1,937.06	22
7	UKRAINE	259.11	310.16	19.7



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	Total	2,029.17	2,455.61	21.02
India's Total		262,290.13	275,851.71	5.17
%Share		0.7736	0.8902	

Unspecified Regions

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	INSTALLATIONS IN INTERNATIONAL WATERS	7.11	79.66	1,020.98
2	AMERI SAMOA	0.16	0.08	-50.55
3	ANDORRA	0.12	0.14	25.35
4	ANGUILLA	0.02	0.04	166.46
5	ANTARTICA	0		
6	ARUBA	6.92	7.91	14.21
7	MAYOTTE		0.17	
8	CHRISTMAS IS.	0.03		
9	COCOS IS		0.02	
10	COOK IS	0.05	0.15	189.88
11	ERITREA	6.45	3.22	-50.03
12	FAROE IS.	1.75	0.59	-66.56
13	FR POLYNESIA	3.81	4.13	8.45
14	FR S ANT TR	0.06		
15	GIBRALTAR	1,182.88	1,286.88	8.79
16	GREENLAND	8.81		
17	GUAM	0.38	0.49	27.73
18	VATICAN CITY	0.05	0.04	-25.23
19	MARSHALL ISLAND	101.91	0.14	-99.86
20	MICRONESIA	0.36	0.14	-60.68
21	MONACO	1.05	1.53	46.59
22	SINT MAARTEN (DUTCH PART)		0	
23	NEW CALEDONIA	4.68	8.09	72.79
24	NIUE IS	0.04		
25	N. MARIANA IS.	0.56	0.01	-97.66
26	NORFOLK IS	0.33	0.28	-13.9
27	PALAU	0.02	0.04	130.38
28	PANAMA C Z	0.16	0.01	-93.67
29	PITCAIRN IS.		0.05	
30	PUERTO RICO	115	105.87	-7.94
31	SAN MARINO	0.26	0.23	-12.33
32	SAHARWI A.DM RP	0	0	155.56
33	MONTENEGRO	26.19	36.37	38.85
34	SOUTH SUDAN		3.24	
35	TOKELAU IS		0.03	
36	US MINOR OUTLYING ISLANDS	0.17	1.08	524.57
37	WALLIS F IS		0.01	
38	UNSPECIFIED	2,461.41	2,470.14	0.35
	Total	3,930.73	4,010.80	2.04
India's Total		262,290.13	275,851.71	5.17
%Share		1.4986	1.454	



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India's import scenario with major regions

EU Countries

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	AUSTRIA	827.11	908.34	9.82
2	BELGIUM	8,256.06	6,624.63	-19.76
3	BULGARIA	93.72	182.22	94.42
4	CROATIA	36	25.36	-29.56
5	CYPRUS	48.18	66.59	38.2
6	CZECH REPUBLIC	507.89	539.25	6.18
7	DENMARK	428.54	481.55	12.37
8	ESTONIA	142.04	102.47	-27.86
9	FINLAND	1,002.37	1,011.67	0.93
10	FRANCE	3,730.31	5,707.77	53.01
11	GERMANY	12,088.37	11,583.67	-4.18
12	GREECE	111.03	121.95	9.83
13	HUNGARY	242.64	218.78	-9.83
14	IRELAND	551.51	525.82	-4.66
15	ITALY	4,072.22	3,895.01	-4.35
16	LATVIA	61.57	39.65	-35.61
17	LITHUANIA	214.35	271.16	26.5
18	LUXEMBOURG	175.72	46.08	-73.78
19	MALTA	26.43	22.37	-15.37
20	NETHERLAND	1,859.90	1,895.71	1.93
21	POLAND	569.66	690.98	21.3
22	PORTUGAL	102.54	141.16	37.66
23	ROMANIA	309.3	317.36	2.61
24	SLOVAK REP	64.64	68.53	6.01
25	SLOVENIA	88.6	101.68	14.76
26	SPAIN	1,646.02	1,968.77	19.61
27	SWEDEN	1,484.85	1,161.12	-21.8
28	U K	5,192.54	3,664.96	-29.42
	Total	43,934.10	42,384.59	-3.53
	India's Total	381,006.62	384,355.55	0.88
	%Share	11.5311	11.0274	

European Free Trade Association (EFTA)

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	ICELAND	4.25	4.68	10.24
2	LIECHTENSTEIN	1.18	0.86	-27.26
3	NORWAY	585.37	566.79	-3.17
4	SWITZERLAND	19,299.49	17,248.68	-10.63
	Total	19,890.28	17,821.01	-10.4
	India's Total	381,006.62	384,355.55	0.88
	%Share	5.2205	4.6366	

Other European Countries

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	ALBANIA	17.2	6.5	-62.22
2	BOSNIA-HRZGOVIN	4.4	3.32	-24.53



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3	MACEDONIA	7.08	24.13	240.63
4	SERBIA	22.34	27.24	21.91
5	UNION OF SERBIA & MONTENEGRO	2.9		
6	TURKEY	776.94	1,207.31	55.39
	Total	830.87	1,268.49	52.67
India's Total		381,006.62	384,355.55	0.88
%Share		0.2181	0.33	

Southern African Customs Union (SACU)

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	BOTSWANA	542.23	1,307.39	141.11
2	LESOTHO	4.94	24.91	403.95
3	NAMIBIA	10.42	50.31	382.69
4	SOUTH AFRICA	5,948.42	5,833.75	-1.93
5	SWAZILAND	40.82	39.24	-3.86
	Total	6,546.83	7,255.61	10.83
India's Total		381,006.62	384,355.55	0.88
%Share		1.7183	1.8877	

Other South African Countries

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	ANGOLA	2,766.81	2,596.49	-6.16
2	MOZAMBIQUE	362.88	546.29	50.54
3	ZAMBIA	475.38	743.9	56.49
4	ZIMBABWE	24.45	60.46	147.3
	Total	3,629.51	3,947.14	8.75
India's Total		381,006.62	384,355.55	0.88
%Share		0.9526	1.0269	

West Africa

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	BENIN	275.66	207.4	-24.76
2	BURKINA FASO	238.11	256.42	7.69
3	CAMEROON	557.54	359.11	-35.59
4	CAPE VERDE IS	2.77	1.9	-31.39
5	CONGO P REP	201.64	156.52	-22.38
6	EQUATL GUINEA	457.3	797.85	74.47
7	GABON	105.63	69.46	-34.24
8	GAMBIA	31.35	43.2	37.78
9	GHANA	2,981.27	1,938.54	-34.98
10	GUINEA	370.05	279.2	-24.55
11	GUINEA BISSAU	198.17	215.67	8.83
12	COTE D'IVOIRE	572.48	455.81	-20.38
13	LIBERIA	32.2	7.65	-76.22
14	MALI	242.78	99.23	-59.13
15	MAURITANIA	18.56	10.95	-41
16	NIGER	0.32	0.03	-90.86
17	NIGERIA	9,949.17	7,659.48	-23.01
18	SAO TOME	0	0.02	632.14
19	SENEGAL	263.95	315.85	19.66
20	SIERRA LEONE	16.56	12.23	-26.15



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21	ST HELENA		0	
22	TOGO	225.09	138.42	-38.5
	Total	16,740.61	13,024.96	-22.2
India's Total		381,006.62	384,355.55	0.88
%Share		4.3938	3.3888	

