

CUTS Dossier on Preferential Trade Agreements

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1. Indonesia, EFTA sign long-delayed free trade deal

Indonesia signed an economic agreement with the European Free Trade Association or EFTA that aimed at increasing trade and investment, concluding almost eight years of negotiations. Under the deal, tariffs and non-tariff barriers would be eliminated for thousands of products traded between Indonesia and the EFTA countries such as Switzerland, Liechtenstein, Norway and Iceland. Among those products, Indonesian palm oil would get full market access in Iceland and Norway, with an exception of palm products for animal feed other than for fish, according to a government statement. Switzerland would also grant easier access for palm oil, but under certain quotas, its embassy in Jakarta said in a statement...Other main Indonesian export products such as fish, coffee and textiles would also get preferential treatment under the deal, in exchange for greater access for the main products of the EFTA countries, such as gold, medicines and dairy products...Trade between Indonesia and the EFTA was worth \$2.4 billion in 2017, with a \$212 million surplus in favour of Southeast Asia's biggest economy. EFTA countries put \$621 million of foreign direct investment into Indonesia in 2017, according to government records.

(<https://jakartaglobe.id/business/indonesia-efta-sign-long-delayed-free-trade-deal/>)

CUTS Comments

Indonesia signed a free trade deal with the EFTA countries (Iceland, Liechtenstein, Norway and Switzerland) that aimed at increasing trade and investment. Under the deal, tariffs and non-tariff barriers would be eliminated for thousands of products traded between Indonesia and the EFTA countries. The new trade deal between Indonesia and EFTA may change the trade balance between the two countries. It is likely to have some impact on India's export basket. Though at present competition is moderate, in the long-run the situation may change in their favour.

Trade statistics reveal that India is the 9th and 24th largest import source for Indonesia and EFTA, respectively. In 2017, the total value of India's merchandise export to Indonesia was approximately US\$ 3.77 billion. In the same year, the value of the EFTAs' merchandise export to Indonesia was approximately US\$ 606.12 million. (See Table 1.1)

India and EFTA's exports to Indonesia are of diverse nature and there is no product (at HS 6 digit level) in the top ten export segments, which overlaps between them. Major exports from India to Indonesia include shelled seed, light petroleum oils, vehicles specially designed for travelling on snow, semi-finished products of iron or non-alloy steel, dumpers designed for off-highway use and cotton, not carded or combed. Semi-finished products of iron or non-alloy steel and dumpers designed for off-highway use have shown a substantial growth during 2013 and 2017. Major exports from EFTA to Indonesia include medicaments, light oils and preparations, antisera, other blood fractions and immunological products, paints and varnishes based, optical fibre cables, plastic self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes.

Table 1.1: India and EFTA Countries' Top Ten Exports to Indonesia

Product Code	Product Description	India's Exports to Indonesia		EFTA Countries' Exports to Indonesia	
		Export Value in 2017 (US\$ mn)	CAGR (2013-17)	Export Value in 2017 (US\$ mn)	CAGR (2013-17)
120242	Shelled Seed	234 (6.22)	2.69	--	--
271019	Light Petroleum oils	150.82 (4.01)	2.33	--	--
870322	Vehicles specially designed for travelling on snow	148.81 (3.95)	24.49	--	--
720719	Semi-finished products of iron or non-alloy steel	139 (3.69)	111.42	--	--
870410	Dumpers designed for off-highway use	128.78 (3.42)	136.9	--	--
520100	Cotton, not carded or combed	116.04 (3.08)	0.84	--	--
290243	p-Xylene	98.15 (2.61)	-26.47	--	--
870899	Vehicles parts and accessories	69.05 (1.84)	-12.08	--	--
890400	Tugs and pusher craft	61.66 (1.64)	-6.96	--	--
290220	Benzene	59.44 (1.58)	13.88	--	--
300490	Medicaments	--	--	38.55 (22.9)	-11.62
271012	Light oils and preparations	--	--	28.24 (16.78)	1666.55
300210	Antisera, other blood fractions and immunological products	--	--	24.25 (14.41)	-2.59
320890	Paints and varnishes based	--	--	18.08 (10.74)	18.23
854470	Optical fibre cables	--	--	14.8 (8.79)	781.42
391990	Plastic self-adhesive	--	--	9.17	301.65

