CUTS Dossier on Preferential Trade Agreements and India

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1. Chile advances towards a trade agreement with the UAE

Chile is advancing a Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates (UAE) aimed at boosting bilateral trade by eliminating or reducing tariffs on Chilean exports. The deal would immediately remove tariffs on over 1,300 products from Chile's agricultural, forestry, and livestock sectors. Overall, 97% of Chilean exports - including copper, fruit, wine, and food would enter the UAE tariff-free, with 98.1% expected to reach this status within three years. This is expected to enhance Chile's export competitiveness, attract investment, and diversify its export markets.

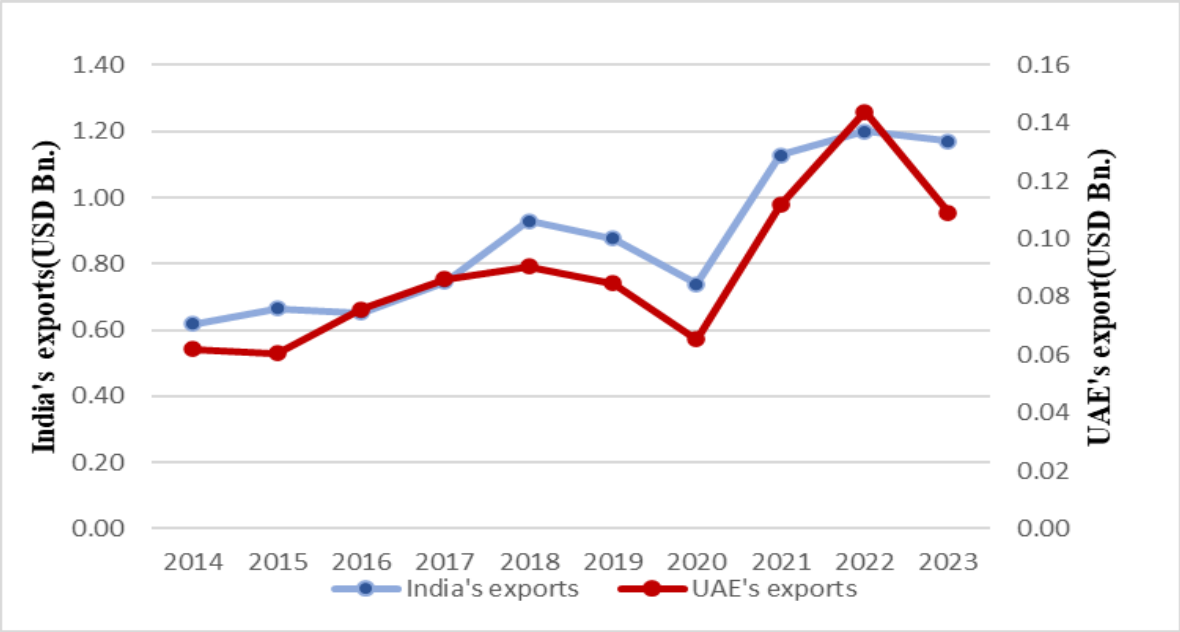
(*https://www.fruitnet.com/eurofruit/chile-advances-toward-a-trade-agreement-with-uae/266202.article*)

CUTS Comments

a) Impact on India's exports to Chile

India maintains a substantial trade advantage over the UAE in the Chilean market. From 2014 to 2020, both countries experienced modest export growth to Chile, followed by sharp increases thereafter. In 2023, India's exports to Chile reached approximately US$1.17billion, compared to the UAE's US$0.11 billion - a ten-fold difference that underscores India's dominant position.

Figure 1: India and UAE's exports to Chile, 2014-2023



Source: CUTS computations using data from WITS

Motor vehicles with piston engines (diesel or semi-diesel) is the only commonly traded key export item from India and UAE to Chile.India's other key export items to Chile include motor cycles, medicaments, oil or gas pipelines, leather clothing accessories, and kitchen linen. They collectively account for approximately 41 percent of India's total exports to Chile.

UAE's key exports to Chile include turbo jets, milk and cream, aircraft engines, helicopters, cane or beet sugar and telephones for cellular networks.They constitute approximately 51 percent of UAE's total exports to Chile.

The impact of this FTA on India's exports can be better analysed using the Finger-Kreinin Index (FKI) and the Relative Export Competitive Pressure Index (RECPI) (see Annexure I). The FKI measures the similarity in the goods exported by two countries to an importing market. The RECPI measures the degree of competitive pressure faced by one country (exporter) from another country (exporter) when they export their common products to a third market (importer).

Table 1.A represents FKI values of India with the UAE over five years.Though India's FKI with UAE increased slightly from 0.059 to 0.088, it remains consistently low,indicating minimal overlap between India's and the UAE's export baskets to Chile. Also, consistently low RECPI values demonstrate that India faces minimal competitive pressure from the UAE for their common export products in the Chilean market.

Table 1.A: India's FKI with UAE in the Chilean Market

Competitor	2019	2020	2021	2022	2023
UAE	0.059	0.065	0.070	0.084	0.088

Table 1.B: India's RECPI with UAE in the Chilean Market

Competitor	2019	2020	2021	2022	2023
UAE	0.003	0.004	0.007	0.004	0.005

Source: CUTS Computations using TradeSift software and data from WITS at HS 6-digit level

Moreover, a SMART (Software for Market Analysis and Restrictions on Trade) analysis was conducted to quantify potential trade diversion effects India might face if Chile allows the UAE to export its goods at zero duty under this FTA. It indicated that a number of Indian exports to Chile like cane or beet sugar, filtering or purifying apparatus, perfumes and toilet waters, motor vehicle parts, footwear and cotton shirts could experience negative impacts, albeit with relatively modest values.