Central Africa

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	BURUNDI	0.11	1.6	1,353.09
2	C AFRI REP	0.83	0.38	-54.52
3	CHAD	320.88	169.36	-47.22
4	MALAWI	64.31	41.33	-35.72
5	RWANDA	1.35	1.18	-12.5
6	UGANDA	45.52	68.93	51.43
7	CONGO D. REP.	97.76	85.92	-12.11
	Total	530.75	368.7	-30.53
India's Total		381,006.62	384,355.55	0.88
%Share		0.1393	0.0959	

East Africa

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	COMOROS	15.1	25.65	69.91
2	DJIBOUTI	1.23	2.82	130.03
3	ETHIOPIA	60.99	67.07	9.97
4	KENYA	127.55	104.36	-18.18
5	MADAGASCAR	141.74	119.82	-15.47
6	MAURITIUS	20.36	18.37	-9.78
7	REUNION	18.78	13.9	-25.98
8	SEYCHELLES	0.67	0.93	37.64
9	SOMALIA	15.58	17.7	13.64
10	TANZANIA REP	924.79	948.49	2.56
	Total	1,326.79	1,319.11	-0.58
India's Total		381,006.62	384,355.55	0.88
%Share		0.3482	0.3432	

North Africa

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	ALGERIA	299.44	605.12	102.09
2	EGYPT A RP	1,221.20	1,163.77	-4.7
3	LIBYA	8.86	7.45	-15.88
4	MOROCCO	1,077.58	792.93	-26.42
5	SUDAN	149.2	245.15	64.3
6	TUNISIA	136.49	114.8	-15.89
	Total	2,892.76	2,929.21	1.26
India's Total		381,006.62	384,355.55	0.88
%Share		0.7592	0.7621	

North America

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	CANADA	4,234.03	4,131.52	-2.42
2	MEXICO	2,283.19	2,944.52	28.96



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3	USA	21,781.39	22,307.44	2.42
	Total	28,298.61	29,383.48	3.83
India's Total		381,006.62	384,355.55	0.88
%Share		7.4273	7.6449	

Latin America

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	ANTIGUA	0.01	0	-84.78
2	ARGENTINA	2,471.52	2,500.75	1.18
3	BAHAMAS	77.23	258.82	235.13
4	BARBADOS	0.17	0.18	8.29
5	BELIZE	1.01	0.52	-48.56
6	BERMUDA	0	0.02	5,266.67
7	BOLIVIA	240.25	173.54	-27.77
8	BRAZIL	4,040.09	4,114.69	1.85
9	BR VIRGN IS	1.55	6.72	333.31
10	CAYMAN IS		0.02	
11	CHILE	1,960.67	1,226.34	-37.45
12	COLOMBIA	807.79	593.96	-26.47
13	COSTA RICA	62.21	58.83	-5.42
14	CUBA	1.33	1.31	-1.82
15	DOMINIC REP	478.62	674.86	41
16	DOMINICA	0.1	0.77	706.78
17	ECUADOR	563.77	355.99	-36.85
18	EL SALVADOR	6.18	5.77	-6.66
19	FALKLAND IS	1.75		
20	FR GUIANA	1.16	1.45	24.95
21	GRENADA		0.06	
22	GUADELOUPE	0.06		
23	GUATEMALA	12.52	21.7	73.28
24	GUYANA	18.48	14.48	-21.63
25	HAITI	3.28	3.61	10.1
26	HONDURAS	15.91	22.16	39.24
27	JAMAICA	1.55	1.17	-24.48
28	MONTERRAT			
29	NETHERLANDANTIL	59.24	66.7	12.59
30	NICARAGUA	3.85	2.62	-31.86
31	PANAMA REPUBLIC	72.49	201.83	178.41
32	PARAGUAY	112.26	155.28	38.32
33	PERU	820.22	1,076.69	31.27
34	ST KITT N A	0.16	0.01	-95.25
35	ST LUCIA	0.45	0.24	-47.38
36	ST VINCENT	0		
37	SURINAME	43.33	45.92	5.99
38	TRINIDAD	91.94	173.54	88.74
39	TURKS C IS	0.02	0.03	47.89
40	URUGUAY	17.71	13.45	-24.06
41	VENEZUELA	5,701.81	5,512.06	-3.33
42	VIRGIN IS US	1.08	4.53	321.5
	Total	17,691.79	17,290.63	-2.27
India's Total		381,006.62	384,355.55	0.88
%Share		4.6434	4.4986	



NATIONAL APEX CHAMBER

East Asia (Oceania)

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	AUSTRALIA	8,898.78	11,154.48	25.35
2	FIJI IS	0.37	0.6	61.02
3	NAURU RP	5.76	0.04	-99.38
4	NEW ZEALAND	547.61	504.44	-7.88
5	PAPUA N GNA	179.59	108.06	-39.83
6	TIMOR LESTE	0.03	0.17	417.56
7	SOLOMON IS	67.67	53.96	-20.26
8	TONGA	0	0.05	50,400.00
9	TUVALU	0.01	0.13	1,077.57
10	VANUATU REP	0.29		
11	SAMOA	2.46	6.3	155.92
	Total	9,702.58	11,828.22	21.91
India's Total		381,006.62	384,355.55	0.88
%Share		2.5466	3.0774	

ASEAN

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	BRUNEI	554.02	627.85	13.33
2	CAMBODIA	54.43	36.1	-33.67
3	INDONESIA	13,131.93	13,427.99	2.25
4	LAO PD RP	180.03	207.38	15.19
5	MALAYSIA	9,083.83	8,933.59	-1.65
6	MYANMAR	984.27	1,067.25	8.43
7	PHILIPPINES	542.16	494.62	-8.77
8	SINGAPORE	7,308.38	7,086.57	-3.04
9	THAILAND	5,510.16	5,415.40	-1.72
10	VIETNAM SOC REP	2,560.39	3,320.56	29.69
	Total	39,909.60	40,617.31	1.77
India's Total		381,006.62	384,355.55	0.88
%Share		10.4748	10.5676	

West Asia - GCC

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	BAHARAIN IS	356.9	290.69	-18.55
2	KUWAIT	4,969.69	4,462.28	-10.21
3	OMAN	1,674.71	1,290.50	-22.94
4	QATAR	9,022.16	7,646.22	-15.25
5	SAUDI ARAB	20,321.33	19,972.40	-1.72
6	U ARAB EMTS	19,445.68	21,509.83	10.61
	Total	55,790.47	55,171.91	-1.11
India's Total		381,006.62	384,355.55	0.88
%Share		14.6429	14.3544	

Other West Asia

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	IRAN	6,278.75	10,506.51	67.33
2	IRAQ	10,837.58	11,707.94	8.03
3	ISRAEL	2,095.33	1,961.12	-6.41



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4	JORDAN	853.12	828.24	-2.92
5	LEBANON	27.61	30.21	9.41
6	SYRIA	40.54	32.25	-20.46
7	YEMEN REPUBLIC	6.88	4.81	-30.05
	Total	20,139.82	25,071.08	24.49
India's Total		381,006.62	384,355.55	0.88
%Share		5.286	6.5229	

North East Asia

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	TAIWAN	3,354.28	3,142.89	-6.3
2	CHINA P RP	61,706.83	61,281.57	-0.69
3	HONG KONG	6,051.66	8,204.18	35.57
4	JAPAN	9,850.22	9,754.64	-0.97
5	KOREA DP RP	87.9	88.59	0.79
6	KOREA RP	13,047.12	12,585.35	-3.54
7	MACAO	8.29	7.91	-4.53
8	MONGOLIA	4.14	1.99	-51.87
	Total	94,110.44	95,067.13	1.02
India's Total		381,006.62	384,355.55	0.88
%Share		24.7005	24.7342	