	plates, sheets, film, foil, tape, strip and other flat shapes			(5.45)	
330210	Mixtures of odoriferous substances	--	--	9.16 (5.44)	-19.57
30211	Trout	--	--	9.04 (5.37)	40.28
841199	Parts of gas turbines	--	--	8.79 (5.22)	-41.4
210690	Food preparations	--	--	8.24 (4.9)	-2.47
Sub-Total*		1205.74 (32.04)	--	168.32 (27.77)	--
Total Exports in 2017 (US\$ mn)		3762.67	--	606.12	--
Notes: Values in the parenthesis are export shares of particular products in total exports.					
* Summation of the top ten exported products. Trade Statistics for Liechtenstein is not available.					
<i>Source: WITS database</i>					

In 2017, India's export to the EFTA was valued at approximately US\$ 1.34 billion, whereas that of Indonesia to EFTA was approximately US\$ 1.31 billion. Regarding top ten exported items, there was no overlapping of products from both countries to the EFTA market. As a result of this new FTA, it is expected that EFTA's import from India may not get affected in the short-run as exports from India and Indonesia are different in nature. (See Table 1.2)

India and Indonesia's top ten exports, with their corresponding CAGRs, to EFTA are represented by Table 1.2. India's top ten exports to EFTA are approximately four and a half times more but at the same time less diverse than that of Indonesia's exports to EFTA. This may be one of the reasons why in the short-run trade diversion from India in favour of Indonesia to the EFTA market is unlikely to happen.

Table 1.2: India and Indonesia's Top Ten Export Products to EFTA Countries

Product Code	Product Description	India's Exports to EFTA Countries		Indonesia's Exports to EFTA Countries	
		Export Value in 2017 (US\$ mn)	CAGR (2013-17)	Export Value in 2017 (US\$ mn)	CAGR (2013-17)
710239	Diamonds, worked, but not mounted or set	191.04 (47.57)	-2.39	--	--
130232	Mucilages and thickeners	50.07 (12.47)	57.13	--	--
880330	Parts of aeroplanes or helicopters	29.31 (7.3)	-9.45	--	--
711319	Articles of jewellery and parts other than silver	24.78 (6.17)	-13.74	--	--
291470	Halogenated, sulphonated, nitrated or nitrosated derivatives	22.66 (5.64)	10.5	--	--
292429	Cyclic amides, incl.	18.58	47.17	--	--

	cyclic carbamates, and their derivatives	(4.63)			
293999	Vegetable alkaloids, natural or reproduced by synthesis	17.48 (4.35)	54.24	--	--
293379	Other lactams	16.23 (4.04)	40.9	--	--
294200	Other organic compounds	15.74 (3.92)	-14.69	--	--
710391	Rubies, sapphires and emeralds	15.68 (3.91)	27.72	--	--
900130	Contact lenses	--	--	48.57 (53.51)	21.8
330129	Essential oils, whether or not terpeneless	--	--	12.73 (14.03)	80.72
730424	Seamless Casing and tubing of stainless steel	--	--	6.5 (7.16)	16.36
440290	Wood charcoal	--	--	5.16 (5.69)	11.31
200820	Pineapples	--	--	3.53 (3.89)	-0.18
90510	Vanilla, neither crushed nor ground	--	--	3.23 (3.55)	629.32
382319	Industrial fatty acids (monocarboxylic)	--	--	3.09 (3.4)	-6.2
611529	Garments	--	--	2.96 (3.26)	-4.18
320411	Disperse dyes and preparations based thereon	--	--	2.71 (2.99)	9.93
630260	Toilet linen and kitchen linen, or similar terry fabrics, of cotton	--	--	2.3 (2.54)	-10.93
Sub-Total*		401.56 (29.86)	--	90.77 (6.93)	--
Total Exports in 2017 (US\$ mn)		1344.91	--	1309.73	--
Notes: Values in the parenthesis are export shares of particular products in total exports; * Summation of the top ten exported products. Trade Statistics for Liechtenstein is not available.					
<i>Source: WITS database</i>					