Table 2: Trade Diversion likely to be experienced by India

Product Code	Description	Trade Diversion (Thousand US$)
170199	Cane or beet sugar	17.77
392062	Plates, sheets, film, foil and strip, of non-cellular polyethylene terephthalate (PET), not reinforced or otherwise combined	10.10
842121	Machinery and apparatus for filtering or purifying water	8.31
330300	Perfumes and toilet waters	4.91
283510	Phosphinates (hypophosphites), phosphonates (phosphites), phosphates, polyphosphates	2.65
870321	Motor vehicles principally designed for the transport of persons	2.54
640419	Footwear with outer soles of rubber or plastics and textile uppers (excluding sports footwear, and footwear of heading 6401)	2.16
850490	Parts of electrical transformers, static converters (e.g. rectifiers) and inductors	1.80
870899	Parts and accessories of motor vehicles	1.24
620520	Men's or boys' shirts, of cotton (not knitted or crocheted)	1.10

Source: CUTS computations using WITS SMART analysis tool

Food for Thought

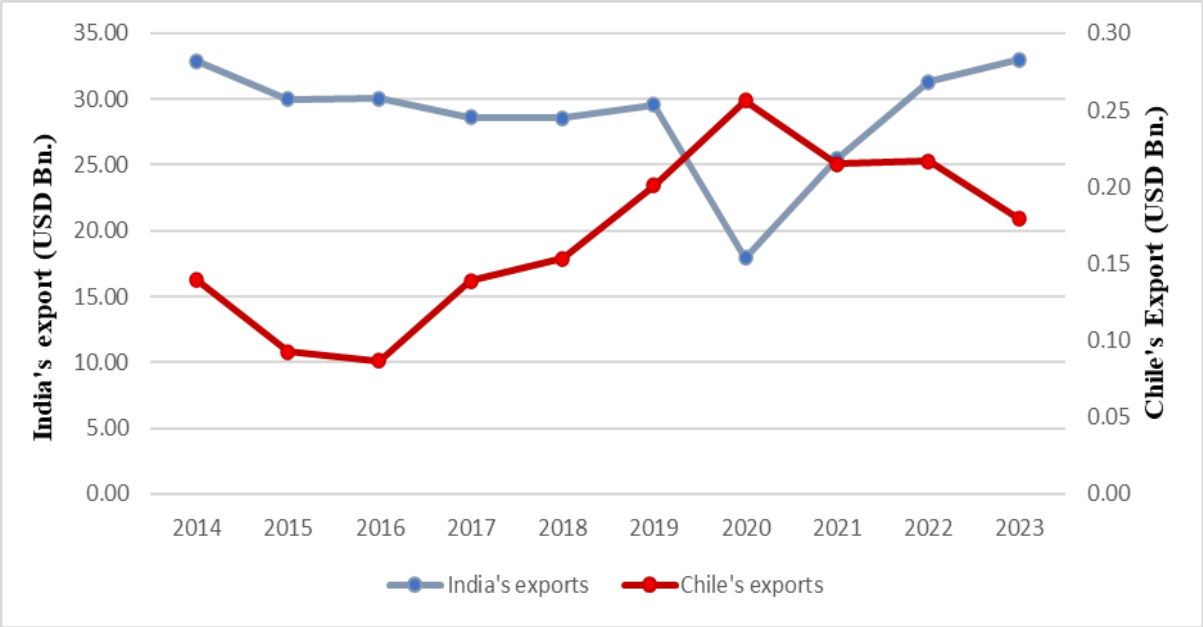
India and Chile have maintained strong economic ties since signing their Preferential Trade Agreement in 2006. This relationship reached a new milestone in May, 2025, when they signed the Terms of Reference for a Comprehensive Economic Partnership Agreement, signalling a commitment to deepen their bilateral trade partnership.

India's strong bilateral relationship with Chile, combined with minimal competitive overlap with the UAE, positions it favourably to maintain and expand its market share in Chilean market. The upcoming India-Chile CEPA negotiations present an opportunity to further strengthen this advantageous position and explore new areas of cooperation.The Chile-UAE CEPA, while potentially beneficial for Chile's export diversification, is unlikely to significantly impact India's established trade relationships and market position in Chile.

b) Impact on India's exports to the UAE

India maintains a commanding position in the UAE market compared as compared to Chile, with exports reaching nearly US$34 billion in 2023. India's export trajectory to the UAE demonstrated relative stability from 2014 to 2019, experienced a temporary decline in 2020, and subsequently recovered with steady growth. In contrast, Chile's exports to the UAE followed a consistent upward trajectory from 2016 to 2020, peaking to approximately US$1.2 billion before experiencing a small decline in subsequent years. Throughout this period, India's exports to the UAE remained substantially higher than Chile's - maintaining roughly a 28:1 ratio in 2023.