South Asia

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	AFGHANISTAN TIS	307.9	292.9	-4.87
2	BANGLADESH PR	727.15	701.68	-3.5
3	BHUTAN	281.27	307.82	9.44
4	MALDIVES	4.29	9.17	113.87
5	NEPAL	470.59	445.13	-5.41
6	PAKISTAN IR	441.03	454.49	3.05
7	SRI LANKA DSR	742.79	602.2	-18.93
	Total	2,975.01	2,813.40	-5.43
India's Total		381,006.62	384,355.55	0.88
%Share		0.7808	0.732	

Central Asian Region

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	KAZAKHSTAN	352.93	521.29	47.7
2	KYRGHYZSTAN	1.79	1.48	-16.96
3	TAJKISTAN	9.98	21.82	118.79
4	TURKMENISTAN	46.97	21.32	-54.61
5	UZBEKISTAN	45.26	46.54	2.85
	Total	456.91	612.45	34.04
India's Total		381,006.62	384,355.55	0.88
%Share		0.1199	0.1593	

Commonwealth of Independent States

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	ARMENIA	14.04	1.05	-92.5
2	AZERBAIJAN	77.09	461.67	498.83
3	BELARUS	164.9	170.57	3.44



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4	GEORGIA	24.47	31.52	28.81
5	MOLDOVA	4.89	11.73	140.08
6	RUSSIA	4,584.98	5,552.30	21.1
7	UKRAINE	1,751.10	2,481.47	41.71
	Total	6,621.47	8,710.32	31.55
India's Total		381,006.62	384,355.55	0.88
%Share		1.7379	2.2662	

Unspecified Regions

S.No.	Country	2015-16 (USD Million)	2016-17 (USD Million)	Growth (%)
1	AMERI SAMOA	1.13	0.14	-87.76
2	ANDORRA	0	0.09	89,400.00
3	ANGUILLA	0.01	0	-81.36
4	ANTARTICA	1.11	0.5	-55.1
5	ARUBA	0.3	4.27	1,339.14
6	CHRISTMAS IS.	0	0.02	4,300.00
7	ERITREA	167.45	36.41	-78.25
8	FAROE IS.	0.04	0.01	-80.99
9	GUERNSEY		0.11	
10	FR POLYNESIA	0.02	0.01	-53.41
11	FR S ANT TR	0.03		
12	GREENLAND	0.1	0.1	-0.88
13	HEARD MACDONALD		0	
14	VATICAN CITY	0	0.02	942.11
15	MARSHALL ISLAND	0.41	8.71	2,042.21
16	MONACO	1.53	1.11	-27.38
17	NEW CALEDONIA	50.35	23.98	-52.37
18	NIUE IS	0		
19	N. MARIANA IS.	0.23	0.03	-87.15
20	NORFOLK IS	0.07	0.01	-84.26
21	PALAU	3.7	0	-99.9
22	PANAMA C Z		0.45	
23	PITCAIRN IS.	0.01	0	-51.72
24	PUERTO RICO	50.17	49.99	-0.35
25	SAN MARINO	0.52	0.39	-25.06
26	MONTENEGRO	0.05	0.05	15.4
27	ST PIERRE	0.02		
28	SOUTH SUDAN		0.18	
29	TOKELAU IS	0	0.01	194.44
30	US MINOR OUTLYING ISLANDS	0.36	0.56	56.01
31	WALLIS F IS	0.24		
32	UNSPECIFIED	8,709.59	7,343.64	-15.68
	Total	8,987.44	7,470.80	-16.88
India's Total		381,006.62	384,355.55	0.88
%Share		2.3589	1.9437	

3.5 India's Top Trading Destinations

India's top ten trading partners' share has hovered between 50% during 2010-11 and 2016-17. China and USA has supplanted UAE as major trading partners of India. UAE's trade with India has consistently fallen from USD 66.58 billion in 2010-11 to USD 46.92 billion in 2016-



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17. The share of UAE in India's total trade fell from 10.7% in 2010-11 to 8% in 2016-17. South Korea has become the new entrant with whom India has enhanced its trade in the recent past. Among FTA partners, Indonesia, South Korea and Singapore are the major traders with India.

The above table highly suggests that India's trade is immensely focused on fewer countries. The data reveals that India's trade is concentrated to a high degree across fewer destinations. High concentration levels can be interpreted as an indication of vulnerability to economic changes in a small number of export markets.

An analysis of India's top 10 Trading destinations (USD Billion)

India's Top Ten Trading Destinations									
S. No.	2010-11			2013-14			2016-17 (Apr - Feb)		
	Nation	Volume	Share (%)	Nation	Volume	Share (%)	Nation	Volume	Share (%)
1	UAE	66.58	10.7%	China	65.86	8.6%	China	64.45	11.0%
2	China	57.65	9.3%	USA	61.65	8.1%	USA	58.27	10.0%
3	USA	45.34	7.3%	UAE	59.54	7.8%	UAE	46.92	8.0%
4	Switzerland	25.49	4.1%	Saudi Arab	48.62	6.4%	Saudi Arab	22.00	3.8%
5	Saudi Arab	25.07	4.0%	Switzerland	21.11	2.8%	Hong Kong	19.42	3.3%
6	Hong Kong	19.74	3.2%	Germany	20.45	2.7%	Germany	16.94	2.9%
7	Unspecified	18.71	3.0%	Hong Kong	20.05	2.6%	Switzerland	15.61	2.7%
8	Germany	18.64	3.0%	Indonesia	19.60	2.6%	Indonesia	15.20	2.6%
9	Singapore	16.96	2.7%	Iraq	19.44	2.5%	South Korea	14.87	2.5%
10	Indonesia	15.62	2.5%	Singapore	19.27	2.5%	Singapore	14.83	2.5%
11	Others	309.78	50.0%	Others	409.00	53.5%	Others	295.90	50.6%
	Total Trade	619.58		Total	764.59		Total	584.41	

Source: PHD Research Bureau, Compiled from Ministry of Commerce

3.6 India's Top Export Destinations

On analyzing the top 10 exporting and importing markets of India, has been observed that India has a trade arrangement with only 3 countries viz. Singapore, Sri Lanka and South Korea. Among the top 3 export destination of India, viz. USA, UAE and China, India has trade arrangement with none.

Although India has no trade arrangement with the United States of America, the latter has come to be the most important market for India. Not only it is the largest export destination for India but also it has helped Indian producers in evolving their capacities both in merchandise and services products standards, technology, processes, etc. Since 2010, it has been found that U.A.E, Singapore, Hong Kong, U.S.A., U.K, China, and Germany have emerged as the preferred export destinations of India. U.S.A has always accounted for a lion share of India's exports, with minor increase or decrease over time.



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The share of India's top ten export destinations has increased from 51.8% in 2010-11 to 54.2% in 2016-17. Among top ten export destinations, USA and UAE hold half of the share between them and rest of the eight nations. The share of "Others" has fallen from 48.2% in 2010-11 to 45.8% in 2016-17 indicating a fallen in degree of diversification in exports destination. This also suggests that the level of susceptibility for Indian exports has relatively risen in the recent years.