The effect of this Indonesia-EFTA FTA can also be analysed by using the indices of homogeneity and competitive pressure faced by Indian exports from Indonesia and the EFTA in their respective market. For this, we have used Finger-Kreinin Index (FKI) and Relative Export Competitive Pressure Index (RECPI).

The FKI measures the degree of homogeneity of trade (exports or imports) of two sets of countries with respect to the third (destination) country. The value of this index ranges from zero to one. If FKI = 1, then export structures would be exactly similar (homogeneous) and if FKI = 0, then, the export structures do not have any similarity (heterogeneous).

The RECPI calculates the level of competitive pressure a country faces from another country in a particular destination country. Suppose country X and country Y are exporting in the country Z's market. If country X's exports are 'n' times larger than the country Y's exports to country Z but these exports are entirely in different sectors when compared to country Y, then the RECPI will be equal to zero. If country X's exports are 'n' times larger than the country Y's exports to country Z but these exports are entirely in same sectors like that of country Y, then, the competitive pressure will be high for country Y and hence, the RECPI will be equal to 'n'.

Table 1.3: FKI & RECPI among India, Indonesia and the EFTA

A. India's FKI with EFTA in Indonesia's Market						B. India's FKI with Indonesia in EFTA's Market					
Competitor	2013	2014	2015	2016	2017	Competitor	2013	2014	2015	2016	2017
EFTA	0.07	0.07	0.16	0.11	0.11	Indonesia	0.06	0.07	0.05	0.04	0.04
C. India's RECPI with EFTA in Indonesia's Market						D. India's RECPI with Indonesia in EFTA's Market					
Competitor	2013	2014	2015	2016	2017	Competitor	2013	2014	2015	2016	2017
EFTA	0.00	0.00	0.06	0.01	0.01	Indonesia	0.00	0.00	0.17	0.84	0.51

Source: TradeSift calculations using data from Comtrade via WITS (HS 6-Digit)

India's export similarity and competitive pressure from EFTA in Indonesia's market do not show any symptoms of worry for India from this FTA. (See Table 1.3A & Table 1.3C) Similarly, the value of FKI and RECPI of India with Indonesia in their exports to the EFTA market is not showing any alarming trend now. The pattern of exported products from India and EFTA in the Indonesian market is comparatively more similar than that of what is exported from the Indonesia and India in the EFTA market at the aggregate level. On the other hand, India is facing comparatively more competition from Indonesia in the EFTA market, which should not be overlooked. (See Table 1.3D)

Food for Thought

Overall, our analysis has not presented any alarming signals accruing from this trade deal on India's trade relationship with Indonesia and EFTA. While this deal is not expected to make competition tougher for India in Indonesia as well as in the EFTA market in the short-run but there may be adverse effects in the long-run. India is connected with Indonesia through a free trade agreement under India-ASEAN FTA, which may protect its interest in that market. The competition which India is facing from Indonesia in the EFTA market may challenge India's export of few products in that market. Therefore, India should enhance its trade ties with these two countries with a particular focus on EFTA and conclude the India-EFTA FTA at the earliest.

2. Chile and Brazil sign a free trade agreement

Chile and Brazil have signed a free trade agreement that scraps red tape and tariffs between the two South American economies, in a move both governments said would give a boost to regional integration. Brazil President Michel Temer travelled to Santiago to sign the deal with his counterpart, Chilean President Sebastian Pinera. The agreement eliminates tariffs from 17 key areas, including service sectors and electronics, and wipes away additional cell phone charges between the two countries. Both countries touted the deal as critical to reinforcing integration in Latin America. Chile is a member of the Pacific Alliance, which also includes Mexico, Colombia and Peru. Brazil, together with Argentina, leads Mercosur, which also includes Uruguay and Paraguay...Trade between the two countries reached US\$ 7.2 billion dollars between January and September, an increase of 13% over the previous year.