Figure 2: India and Chile's exports to the UAE, 2014-2023



Source: CUTS computations using data from WITS

Gold in unwrought form is the only one common product between India and Chile'skey export items tothe UAE. Other key exports of India to the UAE include articles of jewellery, petroleum oils and oils obtained from bituminous minerals, diamonds, semi-milled or wholly-milled rice and telephones for cellular networks or for other wireless networks. They collectively account for approximately 54 percent of India's total exports to the UAE market.Chile's other key exports to the UAE include malt extract, nitrites, potassium and sodium nitrates, agglomerated iron ores and concentrates etc. They constitute approximately 71 percent of Chile's total exports to the UAE.

Our FKI analysis reveals minimal overlap between India's and Chile's export baskets to the UAE. The FKI values consistently hover near zero (see Table 3.A), indicating negligible convergence in export basket compositions between the two countries. Also, RECPI values demonstrate virtually no competitive threat from Chile.Extremely low RECPI values throughout 2019-2023 confirm that Chile poses almost no competitive pressure on Indian exports in the UAE market for their common export products.

Table 3.A: India's FKI with Chile in the UAE Market					
Competitor	**2019**	**2020**	**2021**	**2022**	**2023**
Chile	0.012	0.011	0.038	0.057	0.041
Table 3.B: India's RECPI with Chile in the UAE Market					
Competitor	**2019**	**2020**	**2021**	**2022**	**2023**
Chile	0	0	0.001	0	0
Source: CUTS Computations using TradeSift software and data from WITS at HS 6-digit level					

Our SMART analysis indicates that if UAE imports from Chile at zero duties under this FTA, then India is likely to experience trade diversion in the UAE market due to increased competition. Several chemical, agriculture, processed food, and fish items might face modest trade diversification effect.

Table 4: Trade Diversion likely to be experienced by India

Product Code	Description	Trade Diversion (Thousand US$)
283421	Sodium hydrogen carbonate (baking soda)	14.68
292390	Quaternary ammonium salts and hydroxides	10.56
282520	Lithium oxides and hydroxides	7.21
280120	Iodine	2.96
310250	Sodium nitrate, used mainly in fertilisers	2.84
190410	Prepared foods obtained by the swelling or roasting of cereals (e.g. corn flakes)	2.68
130239	Mucilages and thickeners, whether or not modified, derived from vegetable products (excluding guar gum and locust bean gum)	2.57
080232	Walnuts, fresh or dried, shelled	2.20
081340	Other dried fruit, mixtures of nuts or dried fruits (not specified elsewhere)	1.37
030329	Other fish (excluding livers and roes), frozen, not elsewhere specified under code 0303	0.82
Source: CUTS computations using WITS SMART analysis tool		

Food for Thought

The India-UAE CEPA, implemented in May 2022, has transformed their bilateral trade dynamics, with total commerce nearly doubling from US$43.3 billion in 2020-21 to US$83.7 billion in 2023-24. India's non-oil exports surged to US$27.4 billion, driven by significant gains in smartphones, machinery, and gems and jewellery sectors.This robust foundation positions India to weather potential competition from the UAE-Chile CEPA. Our analysis indicates that India's diversified export portfolio and established preferential access under the existing CEPA with the UAE provide sufficient competitive advantages to maintain its dominant market position, rendering the UAE-CEPA's impact on India-UAE trade negligible.

2. China, Switzerland to accelerate bilateral FTA negotiations

China and Switzerland aim to accelerate talks on upgrading their Free Trade Agreement, which began in October 2024. The Swiss Foreign Minister emphasised swift completion, citing the 2013 FTA's success in boosting trade. The update will include areas like AI and digitalisation. Cassis likened the need for upgrades to smartphone apps. Highlighting decades-long ties, he stressed China's key role as Switzerland's top Asian economic partner and a vital trade, diplomatic, and scientific collaborator.

(https://www.chinadaily.com.cn/a/202504/25/WS680afc09a3104d9fd38218e5.html)

