CUTS International

CUTS Dossier on Preferential Trade Agreements and India

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Contents

1. China, Australia talk free trade, more dialogue as leaders meet in Beijing	2
CUTS Comments	2
a) Impact on India's exports to China	2
Food for Thought	5
b) Impact on India's exports to Australia	5
Food for Thought	6
2. Malaysia - South Korea set to finalise FTA by October	7
CUTS Comments	7
a) Impact on India's exports to Malaysia	7
Food for Thought	10
b) Impact on India's exports to South Korea	10
Food for Thought	12
3. Negotiations on Thailand-UK FTA set to start	13
CUTS Comments	13
a) Impact on India's exports to Thailand	13
Food for Thought	15
b) Impact on India's exports to the UK	16
Food for Thought	18
Annexure I	19
Finger-Kreinin Index	19
FKI to a Destination Country	19
Relative Export Competitive Pressure Index	19

1. China, Australia talk free trade, more dialogue as leaders meet in Beijing

Australia and China concluded a high-level dialogue aimed at strengthening their economic relationship. The nations signed multiple agreements covering trade, agriculture, customs inspection, and committed to reviewing their decade-old Free Trade Agreement (FTA). They also established a Policy Dialogue on Steel Decarbonisation to explore cooperation in green metal technology. These steps aim to solidify trade stability for Australian exports, which are primarily dominated by iron ore but also include agriculture and energy.

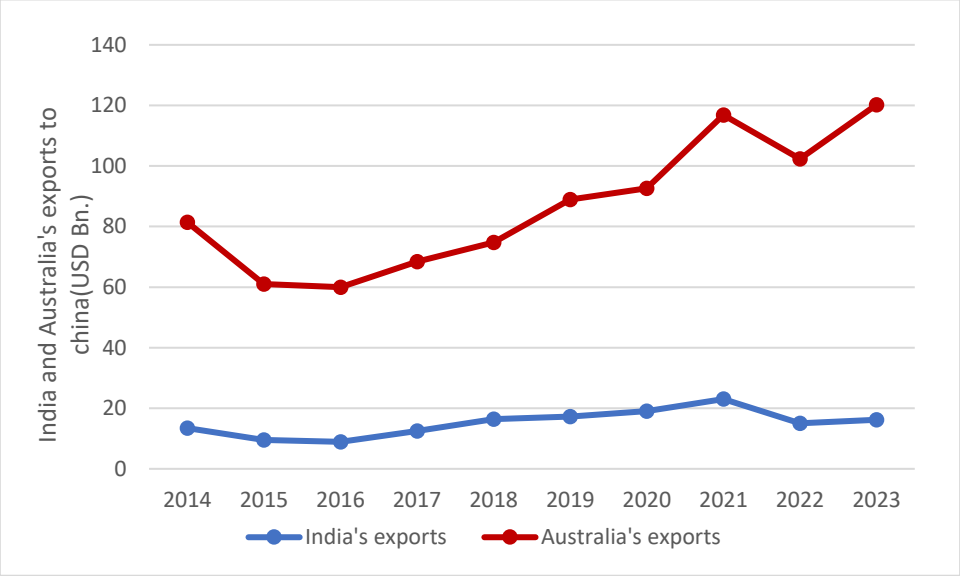
(https://www.reuters.com/world/china/australia-pm-albanese-discuss-trade-security-meeting-with-chinas-xi-2025-07-15/)

CUTS Comments

a) Impact on India's exports to China

Australia maintains a substantial trade advantage over India in the Chinese market. From 2016 to 2020, both countries experienced modest export growth to China, followed by a sharp increase for Australia. In 2023, Australia's exports to China reached approximately US$120 billion, compared to India's US$16 billion - a significant difference that underscores Australia's dominant position.

Figure 1: India and Australia's exports to China, 2014-2023



Source: CUTS computations using data from WITS

Refined Copper Cathodes and Sections, and Non-agglomerated Iron Ores and Concentrates are commonly traded key export items from India and Australia to China. India's other key export items to China include Gasoline, Iron Ore Pellets, p-Xylene, Freshwater Prawns, Raw Cotton, Castor Oil, Crude Granite, and High-Carbon Ferro-Chromium. They collectively account for approximately 37 percent of India's total exports to China.

Australia's key exports to China include Iron Ore (Non-Agglomerated), Bituminous Coal, Semi-Manufactured Gold, Other Mineral Substances (Misc), Greasy Shorn Wool, Copper Ores and Concentrates, Copper Cathodes, Aluminium Ores and Concentrates (Bauxite), Manganese Ores and Concentrates, and Frozen Boneless Bovine Meat (Beef). They constitute approximately 85 percent of Australia's total exports to China.

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 the FKI values of India with Australia over five years. Though India's FKI with Australia increased slightly from 0.104 to 0.157, it is not gradual, indicating minimal overlap between India's and Australia's export baskets to China. Also, RECPI values remain consistently greater than 1, which indicates that Australia's export value-share and export levels of common items are larger than those of India. India faces intense competitive pressure from Australia in the Chinese market.