An analysis of India's top 10 Export destinations (USD Billion)

India's Top Ten Export Destinations									
S. No.	2010-11			2013-14			2016-17 (Apr - Feb)		
	Nation	Volume	Share (%)	Nation	Volume	Share (%)	Nation	Volume	Share (%)
1	USA	38.18	15.6%	USA	39.14	12.4%	UAE	33.82	13.5%
2	UAE	27.78	11.3%	UAE	30.52	9.7%	USA	25.29	10.1%
3	Hong Kong	12.67	5.2%	China	14.82	4.7%	China	14.39	5.8%
4	China	8.83	3.6%	Hong Kong	12.73	4.0%	Hong Kong	14.17	5.7%
5	Singapore	8.33	3.4%	Singapore	12.51	4.0%	Singapore	10.32	4.1%
6	UK	7.68	3.1%	Saudi Arab	12.22	3.9%	Netherland	9.83	3.9%
7	Germany	6.47	2.6%	UK	11.54	3.7%	UK	7.68	3.1%
8	Vietnam	5.95	2.4%	Netherland	9.78	3.1%	Germany	7.28	2.9%
9	Bangladesh	5.85	2.4%	Germany	8.00	2.5%	Belgium	6.75	2.7%
10	Belgium	4.98	2.0%	Belgium	7.52	2.4%	France	5.78	2.3%
11	Others	118.09	48.2%	Others	155.62	49.5%	Others	114.50	45.8%
Total Exports		244.80		Total	314.41		Total	249.82	

Source: PHD Research Bureau, Compiled from Ministry of Commerce

3.7 India's Top Import Sources

The share of top ten import sources in India's total imports has hovered around 53% between 2010-11 and 2016-17. China has remained the major source of India's imports. China's share in India's total imports grew remarkably from 11.8% in 2010-11 to 16.3% in 2016-17. Among FTA partners, Indonesia has profoundly intensified its position in India's imports over the past six years.

An analysis of India's top 10 import sources (USD Billion)

India's Top Ten Import Sources									
S. No.	2010-11			2013-14			2016-17 (Apr - Feb)		
	Nation	Volume	Share (%)	Nation	Volume	Share (%)	Nation	Volume	Share (%)
1	China	43.48	11.8%	China	51.03	11.3%	China	55.62	16.3%
2	UAE	32.75	8.9%	Saudi Arab	36.40	8.1%	USA	20.09	5.9%
3	Switzerland	24.80	6.7%	UAE	29.02	6.4%	UAE	19.13	5.6%
4	Saudi Arab	20.39	5.5%	USA	22.51	5.0%	Saudi Arab	17.48	5.1%
5	USA	20.05	5.4%	Switzerland	19.31	4.3%	Switzerland	14.81	4.3%



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6	Germany	11.89	3.2%	Iraq	18.52	4.1%	Indonesia	12.09	3.5%
7	Iran	10.93	3.0%	Kuwait	17.15	3.8%	South Korea	11.24	3.3%
8	Australia	10.79	2.9%	Qatar	15.71	3.5%	Germany	10.47	3.1%
9	Nigeria	10.79	2.9%	Indonesia	14.75	3.3%	Iraq	10.05	2.9%
10	South Korea	10.48	2.8%	Nigeria	14.10	3.1%	Australia	9.76	2.9%
11	Others	173.43	46.9%	Others	211.70	47.0%	Others	160.16	47.0%
Total		369.77		Total	450.20		Total	340.90	

Source: PHD Research Bureau; Compiled from Ministry of Commerce

3.8 Trade Cost Analysis

An optimal way to carve out a potential roadmap for trade flow between two countries is to identify and incorporate the element of cost of doing trade between them. Trade costs³ are the price equivalent of the reduction of international trade compared with the potential implied by domestic production and consumption in the origin and destination markets. Higher bilateral trade costs result in smaller bilateral trade flows.

It can be easily accessed from the table below the India's trade cost with its contiguous neighbours is amongst the highest. Logically speaking, lesser distance can be translated to lower cost. However, in India's case, due to turmoil in the political and trust aspect, the trade cost is significantly higher. In some cases, it's more than twice with respect to other trading partners of India such as Maldives. Another impediment negating the benefits deriving out of SAARC is the compliance cost in India. According to a report by UNCTAD, it is estimated that India's exports tend to be more active towards change in income rather than the change in prices.

Trade Cost of India with different countries (in %)

Ad valorem equivalent of Trade Cost					
Country	2009	2010	2011	2012	2013
Afghanistan	151.02	165.46	161.10	181.17	169.19
Bhutan	97.52	95.61	94.68	99.37	-
Bangladesh	131.32	128.47	114.33	-	-
Nepal	99.61	100.19	98.44	97.29	93.48
Maldives	267.87	280.48	286.80	252.16	-
Australia	110.04	113.21	112.51	112.06	121.20
Canada	137.99	140.61	-	-	-
China	112.81	102.71	101.82	103.65	100.76
Germany	104.24	106.61	99.97	102.38	99.94
Indonesia	116.12	110.39	105.74	106.86	107.33
Iran	117.46	117.23	117.91	-	-
Italy	121.69	118.29	113.55	115.59	110.90
Malaysia	85.78	86.53	85.62	84.87	80.83
Pakistan	152.62	148.20	159.31	155.84	146.64

³ Trade Cost and Development: A New Data set, January 2013, World Bank.



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Saudi Arabia	89.57	90.01	90.44	90.87	91.31
Singapore	132.26	128.04	119.53	125.73	121.82
South Africa	131.11	123.48	117.17	117.71	111.40
Sri Lanka	109.90	104.76	101.88	100.27	104.48
Thailand	115.36	113.67	107.39	103.40	100.53
United Kingdom	110.34	107.35	96.62	101.98	88.46
United States	104.78	103.32	99.42	98.14	-

Source: World Bank Trade Cost Database 2017

In the case of SAARC, this trade cost hypothesis has been consolidated by the gravity model hypothesis. As compared to India's trade cost with Saudi Arabia, Germany, UK and US, trade cost with SAARC members has been at an exorbitant rate. Interestingly, for some SAARC members, the trade cost has actually witnessed a surging trend in the recent years. The exorbitant trade costs reveal a true picture of trade between India and Pakistan or even with other SAARC countries.

Despite holding a significant factor in trade - Contiguity, trade cost has been kept high due to re-routing the products traded from Dubai and Singapore. This process of re-routing led to a significant surge in the unit price of the various products. This trade fiasco can be further explained by a quintessential case of Bangladesh and Nepal – according to a survey, due to stringent non-tariff barriers and pre-requisite rules of origin, it takes 31 days and 28 verified documents to export a single product from Bangladesh to Nepal via 51 Km long corridor of India. This very situation further exacerbates already pressure-mounted trade in SAARC.