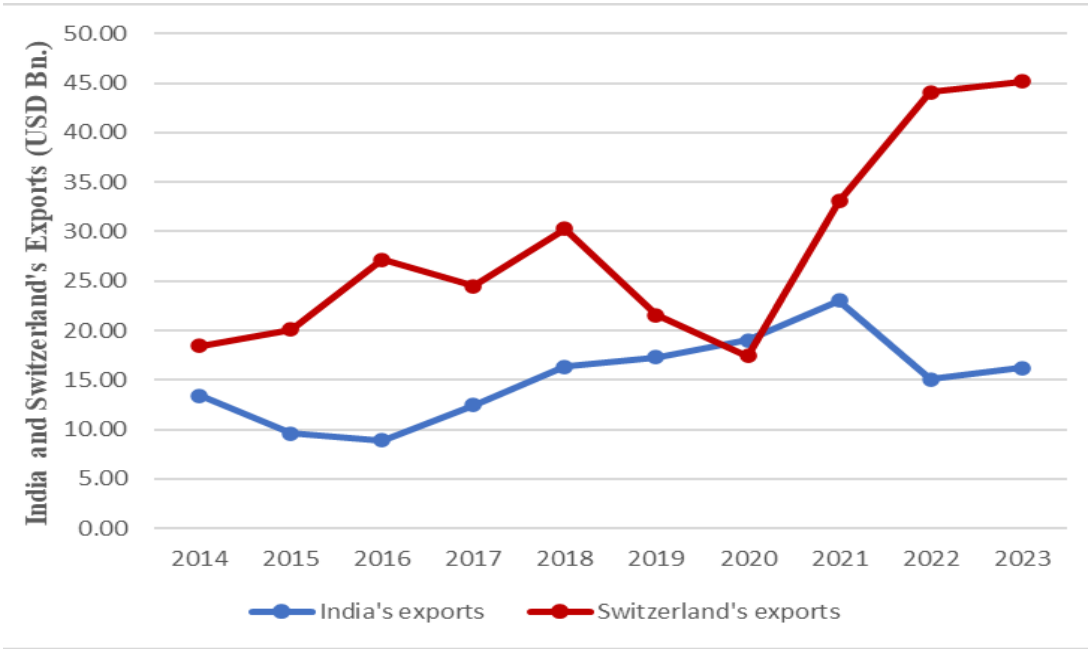
CUTS Comments

a) Impact on India's exports to China

Trade dynamics between India and Switzerland in the Chinese market reveal a significant asymmetry in export performance and market positioning. Throughout the observed period (2014 to 2023), Switzerland maintained a substantially stronger export position to China as compared to India. India's exports to China followed a gradually upward trajectory, peaking in 2021 toUS$23.04 billion before declining to US$16 billion in 2023. This decline reflects broader challenges in India-China trade relations and shifting global supply chain dynamics.

In contrast, Switzerland's exports to China demonstrated remarkable resilience and growth potential. Despite experiencing cyclical fluctuations, including a notable trough in 2020, Switzerland's exports surged dramatically from 2021 onwards, reaching US$45 billion in 2023 - nearly 2.8 times larger than India's exports to China. It underscores Switzerland's strategic positioning in high-value segments of the Chinese market.

Figure 3: India and Switzerland's exports to China, 2014-2023



Source: CUTS calculations using data from WITS

India's export basket to China is characterised by commodity-intensive products and raw materials, reflecting its role as a supplier of inputs to China's manufacturing economy. Top ten export items constitute approximately 37 percent of India's total exports to China and include products like petroleum oils, iron ores with roasted pyrites, refined copper (mainly cathodes), xylenes, frozen or processed shrimps and prawns, uncombed raw cotton, castor oil, granite and similar stones (construction), and ferro-chromium with high carbon content.

Switzerland's export to China demonstrates a remarkable concentration in high-value, specialised products. Top ten export items account for approximately 77 percent of Switzerland's total exports to China, with non-monetary gold (unwrought, excluding powder) alone comprising 68 percent of total exports. Other key exports of Switzerland to China includepharmaceutical products and unmixed medicaments, automatic watches, metal watch parts and metal cases, electric watches, skincare products, nitrogen-based heterocyclic compounds, and orthopaedic appliances.

Our FKI analysis reveals minimal overlap between India's and Switzerland's exports to China.Consistently low FKI values, ranging from 0.055 to 0.066, indicate a very limited degree of similarity in their exports to China. This suggests that the two countries operate in largely distinct market segments within the Chinese economy. Similarly, RECPI values demonstrate minimal competitive pressure from Switzerland on India's exports to China. Low RECPI values indicate that for common export items India faces minimal competition from Switzerland in the Chinese market.

Table 5.A: India's FKI with Switzerland in the Chinese Market

Competitor	2019	2020	2021	2022	2023
Switzerland	0.060	0.066	0.056	0.058	0.055

Table 5.B: India's RECPI with Switzerland in the Chinese Market

Competitor	2019	2020	2021	2022	2023
Switzerland	0.012	0.012	0.010	0.019	0.019

Source: CUTS Computations using TradeSift software and data from WITS at HS 6-digit level

Our SMART analysis reveals that certain sectors of India's exports to China may experience trade diversion under a potential China-Switzerland FTA. We have identified particular vulnerability in chemical products, heavy engineering, machinery, and jewellery sectors.

Table 6: Trade Diversion likely to be experienced by India

Product Code	Description	Trade Diversion (Thousand US$)
291429	Cyclanic ketones, L-carvone, no oxygen	229.91
293399	Nitrogen heterocyclic compound	148.08
292159	Benzidine, aromatic polyamines, salts	101.98
841480	Air conditioning gas compressors, other	62.61
711319	Gold jewellery, other precious metals	48.41
844839	Parts for textile auxiliary machinery	47.32
320412	Synthetic dyes, fluorescent brightening agents	39.76
293329	Tinidazole, imidazole ring compounds	36.51
291619	Unsaturated monocarboxylic acids, derivatives	35.77
846031	Metal finishing machine tools, grinders	34.99
Source: CUTS computations using WITS SMART analysis tool		

Food for Thought

India's trade relationship with China faces structural challenges that extend beyond the potential impact of this China-Switzerland FTA. India currently struggles with a substantial trade deficit with China, as many Indian industries remain highly dependent on Chinese intermediates while Chinese consumer goods flood the Indian market. This structural imbalance creates vulnerability to any preferential arrangement that might further advantage competing suppliers.

The proposed China-Switzerland FTA presents additional challenges, particularly for India's chemical exports to China. Given that Switzerland has already established a strong position in the Chinese market with exports nearly three times larger than India's, any preferential treatment could exacerbate existing competitive disadvantages. India's chemical, pharmaceutical, and machinery sectors appear to be most vulnerable to significant trade diversion.