(<https://santiagotimes.cl/2018/11/23/chile-and-brazil-sign-free-trade-agreement-in-santiago/>)

CUTS Comments

India has a Preferential Trade Agreement (PTA) with Chile and is now putting more efforts to expand its scope and coverage. Brazil is a member of MERCOSUR and India has a PTA with this trade bloc. Trade statistics show that there is low similarity in exported items from India and Chile to Brazil. This might be one of the reasons why India's export to Brazil may not get affected in the short-run as a result of this deal. On the other hand, with Brazil as a competitor, India may face a few challenges in the Chile market.

India is the 11th largest importing source for Brazil and the 18th largest import source for Chile. In 2017, the total value of India's export to Brazil was approximately US\$ 2.87 billion. In the same year, the value of Chile's export to Brazil was approximately US\$ 3.44 billion. (See Table 2.1)

India, Brazil and Chile's exports of top ten products with their corresponding CAGRs are given in Table 2.1 and Table 2.2, respectively. From Table 2.1 it is clear that India is not in competition with Chile in Brazil's market.

India's major exported items to Brazil are yarn of polyesters; insecticides; motor vehicle parts; packaged medicines for retail; other miscellaneous chemical product; fungicides; vehicle engine of cylinder capacity not exceeding 1,000 cc; aluminium, not alloyed; herbicides and other organic compounds. Chile exports cathodes and sections of cathodes; atlantic salmon and danube salmon ; copper ores and concentrates; sparkline wine in containers holding 2 l or less; methanol (methyl alcohol); potassium chloride; copper wire; gear boxes and parts thereof; grinding balls and similar articles for mills and roasted molybdenum ores and concentrates to Brazil. (See Table 2.1) In their top 10 exports, there is no overlapping of products from India and Chile in the Brazilian market.

Table 2.1: India and Chile's Top Ten Exports to Brazil

Product Code	Product Description	India's Exports to Brazil		Chile's Exports to Brazil	
		Export Value in 2017 (US\$ mn)	CAGR (2013-17)	Export Value in 2017 (US\$ mn)	CAGR (2013-17)
540233	Yarn of polyesters	184.95 (6.45)	-4.29	--	--
380891	Insecticides	164.71 (5.74)	-6.65	--	--
870899	Motor vehicle parts	153.34 (5.35)	7.31	--	--
300490	Packaged Medicines for retail	135.91 (4.74)	4.23	--	--
380899	Other Miscellaneous Chemical Product	80.25 (2.8)	-2.07	--	--
380892	Fungicides	78.17 (2.73)	52.91	--	--
840734	Vehicle engine of cylinder capacity not exceeding 1,000 cc	55.76 (1.94)	160.54	--	--
760110	Aluminium, not alloyed	52.05 (1.82)	126.35	--	--
380893	Herbicides	50.48 (1.76)	32.73	--	--
294200	Organic Compounds; other	48.85 (1.7)	-4.82	--	--
740311	Cathodes and sections of cathodes	--	--	987.69 (28.71)	-8.46
30214	Atlantic salmon and Danube salmon	--	--	501.7 (14.58)	8.38
260300	Copper ores and concentrates.	--	--	475.68 (13.83)	-14.47
220421	Sparkline wine in containers holding 2 l or less	--	--	145.65 (4.23)	11.94
290511	Methanol (methyl alcohol)	--	--	128.65 (3.74)	30.53
310420	Potassium chloride	--	--	113.95 (3.31)	-8.84
740811	Copper wire	--	--	104.17 (3.03)	11.99
870840	Gear boxes and parts thereof	--	--	78.35 (2.28)	-4
732611	Grinding balls and similar articles for mills	--	--	56.12 (1.63)	4.46
261310	Roasted molybdenum ores and concentrates	--	--	48.85 (1.42)	5.88
Sub-Total*		1004.46 (35.03)	--	2640.83 (76.76)	--
Total Exports in 2017 (US\$ mn)		2867.44	--	3440.42	--

Notes: Values in the parenthesis are export shares of particular products in total exports;
* Summation of the top ten exported products

Source: WITS database

Table 2.2 highlights that, as compared to India, Brazil is better positioned in Chile's market. Furthermore, there are two products (at HS 6 digit level) in their top ten product segments that India and Brazil are commonly exporting to Chile.