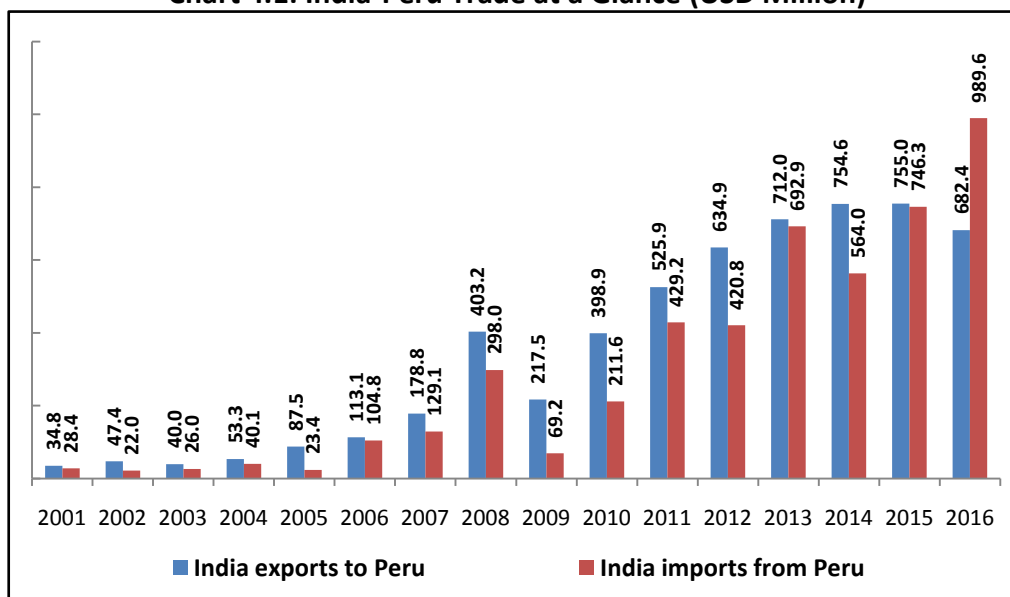
4. India's Agreements in Pipeline

There are some bilateral and multilateral agreements still under negotiation. These include India-MERCOSUR-SACU trilateral agreement, Comprehensive Economic Cooperation Agreement to be extended to services and investment trade with ASEAN, expansion of India-Chile PTA, India-GCC FTA negotiations, BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) and IBSA (India, Brazil, South Africa) among others.

4.1 India-Peru

Recognizing the complementarity between India and Peru, both the government started negotiating a comprehensive FTA. The process initiated on 30th May 2014 and is under consultation.

Chart 4.1: India-Peru Trade at a Glance (USD Million)

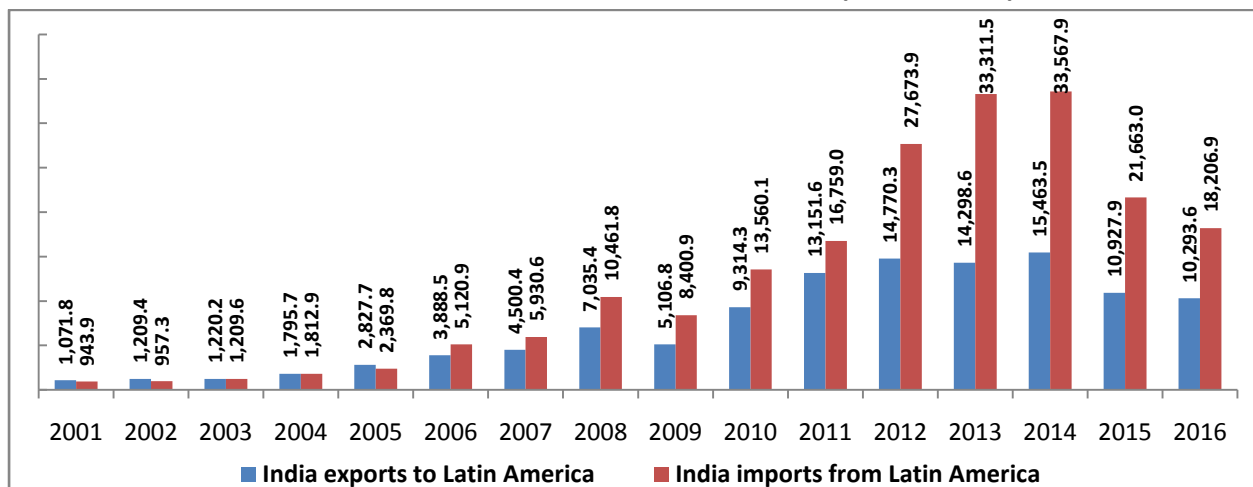


Source: PHD Research Bureau; Compiled from Trademap

4.2 India-Latin America, Africa

Further, Latin America and Africa are the new growth frontiers. South-East Asia is a melting pot of diverse cultures that is a focus area under India's "Act East" policy. North East Asia, the Middle East, and the Commonwealth of Independent States (CIS) are relatively less traversed territories for Indian trade and offer considerable potential.

Chart 4.2: India-Latin America Trade at a Glance (USD Million)



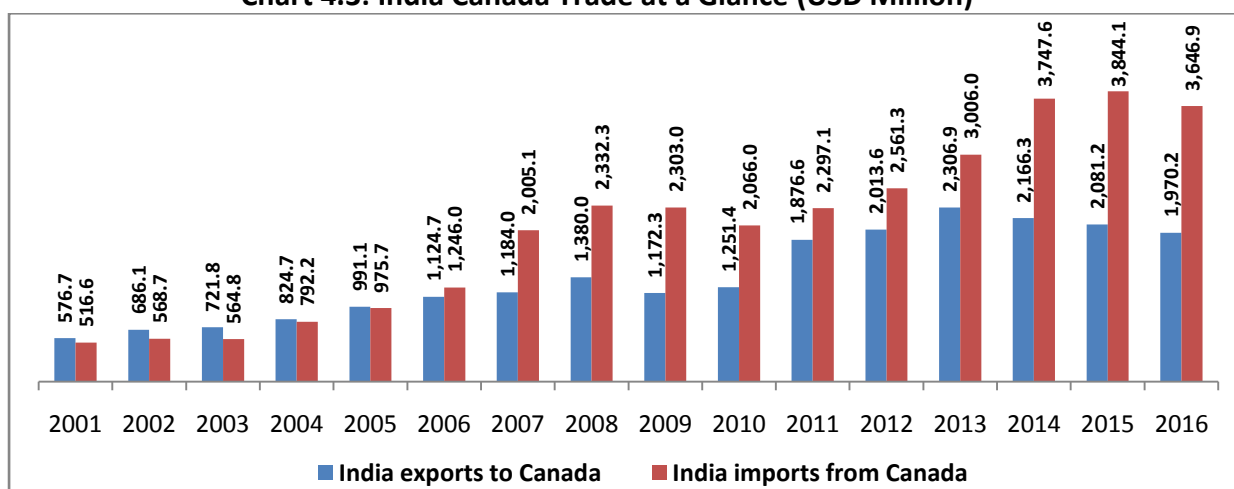
Source: PHD Research Bureau; Compiled from Trademap

The United States of America is the most important market for India. In terms of statistics, it is the largest export destination for India and has helped Indian producers in evolving their capacities both in merchandise and services product standards, technology, processes, etc.

4.3 India-Canada

There are complementarities between several sectors of India and Canada. Bilateral negotiations are underway for an FTA. The plan is to conclude the FTA negotiations by the end of this year. Mexico is a major market for India and Mexico is the destination for an array of products from India. However its participation in NAFTA, along with Canada, creates a rules framework that may be difficult to comply with at present.