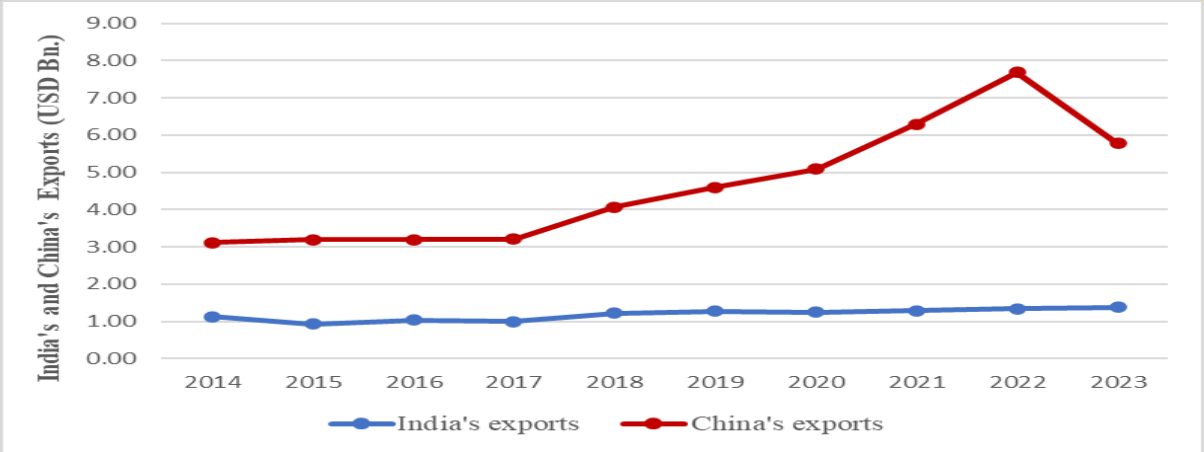
However, their limited overlap in export, as evidenced by low FKI values, suggests that the two countries compete primarily in specific niches rather than across-the-board product categories. This may limit the overall impact by concentrating effects in particular sectors where India has established export capabilities.

b) Impact on India's exports to Switzerland

India's exports to Switzerland have maintained relative stability throughout the observed timeframe, demonstrating consistent but limited market penetration. In contrast, China's exports to Switzerland followed a more dynamic pattern, remaining stable until 2017 before experiencing a pronounced upward trend that peaked in 2022, followed by a slight decline in 2023.

Disparity in export volume of the two countries is substantial and persistent. China maintains a commanding position with exports valued at US$5.78 billion in 2023, representing more than four times of India's exportsto Switzerland at US$1.38 billion. This significant gap underscores the challenges India faces in competing with China for market share in the Swiss market.

Figure 4: India and China's Exports to Switzerland, 2014-2023



Source: CUTS calculations using data from WITS

Our analysis of top ten export items reveals three common products between India and China in the Swiss market: non-monetary gold, metal jewellery, and nitrogen compounds. These shared product categories represent areas of direct competition and potential trade diversion.

India's export basket to Switzerland demonstrates a concentration of high-value specialised products, reflecting its competitive advantages in precision manufacturing and chemical products. Key export items include diamonds and other precious metals, parts of jewellery, hydrazine derivatives, nitrogen compounds, halogenated derivatives, aircraft components, ketones and quinones. They collectively constitute approximately 35 percent of India's total exports to Switzerland, indicating a moderately diversified export structure with significant concentration in precious metals and chemical products.

China's export composition to Switzerland reflects its broad manufacturing capabilities and technological advancement across multiple sectors. Key export items include laptops, telecom equipment, containers, and watch parts, jewellery, nitrogen compounds, and pharmaceutical products.They account for approximately 27 percent of China's total exports to Switzerland, suggesting a more diversified export base with strengths in technology, manufacturing, and precision components.

Our FKI analysis reveals a moderate level of export similarity between India and China in the Swiss market.FKI values ranging from 0.198 to 0.259 suggestthat while both countries compete in certain segments, they largely operate in distinct market niches in Switzerland.

On the other hand, RECPI values demonstrate significant and volatile competitive dynamics.They reveal notable fluctuations over the five-year period, with particularly intense competitive pressure during 2020-2021, when values exceeded 0.85. This sharp increase indicates rising competitive pressure from China on India's common export items during this period. Their subsequent reduction in 2022 and 2023, while still substantial, suggests some stabilisation in competitive dynamics. Also, average RECPI values are not negligible, confirming that India faces meaningful competitive pressure from China in the Swiss market for their common export products.

Table 7.A: India's FKI with China in the Swiss Market					
Competitor	**2019**	**2020**	**2021**	**2022**	**2023**
China	0.198	0.246	0.234	0.218	0.259
Table 7.B: India's RECPI with China in the Swiss Market					
Competitor	**2019**	**2020**	**2021**	**2022**	**2023**
China	0.255	0.854	0.862	0.352	0.533
Source: CUTS Computations using TradeSift software and data from WITS at HS 6-digit level					

Our SMART analysis in the context of Switzerland is not feasible, as most of its tariff lines are subject to non-ad valorem MFN duty rates, while the remaining ones are zero MFN duties.

Food for Thought

China maintains a dominant position in the Swiss market, while India faces constrained market access. With China and Switzerland poised to deepen bilateral trade ties, India must strategically utilise its Trade and Economic Partnership Agreement (TEPA) with the European Free Trade Association (EFTA), signed in 2024. Switzerland's membership in EFTA positions this Agreement as a critical instrument for India's market expansion in Switzerland and other EFTA countries.

The India-EFTA TEPA framework grants preferential access to numerous EFTA products in the Indian market through zero-duty provisions, creating significant opportunities for India to strengthen its trade engagement with Switzerland and other EFTA countries so as to diversify its export portfolio.