India is mainly exporting vehicles specially designed for travelling on snow: cylinder capacity (1000cc <1500cc); (1500cc<3000cc); <1000cc) and (1500 cc<2500cc); medicaments; apparel articles; and dumpers designed for off-highway use; g.v.w. not exceeding 5 tonnes and few others to the Chile market. On the other hand, the majority of Brazil's exports are of petroleum oils and oils obtained from bituminous minerals, crude; mattocks, picks, hoes and rakes; road tractors for semi-trailers; chassis fitted with engines for vehicles of heading 87.03; vehicles specially designed for travelling on snow: cylinder capacity (1000cc <1500cc); and (1500cc<3000cc); dumpers designed for off-highway use; g.v.w. exceeding 20 tonnes and chassis fitted with engines, for the motor vehicles of headings 87.01 to 87.05. (See Table 2.2)

Table 2.2: India and Brazil's Top 10 Exports to Chile

Product Code	Product Description	India's Exports to Chile		Brazil's Exports to Chile	
		Export Value in 2017 (US\$ mn)	CAGR (2013-17)	Export Value in 2017 (US\$ mn)	CAGR (2013-17)
870322	Vehicles for travelling on snow: cylinder capacity (1000cc <1500cc)	147.64 (19.84)	31.15	97.38 (1.94)	104.78
300490	Medicaments	48.08 (6.46)	12.79	--	--
870323	Vehicles for travelling on snow cylinder capacity(1500cc<3000 cc)	31.75 (4.27)	-12.63	159.1 (3.16)	40.31
870321	Vehicles for travelling on snow(cylinder capacity <1000cc)	28.11 (3.78)	-19.8	--	--
420329	Apparel Articles	19.96 (2.68)	-10.74	--	--
870332	Vehicles for travelling on snow cylinder capacity (1500 cc<2500cc)	17.62 (2.37)	105.93	--	--
870421	Dumpers designed for off-highway use; g.v.w. not exceeding 5 tonnes	16.85 (2.26)	-18.09	--	--
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics	15.18 (2.04)	14.76	--	--
870899	Vehicles parts	14.13 (1.9)	25.37	--	--
640391	Footwear-covering the ankle	9.84 (1.32)	26.67	--	--
270900	Petroleum oils and oils	--	--	1507.7	7.72

	obtained from bituminous minerals, crude			(29.97)	
20130	Mattocks, picks, hoes and rakes	--	--	233.38 (4.64)	-10.23
870120	Road tractors for semi-trailers	--	--	133.48 (2.65)	14.67
870790	Chassis fitted with engines for vehicles of heading 87.03	--	--	109.41 (2.17)	-6.7
870423	Dumpers designed for off-highway use; g.v.w. exceeding 20 tonnes	--	--	103.63 (2.06)	9.96
870600	Chassis fitted with engines, for the motor vehicles of headings 87.01 to 87.05	--	--	93.38 (1.86)	-8.51
20714	Meat; Cuts and offal, frozen	--	--	66.73 (1.33)	21
230400	Oil-cake and other solid residues	--	--	62.38 (1.24)	423.17
Sub-Total*		349.16 (46.93)	--	2566.57 (51.01)	--
Total Exports in 2017 (US\$ mn)		743.99	--	5031.36	--
Notes: Values in the parenthesis are export shares of particular products in total exports; * Summation of the top ten exported products					
<i>Source: WITS database</i>					