Chart 4.3: India Canada Trade at a Glance (USD Million)



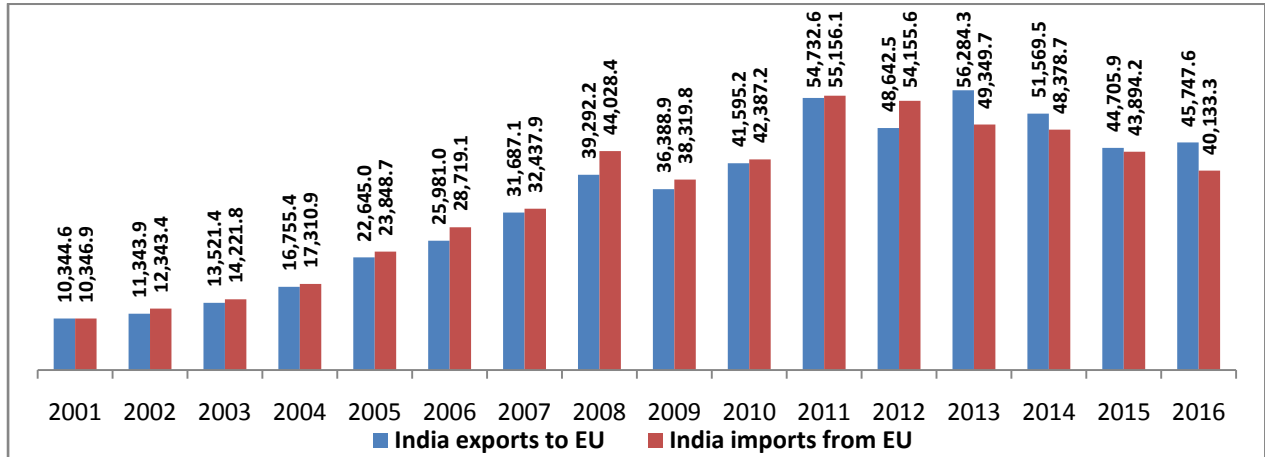
Source: PHD Research Bureau; Compiled from Trademap

4.4 India-EU

The European Union (EU), as a regional bloc, is India's largest trading partner. While India's merchandise exports in some sectors are very well integrated with the EU market, there is significant potential for growth in many of the employment creating sectors. There is also

high potential for growth of exports in technology in areas like automobiles, auto components, engineering products and pharmaceuticals.

Chart 4.4: India-EU Trade at a Glance (USD Million)



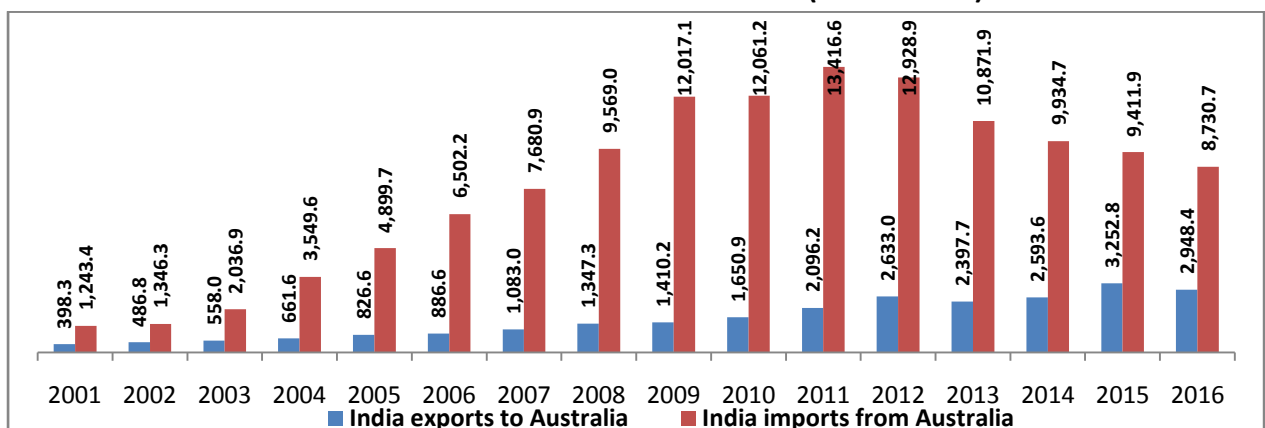
Source: PHD Research Bureau; Compiled from Trademap

India is negotiating a Trade and Economic Partnership Agreement with the EFTA (Iceland, Norway, Switzerland and Liechtenstein) countries. In the next 5 years, our trade promotion activities will focus on Turkey, Visegrad-4 (Czech Republic, Hungary, Slovak Republic, Poland) and other non-EU countries in Europe. These will include encouraging product -specific participation in local trade fairs, in our traditional areas of strength such as textiles, pharmaceuticals, and engineering, etc.

4.5 India-Australia

There is considerable scope to both widen and deepen India's economic relations with Australia. India and Australia are negotiating a Comprehensive Economic Cooperation Agreement (CECA) covering trade in goods, services, investment and related issues.

Chart 4.5: India-Australia Trade at a Glance (USD Million)

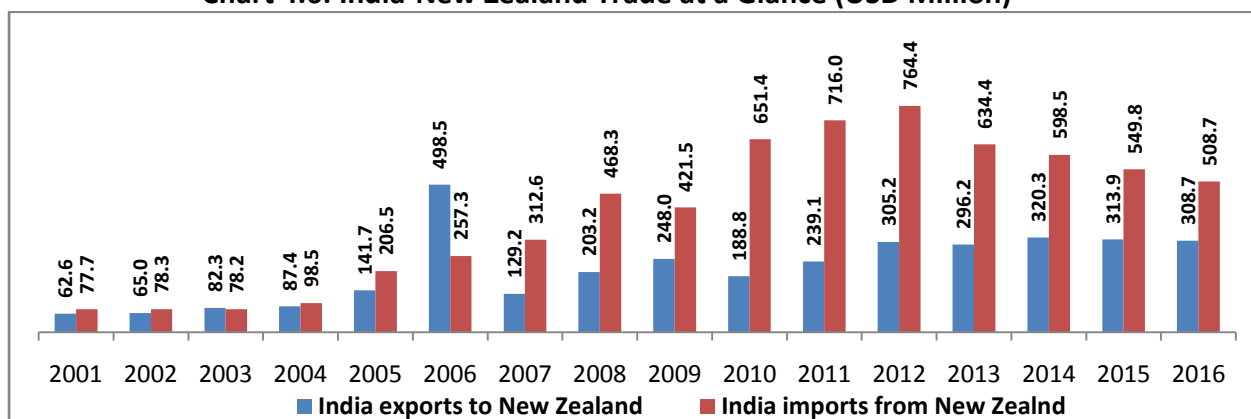


Source: PHD Research Bureau; Compiled from Trademap

4.6 India-New Zealand

India and New Zealand are also pursuing bilateral negotiations for a CEPA. Notwithstanding the difference in size and the distance between India and New Zealand, these economies are essentially complementary. India offers immense investment opportunities in manufacturing, infrastructure and services.