3. South Korea, Malaysia set to hold 9th round of FTA negotiations

South Korea and Malaysia have engaged in bilateral FTA negotiations in Kuala Lumpur, aiming to expand trade ties and cooperation across eight key areas. Two of these include enhancing market access of goods and services and better economic cooperation. The negotiations resumed in March 2024 after a five-year break. Despite an FTA with ASEAN, South Korea is pursuing individual deals with members like Malaysia to boost competitiveness amid global trade uncertainties and rising protectionism.

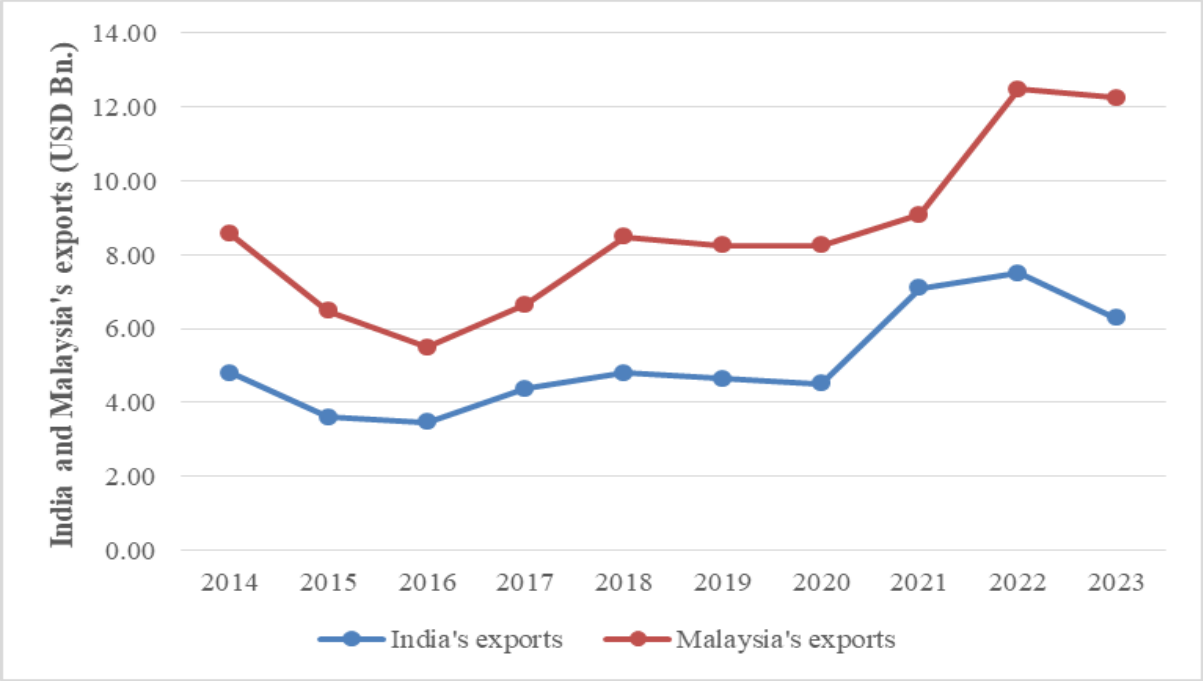
(https://en.yna.co.kr/view/AEN20250512006400320)

CUTS Comments

a) Impact on India's exports to South Korea

Malaysian exports to South Korea have fared higher than those of India throughout the period considered. While the disparity between the two countries' exports widened in 2018, it had decreased in 2021, before widening again in 2022. In 2023, India recorded US$6.29 billion of exports to the Korean market vis-a-vis US$12.25 billion exports of Malaysia in the same year.

Figure 5: India and Malaysia's exports to South Korea, 2014-2023



Source: CUTS calculations using data from WITS

Among top ten exports from both India and Malaysia to Korea, common items are unwrought and unalloyed aluminium, and petroleum oils. Other key exports from India include turbo jets, ferro-chromium alloys, unwrought and refined lead, oil cakes of rape seeds, and preparations of durum wheat. They collectively account for 48 percent of India's total exports to Korea. On the other hand, Malaysia's key exports to Korea include liquefied natural gas, processors and controllers of electronic integrated circuits, unmodified palm oil and its fractions and lumps and pellets of ferrous products. They constitute 54 percent of Malaysia's total exports.

Table 8.A presents India's FKI values in the South Korean market over a five-year period, with Malaysia serving as a comparative competitor. Consistently low FKI values indicate minimal export competition between India and Malaysia in the Korean market. This suggests that overlapping products within their respective export portfolios represent only a small proportion of total exports from either country, reflecting limited direct competition for market share in South Korea.

RECPI values as in Table 8.B demonstrate that until 2022, India maintained a higher export value share of common items as compared to Malaysia in the South Korean market. However, notable increase in the RECPI value during 2023 indicates a deterioration in India's competitive position, suggesting that Malaysia gained ground in exporting these shared product categories. This shift reflects a decline in India's relative market share for common export items, signalling intensified competition from Malaysia in common product segments.