The level of similarity and competitive pressure from the exports of Brazil and Chile in each other's market with India is given in Table 2.3. It is evident that India is facing a low degree of similarity and negligible competitive pressure from Chile in Brazil's market. (See Table 2.3A & 2.3C) On the other hand, there is some level of export similarity and competitive pressure that India is facing from Brazil in Chile's market. (See Table 2.3B & 2.3D)

Table 2.3: FKI & RECPI among India, Chile and Brazil

A. India's FKI with Chile in Brazil's Market						B. India's FKI with Brazil in Chile's Market					
Competitor	2013	2014	2015	2016	2017	Competitor	2013	2014	2015	2016	2017
Chile	0.03	0.03	0.04	0.03	0.03	Brazil	0.09	0.08	0.10	0.12	0.14
C. India's RECPI with Chile in Brazil's Market						D. India's RECPI with Brazil in Chile's Market					
Competitor	2013	2014	2015	2016	2017	Competitor	2013	2014	2015	2016	2017
Chile	0.00	0.00	0.01	0.02	0.01	Brazil	0.30	0.25	0.25	0.53	0.78
<i>Source: TradeSift calculations using data from Comtrade via WITS (HS 6-Digit)</i>											

Food for Thought

Our analysis indicates that as a result of this FTA India may lose out to Brazil in some product categories. This is because in terms of total exports Brazil is a relatively larger player than India in Chile's market and their products which overlap in the export basket of India and Brazil in Chile's market have higher CAGR in favour of Brazil. India is connected to Chile and Brazil through India-Chile PTA and India-MERCOSUR PTA. Regarding India's export interest in Brazil, there is no immediate threat to India from Chile. However, India should further strengthen its trade ties with Chile and Brazil for better market access, particularly on products which are relatively less exported.

3. Canada wants a free trade deal with the Southeast Asian Nations

Canada wants to walk down the path towards a free trade agreement with a bloc of 10 Asian nations as early as next spring, Prime Minister Justin Trudeau said in his only opportunity to directly address the leaders of the Association of Southeast Asian Nations. A preliminary study of a Canada-ASEAN trade agreement has been done, but experts suggest it could take years to finalize an agreement with the 10-nation bloc, which includes the Philippines, Indonesia, Brunei, Singapore, Malaysia, Thailand, Vietnam, Laos, Cambodia and Burma...ASEAN nations combined have nearly 650 million people, an economy of US\$2.8 trillion, and are already Canada's sixth-biggest trading partner...The ASEAN nations represent extremely exciting, growing economies, looking to take their place in the world and Canada is very excited about working with you on that...The agreement, known as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership or CPTPP for short is an ambitious agreement that likely won't be matched if Canada negotiates one-on-one with ASEAN because their deals tend to be less comprehensive, Dade said.

(<https://toronto.citynews.ca/2018/11/14/canada-free-trade-southeast-asia/>)

CUTS Comments

India's economic relations with ASEAN are very good as enshrined in the Indo-ASEAN FTA. India and Canada are still without a bilateral trade agreement, which is under negotiation.

Table 3.1 and Table 3.2 show top ten exported products of India, ASEAN and Canada along with their corresponding shares in total trade in 2017 and product-wise CAGR over five years (2013-2017).

As shown in Table 3.1, the value of India's top ten products is around seven times larger than Canada's exports of top ten products to ASEAN and there is a significant difference in the value of total products exported by India to ASEAN than that of Canada to ASEAN. This portrays that as compared to Canada India is a major player in the ASEAN market. Majority of Indian products to ASEAN include medium oils and preparations, of petroleum or bituminous minerals; frozen, boneless meat of bovine animals; light oils and preparations, of petroleum or bituminous minerals; frozen shrimps and prawns; floating or submersible drilling or production platforms; flat-rolled products of iron or non-alloy steel; and diamonds, worked, but not mounted or set.

India is competing with Canada in one product namely medium oils and preparations, of petroleum or bituminous minerals. On this product, India's export is much higher than that of Canada to ASEAN. However, Canada has a higher CAGR in the export of this product to the ASEAN market.