Chart 4.6: India-New Zealand Trade at a Glance (USD Million)



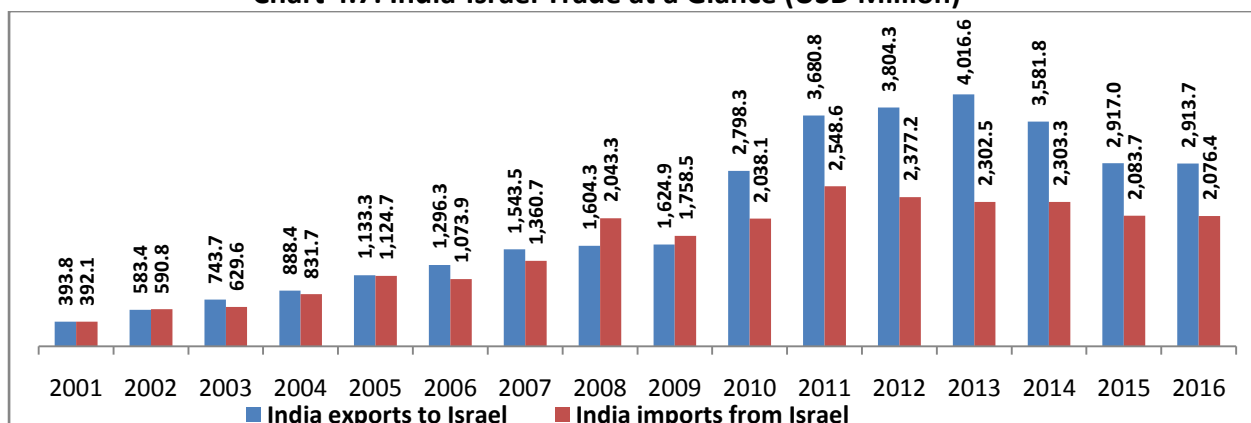
Source: PHD Research Bureau; Compiled from Trademap

Thus, given the vast trade potential India holds with a number of regional blocs and countries across the globe, analysing and studying India's existing and potential trade agreements becomes important. Enhancing bilateral and regional trade relations with the rapidly growing region of strategic importance has always been India's special focus. In order to examine the strength of its trade arrangements the present analysis studies India's trade arrangements and the benefits derived.

4.7 India – Israel

India– Israel relation plays a very significant aspect in the Indian government's overall strategy towards the Middle East. Over the past 65 years India– Israel relations has evolved sensibly and provides a high-quality example in international government relations.

Chart 4.7: India-Israel Trade at a Glance (USD Million)



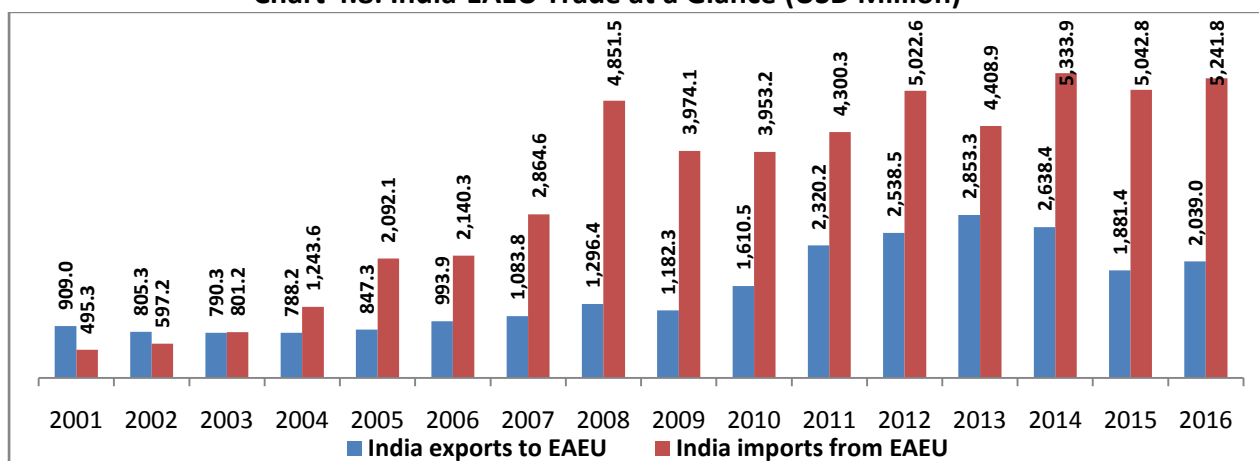
Source: PHD Research Bureau; Compiled from Trademap

The two nations are negotiating an extensive bilateral free trade agreement, focusing on areas such as information technology, biotechnology, and agriculture. As a part of its trade policy, India is making an attempt to increase its export share in the developing world. It is making serious efforts to negotiate regional/bilateral trade agreements with various countries in different regions. Israel is one of the countries with which India is trying to build a serious economic relationship.

4.8 India – Eurasian Economic Union (EAEU)

The bilateral trade between India and the EAEU has improved in the recent years but has remained low. The total trade increased from USD 9.3 Billion in 2010 to USD 11.3 Billion in 2014. India is speeding up the signing of a free trade agreement (FTA) with the Eurasian Economic Union, which include Belarus, Kazakhstan, Russia, Armenia and Kyrgyzstan.

Chart 4.8: India-EAEU Trade at a Glance (USD Million)



Source: PHD Research Bureau; Compiled from Trademap

5. Conclusions and Way Forward

Over the years, bilateral and regional trading arrangements have become permanent features of the global trading architecture. India has been actively engaging in regional and bilateral trade negotiations with a view to diversify and expand the markets for exports as well as ensuring access to the needed raw materials, intermediates and capital goods for stimulating value added domestic manufacturing.

These arrangements are known by various nomenclatures such as, Preferential Trade Agreements (PTAs), Free Trade Agreements (FTAs), Regional Trade Agreements (RTAs), Comprehensive Economic Cooperation Agreements (CECAs), Comprehensive Economic Partnership Agreements (CEPAs), Broad-based Trade and Investment Agreements (BTIA) etc. India has signed various bilateral and multi-lateral trade agreements since 2005.

While these RTAs could serve to open up markets for India's exports, there could be scope for cost reduction through economies of scale, and sourcing materials and components from partner countries as well. Indian companies could also find it easier to set up projects in partner countries to cater to local and regional customers.

On analyzing the trend in number of trade agreements signed by various countries within Asia, India ranked 2nd with 28 FTAs, preceding Singapore with 33 FTAs, followed by South Korea with 25 FTAs, Japan with 24 FTAs, China with 23 FTAs and Malaysia and Thailand with 22 FTAs. Some of the major trading nations with which SAFTA and Singapore have trade arrangements include EU, Canada, ASEAN, Korea, GCC, Japan, China, India, and Australia.

There are important trade complementarities and promising areas of bilateral cooperation between India and other countries of the world. Keeping in mind that India has always wanted to promote multilateral trade liberalization, Free Trade Agreements (FTAs) can be an important means in achieving this end. The economic linkages that India has with other nations can harvest immense business opportunities through mutually beneficial agreements. Negotiations for the bilateral free trade agreement will not only foster the development of India as a manufacturing hub and lead to the expansion of infrastructure of India, but through more imports from other nations, FTAs can lead to enhanced trade for both. FTA adequately identifies and deals with issues of deeper integration between nations.

Since the creation of WTO in 1995, over 490 additional agreements covering trade in goods and services have been notified. A total of 654 RTAs had been notified by the WTO by 5th May 2017. Out of which, 440 are in force. While the most common category is the FTA, which accounts for 86 per cent of all RTAs, the configuration of RTAs is diverse and is becoming more complex with overlapping RTAs and networks of RTAs spanning across continents.

The intra-group trade declined from 51.69 in 2005 to 44.10 in 2015 within Euro zone members, 60.54 per cent to 55.53 per cent within FTAA, 55.74 per cent to 50.35 per cent within NAFTA, 70.8 per cent to 69.29 per cent within APEC, and from 17.95 per cent to 14.80 per cent within CIS. Nonetheless, some prominent trading groups increased their intra trade such as SAARC's share rose from 5.53 per cent in 2011 to 7 per cent in 2015, MERCOSURs trade increased from 11.51 per cent in 2005 to 13.36 per cent in 2015, and GCC increased from 4.88 per cent in 2005 to 10.65 per cent in 2015.