Table 8.A: India's FKI with Malaysia in the South Korean Market

Competitor	2019	2020	2021	2022	2023
Malaysia	0.120	0.102	0.109	0.094	0.155

Table 8.B: India's RECPI with Malaysia in the South Korean Market

Competitor	2019	2020	2021	2022	2023
Malaysia	0.269	0.178	0.117	0.113	0.527

Source: CUTS Computations using TradeSift software and data from WITS at HS 6-digit level

Results of our SMART analysis reveal that zero-tariff access for Malaysian goods under this proposed FTA would result in significant export displacement for India across multiple product categories. Frozen shrimps and prawns emerge as the most vulnerable sector, facing the highest potential losses. Other substantially affected categories include animal feeds, industrial acids, vegetable fats, and various food preparations and processed products.

Table 9: Trade Diversion likely to be experienced by India

Product Code	Description	Trade Diversion (Thousand US$)
030617	Frozen shrimps and prawns	439.23
382319	Industrial monocarboxylic fatty acids and acid oils from refining	105.47
210690	Food preparations	84.49
151620	Vegetable fats and oils and their fractions	47.33
400700	Vulcanised rubber thread and cord	11.22
190590	Pastries and cakes other than crispbread, gingerbread, biscuits and toasted products	9.09
382370	Industrial fatty alcohols	9.00
130219	Mucilages and thickeners, derived from vegetable products	8.09
290514	Butanols or their isomers	7.08
230990	Preparations of a kind used in animal feeding, other than dog or cat food	6.27

Source: CUTS computations using WITS SMART analysis tool

Food for Thought

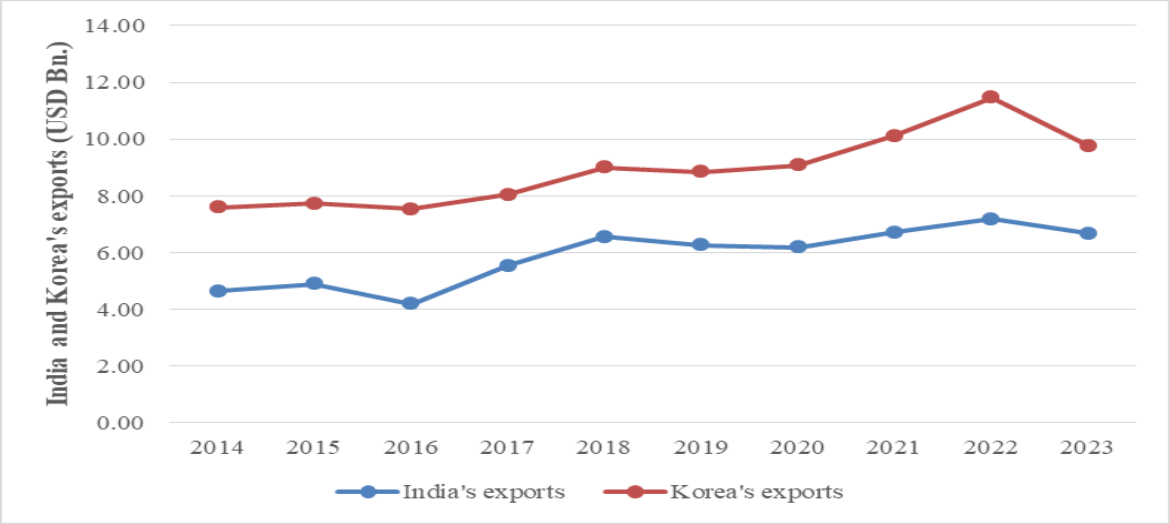
Despite Malaysia's higher export volumes to Korea as compared to India, the competitive pressure on Indian exports remains relatively moderate. However, potential implementation of zero-tariff arrangements between Korea and Malaysia poses significant risks to India's export performance in key sectors, particularly seafood, organic compounds, and food preparations.

To mitigate these risks, India should prioritise revising the India-Korea Comprehensive Economic Partnership Agreement (CEPA) provisions to enhance its market access for existing export categories. Special attention should be given to seafood products, particularly frozen shrimps and prawns, which face high risk of trade diversion under Malaysia's preferential tariff regime. Strategic amendments to this CEPA could help India maintain its competitive position and prevent substantial market share losses in these vulnerable product segments.

b) Impact on India's exports to Malaysia

India and South Korea's exports followed a similar growth trajectory throughout the period, with a notable decrease in India's export in 2016 and an increase in Korean exports in 2022. Overall, Korea has a better presence in the Malaysian market with notably higher exports than India. In 2023, while Korea exported US$9.75 billion, India's exports were at US$6.68 billion.

Figure 6: India and Korea's Exports to Malaysia, 2014-2023



Source: CUTS calculations using data from WITS

Among top ten exports from India and South Korea to Malaysia, three key product categories overlap: petroleum oils derived from bituminous minerals, refined copper cathodes, and non-navigable special purpose vehicles.India's other key export items include boneless bovine meat, semi-milled or wholly milled rice, cyclic hydrocarbons, unwrought and unalloyed aluminium, and zinc. They collectively represent 52 percent of India's total exports to Malaysia.

Similarly, other key Korean exports to Malaysia include electronic integrated circuit processors and controllers, tankers, latex, printed circuits, and complex acid salts of oxometals and peroxometals. These technology-intensive exports constitute 47 percent of South Korea's total exports to Malaysia.

Our FKI analysis reveals minimal overlap between India and South Korea's export portfolios to Malaysia. These low FKI values confirm that the two countries export distinctly different product categories to the Malaysian market, with very few common goods in their respective export baskets.