Wheat and meslin; potassium chloride for use as fertilizer; semi-bleached or bleached coniferous chemical wood pulp, soda or sulphate; parts of turbojets or turbopropellers; commodities not elsewhere specified; soya beans; chemical wood pulp, dissolving grades; aeroplanes and other powered aircraft and helicopters and a few other products are major exported items from Canada to ASEAN.

Table 3.1: India and Canada's Top Ten Exports to ASEAN

Product Code	Product Description	India's Exports to ASEAN		Canada's Exports to ASEAN	
		Export Value in 2017 (US\$ mn)	CAGR (2013-17)	Export Value in 2017 (US\$ mn)	CAGR (2013-17)
271019	Medium oils and preparations, of petroleum or bituminous minerals	6593.74 (18.62)	5.65	81.28 (1.61)	95.93
20230	Frozen, boneless bovine meat of animals	2872.07 (8.11)	1.47	--	--
271012	Light oils and preparations, of petroleum or bituminous minerals	2041.73 (5.77)	-21.52	--	--
30617	Frozen shrimps and prawns	1195.39 (3.38)	28.66	--	--
890520	Floating or submersible drilling or production platforms	880.24 (2.49)	455.11	--	--
720839	Flat-rolled products of iron or non-alloy steel	654.16 (1.85)	43.31	--	--
710239	Diamonds, worked, but not mounted or set	641.37 (1.81)	-11.91	--	--
740311	Copper, refined, in the form of cathodes and sections of cathodes	550.94 (1.56)	16.36	--	--
760110	Aluminium, not alloyed, unwrought	542.45 (1.53)	79.20	--	--
300490	Medicaments	507.92 (1.43)	5.10	--	--
100199	Wheat and meslin	--	--	755.50 (15.01)	4.53
310420	Potassium chloride for use as fertiliser	--	--	502.56 (9.98)	-14.22
470321	Semi-bleached or bleached coniferous chemical wood pulp, soda or sulphate	--	--	294.61 (5.85)	12.16
841191	Parts of turbojets or	--	--	184.71	23.19

	turbopropellers			(3.67)	
999999	Commodities not elsewhere specified	--	--	169.93 (3.38)	19.07
120190	Soya beans	--	--	154.89 (3.08)	7.64
470200	Chemical wood pulp, dissolving grades	--	--	124.34 (2.47)	4.14
880240	Aeroplanes and other powered aircraft	--	--	103.23 (2.05)	-12.79
880212	Helicopters	--	--	80.47 (1.60)	-10.89
Sub-Total*		16480 (46.53)	--	2451.51 (48.70)	--
Total Exports in 2017 (US\$ mn)		35414.80	--	5033.99	--
Notes: Values in the parenthesis are export shares of particular products in total exports;					
* Summation of the top ten exported products					
<i>Source: ITC Trade MAP</i>					

From Table 3.2 it is clear that ASEAN is in a better position in the Canadian market than that of India in its exported products. In addition to this, ASEAN is moving fast to increase its market access in Canada which is clearly shown in the growth rate of export during 2013-17 (CAGR). India's export of top ten products to Canada (US\$571million) is approximately three times smaller than the export from ASEAN to Canada (US\$1783million). In the top ten exported products, there is one common product (i.e., frozen shrimps and prawns) that both countries are exporting to Canada, on which India has upper hand in terms of growth rate.

Table 3.2: India and ASEAN's Top Ten Exports to Canada

Product Code	Product Description	India's Exports to Canada		ASEAN's Exports to Canada	
		Export Value in 2017 (US\$ mn)	CAGR (2013-17)	Export Value in 2017 (US\$ mn)	CAGR (2013-17)
300490	Medicaments	140.74 (6.07)	0.68	--	--
30617	Frozen shrimps and prawns	113.14 (4.88)	2.80	151.26 (1.86)	-0.14
711319	Articles of jewellery and parts thereof, of precious metal other than silver	53.88 (2.32)	-8.45	--	--
870899	Parts and accessories, for tractors, motor vehicles	45.84 (1.98)	30.28	--	--
100630	Semi-milled or wholly milled rice	43.93 (1.89)	2.30	--	--
710239	Diamonds, worked, but not mounted or set	43.61 (1.88)	3.38	--	--
120190	Soya beans	42.82 (1.85)	35.69	--	--
392690	Articles of plastics and articles of other	32.02 (1.38)	1.40	--	--