Analyzing the percent share of these regional groupings in India's total trade, it is observed that the share of all four regional grouping has increased in India's total trade since 2000. The most significant increase is observed in SAFTA, followed by APTA, ASEAN and MERCOSUR. The share of ASEAN and MERCOSUR in India's total trade increased only marginally. Thus, India's trade potential has increased significantly only with SAFTA, while for other three regional groupings the increase is not that significant.

Further, some developing countries are unsure whether a trade arrangement embodies their best interests or not. As seen from the above analysis, India is not reaping any cost-advantage while importing from its respective partners with trade arrangements. This clearly highlights the overall departure from the core principle of trade agreements, which is based on the theory of comparative advantage. Trade arrangements with some developing countries have also fallen short of expectations in terms of the elimination of tariff and non-tariff barriers.

Analyzing the trade relations between India and its trade agreement partners it is observed that India has a trade deficit of USD 51.9 billion with APTA and USD 11.8 billion with ASEAN. On the other hand, India has a trade surplus of USD 14.3 billion with SAFTA. A fascinating feature of Indian Foreign Trade policy is continuity wherein remarkable alterations are pursued in a series of timely micro changes. Consequently, these recent proactive edifications corroborated the merchandize trade deficit for the period April – March 2016-17 is estimated at USD 46.42 billion, which is 14.49% lower than the level of USD 54.28 billion during April – March 2015-16.

As compared to India's trade cost with Saudi Arabia, Germany, UK and US, trade cost with SAARC members has been at an exorbitant rate. Interestingly, for some SAARC members, the trade cost has actually witnessed a surging trend in the recent years. The exorbitant trade costs reveal a true picture of trade between India and Pakistan or even with other SAARC countries. Despite holding a significant factor in trade - Contiguity, trade cost has been kept high due to re-routing the products traded from Dubai and Singapore.

Many countries have sought refuge in the pursuit of trade agreements, often with important trading partners (e.g. Australia and the United States), but also with relatively unimportant trading partners (e.g. Japan, Singapore etc.). Interestingly, India is one such country where it does not have a trade arrangement with important trading partners like U.S.A, U.K, Australia, U.A.E etc.

The ambiguity of the trade arrangements suggests caution in its application. The hastily negotiated agreements have only disappointed India's export growth story. Trade arrangements are also found to be biased towards large competitive trading blocs leading to

economic instability. By far, all agreements signed by India with its trading partners reflect that a number of factors have been responsible for lacklustre performance of the trade arrangements.

The partial equilibrium analysis using Gravity model revealed that cross country effects, which gives a statistical idea of India's export performance with respective countries, all the SAARC countries exhibited a negative cross-country coefficient mainly due to high trade costs and untapped export potential. A similar image was painted by the trade cost analysis wherein India's trade cost with SAARC members was relatively very high. In addition, this model has further substantiated our hypothesis. It was expected that figures with Pakistan are the worst due to high tariffs, border issues, low trust and huge unexploited trade potential. Sri Lanka and Nepal held the lowest coefficient, but negative, indicating scope for further expansion of exports from India. It also revealed that figures for UAE, Singapore are the highest suggested India's exports are immensely channeled in these countries.

India's move to enter into regional trade agreements has to be judged from the view point of promoting trade with economies with similar economic structure and to create more stability and level playing ground among its peers. However, the subdued outcomes of such a strategy are a result of poor infrastructure set-ups and procedural and administrative delays among the various other factors highlighted previously.

Identifying problems affecting trade between the regions is important so as to ensure a real solution to the ineffectiveness of the trade agreements. The trade level with partner countries and regions is below potential and it is expected that India's trade agreements in goods, when reviewed, will lead to better efficacy and results.

Further, the lack of information about India's FTAs is a common complaint. To address this, an intensive FTA outreach programme has been launched by the government. In addition, information has been provided on the website of the Department of Commerce, including FAQs and a web portal on FTAs has been developed.

There is also need for India to strengthen its product strategy as it has been decided by the government that the focus will be on promoting exports of high value products with a strong domestic manufacturing base, including engineering goods, electronics, drugs and pharmaceuticals. Other sectors which require special attention, in light of India's strengths and their contribution to employment generation, are leather, textiles, gems and jewellery.

India's efforts to intensify outreach work on bilateral trade agreements with partner countries are an important element of India's engagement at the global level. The focus of India's future trade relationship with its traditional markets in the developed world should be to increase, or at least, retain market share in these markets and to move up the value chain in these markets.

On observing the trend in overall exports, entire world is slowing down both for exports and imports. Nonetheless, India needs to make its exports more competitive amid slowing global demand and depreciating currencies. There is a pressing need for India to emerge as a global hub in the entire value chain and to pick up important sectors in which India has maximum imports.

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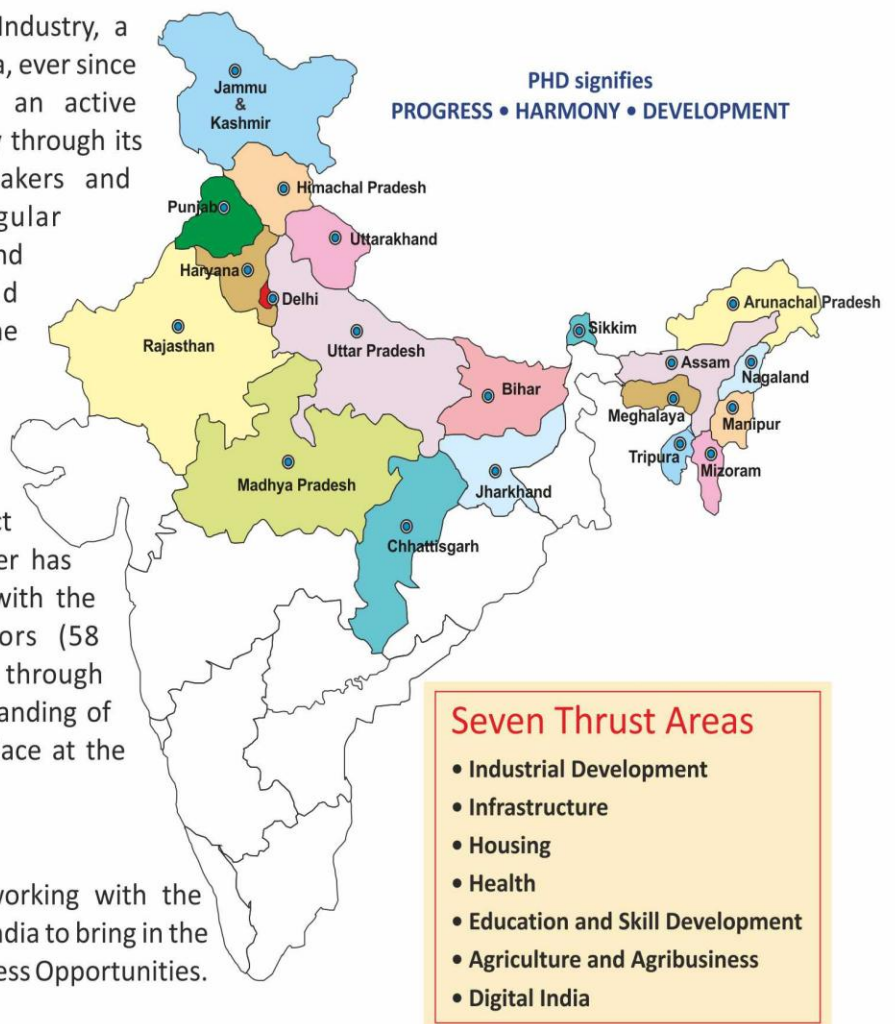


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