Our RECPI analysis shows a notable shift in competitive dynamics over time. Throughout most of this period, RECPI values remained relatively low, indicating India maintained a larger export value share of common items compared to South Korea. However, 2022 marked a significant departure from this trend, with RECPI values rising substantially. This increase suggests that South Korea's market share in common product categories expanded considerably, bringing its competitive position nearly equal to India's in these overlapping segments.

Table 10.A: India's FKI with South Korea in Malaysian Market					
Competitor	**2019**	**2020**	**2021**	**2022**	**2023**
South Korea	0.271	0.233	0.196	0.266	0.235
Table 10.B: India's RECPI with South Korea in Malaysian Market					
Competitor	**2019**	**2020**	**2021**	**2022**	**2023**
South Korea	0.490	0.375	0.435	0.926	0.464
Source: CUTS Computations using TradeSift software and data from WITS at HS 6-digit level					

Our SMART analysis reveals that India's exports across diverse product categories would face substantial displacement, including metal articles, construction materials, electronics, automobile goods, and specific unrendered fats of bovine animals, sheep, or goats. Export losses would be considerable across all affected categories, with cold-rolled iron or non-alloy steel coils facing the most severe impact with potential export loss exceeding US$2 million.

Table 11: Trade Diversion likely to be experienced by India

Product Code	Description	Trade Diversion (Thousand US$)
720917	Cold rolled iron or non-alloy steel coils of a thickness ranging from 0.5 mm to 1 mm	2039.09
150290	Unrendered fats of bovine animals, sheep or goats	641.33
850710	Lead acid, of a kind used for starting piston engines	324.12
730431	Other tubes, pipes and hollow profiles of iron or non-alloy steel which are cold drawn or cold rolled	233.33
853720	Boards, panels, consoles, desks, cabinets and other bases for electric control for a voltage not exceeding 1000V	195.54
721012	Flat rolled products of iron and non-alloy steel, plated or coated with steel and of thickness of 0.5 mm or more	182.73
481092	Multi-ply, whether or not coated or surface-coloured of any size	152.39
720916	Cold rolled iron or non-alloy steel coils of a thickness ranging from 1 mm to 3 mm	150.84
730619	Other kinds of line pipes of iron and steel used for oil and gas pipelines	143.56
841370	Other centrifugal pumps, whether or not fitted with a measuring device	119.58
Source: CUTS computations using WITS SMART analysis tool		

Food for Thought

India and South Korea have historically demonstrated low competition in common export categories in the Malaysian market, as evidenced from their distinct export specialisation. However, a sharp increase in RECPI values in 2022 signals intensifying competition, particularly in overlapping product segments.To address potential trade diversion and strengthen bilateral commerce, India should renegotiate the Malaysia-India Comprehensive Economic Cooperation Agreement, which presents an opportunity to secure enhanced market access for vulnerable sectors, particularly metal products, construction materials, automobile components, and electronics goods. Concurrently, India should leverage the ongoing review of the ASEAN-India Trade in Goods Agreement to establish more favourable trading conditions and strengthen its competitive position in the Malaysian market

Annexure I

Finger-Kreinin Index

The Finger-Kreinin (FK) index provides a way of measuring how similar is two sets of numbers. In principle, it can be used to compare the similarity between either the structure of a country's imports or exports with any two partner countries, to indicate how similar is a country's export pattern to its import pattern, whether geographically or by product or to compare the structure of production in two different countries.

FKI to a Destination Country

This version of the FK Index compares export patterns of two countries into a given market (for example, UK and Japan's exports to the world or to India). Another way of thinking about this is that it compares how similar are the imports of a given country from two different suppliers. This is useful if we want to consider overall similarity of exports of two countries and therefore, their degree of competitiveness/complementarity either with respect to particular markets or with respect to their trade with the rest of world. The formula for the FK Index to a destination country is as follows:

$$FK_{i_1 i_2 j} = \sum_k \left[\left(\frac{x^k_{i_1 j}}{X_{i_1 j}} \right), \left(\frac{x^k_{i_2 j}}{X_{i_2 j}} \right) \right]$$

In the FKI by destination, i_1 and i_2 are two source countries and j is a destination country. X^k refers to trade flow in product k; X as total trade flow, so x^k_{i1j}/X_{i1j} is the share of product k in country i's total exports to the destination partner (j). X^k_{i2j}/X_{i2j} is the share of product k in the comparator country's (i_2) total exports.

Relative Export Competitive Pressure Index

The Relative Export Competitive Pressure Index (RECPI) measures the competitive pressure faced by country i_1 from country i_2 in destination market j. It is defined for exporter i_1 with respect to competitor i_2 in the importing market j, as it takes into account both, the level, and the structure of trade by the two competing countries, i_1 and i_2. Specifically, country $i_1$is concerned with the value of the exports from country i_2 to country j and the extent to which these exports directly compete with its own in market j. The RECPI index is defined as follows:

$$RECPI^j_{i_1,i_2} = \frac{\sum_k s^k_{i_2 j} x^k_{i_2 j}}{\sum_k s^k_{i_1 j} x^k_{i_1 j}}$$

where k refers to the product; i_1 to the reporting country; i_2 to the competitor country, and the x and svariables refer to the exports to the common destination, market j

x^k_{ij} is the value of country i's exports to country j of good k, and s^k_{ij} denotes the share of product k in country i's exports to country j. The RECPI is a summary measure which aggregates information from across a range of sectors, subsectors or products. Hence, it can be calculated either for all trade, or for particular sectors - in all cases on the basis of more detailed sub-sectoral or product level detail.