	materials of heading 3901 to 3914				
870840	Gear boxes and parts thereof	27.78 (1.20)	880.97	--	--
293399	Heterocyclic compounds with nitrogen hetero-atom	27.36 (1.18)	30.86	--	--
854430	Ignition wiring sets and other wiring sets for vehicles	--	--	420.52 (5.17)	2.06
851712	Telephones for cellular networks "mobile telephones"	--	--	334.15 (4.11)	78.72
400122	Technically specified natural rubber	--	--	173.68 (2.13)	-5.84
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres	--	--	134.87 (1.66)	45.02
160414	Prepared or preserved tunas, skipjack and Atlantic bonito	--	--	128.91 (1.58)	-6.75
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton	--	--	125.45 (1.54)	24.66
880330	Parts of aeroplanes or helicopters	--	--	110.95 (1.36)	3.44
640411	Sports footwear	--	--	110.04 (1.35)	26.67
80132	Fresh or dried cashew nuts	--	--	93.22 (1.15)	16.85
	Sub-Total*	571.12 (24.62)	--	1783.07 (21.91)	--
	Total Exports in 2017 (US\$ mn)	2319.26	--	8138.36	--
<p>Notes: Values in the parenthesis are export shares of particular products in total exports; * Summation of the top ten exported products; ASEAN's export data is mixed of direct and mirror data as the export data for Cambodia and Lao PDR are not available for the year 2017.</p>					
<p><i>Source: ITC Trade MAP</i></p>					

Degrees of homogeneity and competitive pressure for India in the markets of Canada and ASEAN are presented in Table 3.3. India and Canada's and that of India and ASEAN's exported products are to a great extent homogenous and constant over the years. (See Table 3.3A and 3.3B) If we look at the competitive pressure index for India from Canada and ASEAN, it is low with respect to Canada in the ASEAN market and comparatively high with respect to ASEAN in Canada's market. (See Table 3.3C and 3.3D)

Table 3.3: FKI & RECPI among India, Canada and ASEAN

A. India's FKI with Canada in ASEAN Market						B. India's FKI with ASEAN in Canada's Market					
Competitor	2013	2014	2015	2016	2017	Competitor	2013	2014	2015	2016	2017
Canada	0.12	0.11	0.10	0.10	0.11	ASEAN	0.19	0.20	0.19	0.19	0.18
C. India's RECPI with Canada in ASEAN Market						D. India's RECPI with ASEAN in Canada's Market					
Competitor	2013	2014	2015	2016	2017	Competitor	2013	2014	2015	2016	2017
Canada	0.00	0.01	0.01	0.00	0.01	ASEAN	0.67	0.75	0.71	0.72	0.61

Source: TradeSift calculations using data from Comtrade via WITS (HS 6-Digit)

Food For Thought

India and ASEAN's exports to Canada are to a great extent diversified. ASEAN's exports are more diversified than that of India's exports to Canada. This is clear from both countries' top ten products share, which is below 30 per cent (India and ASEAN to Canada) and 50 per cent (India and Canada to ASEAN), in their total exports in value term. As of now, both India and ASEAN do not have any bilateral trade ties with Canada. ASEAN is moving fast to increase its' market access in Canada as shown in CAGR of ASEAN's exports to Canada. From Table 3.3, it is clear that as of now India is facing comparatively more competition from ASEAN in Canada's market than that of Canada in the ASEAN market. This new trade equation between Canada and ASEAN will create a more favourable space for ASEAN for its export to Canada. Therefore, India should better its trade ties with Canada by concluding its FTA negotiation with that country.