Table 1. A: India's FKI with Australia in the Chinese Market

Competitor	2019	2020	2021	2022	2023
Australia	0.104	0.145	0.115	0.048	0.157

Table 1. B: India's RECPI with Australia in the Chinese Market

Competitor	2019	2020	2021	2022	2023
Australia	4.834	12.295	12.704	3.970	17.111

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 China allows Australia to export its goods at zero duty under this FTA. It indicated that several Indian exports to China, like Cotton, various types of uncoated paper, Animal or vegetable fats and oils, Filter blocks, slabs and plates, of paper pulp 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$)
520100	Cotton, not carded or combed	2125.808
480519	Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in note 3 to chapter 48 - Fluting paper	23.083
480524	Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in note 3 to chapter 48 - Testliner (recycled liner board)	6.537
151800	Animal or vegetable fats and oils and their fractions, boiled, oxidized, dehydrated, sulphurised, blown, polymerized by heat in vacuum or in inert gas or otherwise chemically modified, excluding those of heading 1516; inedible mixtures or preparations of animal or vegetable fats or oils or of fractions of different fats or oils of this chapter, not elsewhere specified or included	4.569
480592	Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in note 3 to chapter 48	2.369
480525	Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in note 3 to chapter 48 - Testliner (recycled liner board)	1.667
490700	Unused postage, revenue or similar stamps of current or new issue in the country in which they have, or will have, a recognized face value; stamp-impressed paper; bank-notes; cheque forms; stock, share or bond certificates and similar documents of title	0.248
151499	Rape, colza or mustard oil and fractions thereof, whether or not refined, but not chemically modified - Other	0.229
481200	Filter blocks, slabs and plates, of paper pulp	0.223
482390	Other paper, paperboard, cellulose wadding and webs of cellulose fibres, cut to size or shape; other articles of paper pulp, paper, paperboard, cellulose wadding or webs of cellulose fibres	0.106

Source: CUTS computations using WITS SMART analysis tool

Food for Thought

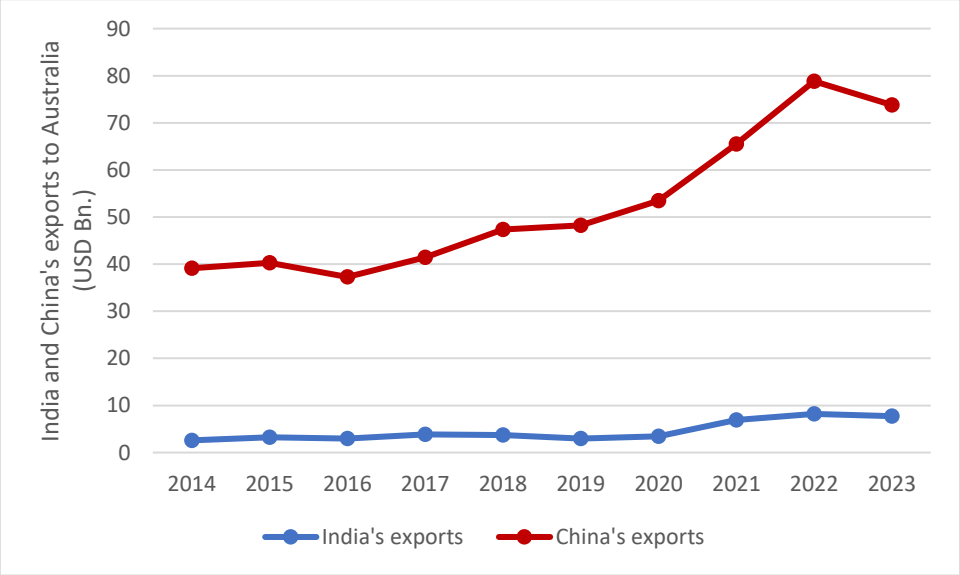
India and China share a major but imbalanced trade relationship, with India running a large deficit due to heavy imports from China. Although India's exports are rising and initiatives like the Joint Economic Group aim to narrow the gap, challenges such as supply chain dependence and geopolitical tensions continue to strain trade ties. Efforts are underway to boost domestic manufacturing and attract Chinese investment in key sectors. Strengthening trade diversification remains crucial for ensuring long-term economic resilience.

The proposed China-Australia FTA presents additional challenges, particularly for India's cotton exports to China. Given that Australia has already established a strong position in the Chinese market with exports nearly six times larger than India's, any preferential treatment could exacerbate existing competitive disadvantages.

b) Impact on India's exports to Australia

China maintains a commanding position in the Australian market compared as compared to India, with exports reaching nearly US$74 billion in 2023. India's export trajectory to Australia demonstrated relative stability from 2014 to 2019 and experienced a moderate surge in 2021. In contrast, China's exports to Australia followed a consistent upward trajectory from 2018-19, peaking at approximately US$79 billion in 2022 before experiencing a small decline in the next year. Throughout this period, India's exports to Australia remained substantially lower than China's - maintaining roughly a 1:10 ratio in 2023.

Figure 2: India and China's exports to Australia, 2014-2023



Source: CUTS computations using data from WITS

Specific petroleum oils and oils derived from bituminous minerals are the only common products between India's and China's key export items to Australia. Other key exports of China to Australia include Cellular Telephones, Kerosene/Lubricants, Photosensitive Semiconductor Devices (LEDs/Solar Cells), Communication Apparatus, Toys and Puzzles, Iron/Steel Structures, Electric Lamps and Lighting Fittings, Upholstered Wooden Seats (Furniture), and Other Motor Vehicles for Transport (e.g., Electric/Hybrid Cars). They collectively account for approximately 18 percent of China's total exports to the Australian market. India's other key

exports to Australia include Petroleum oils, light oils, Medicaments, Non-industrial diamonds, Railway passenger coaches, Jewellery, Self-propelled railway coaches, Semi-milled rice, Motor cars (1000cc-1500cc), Herbicides, etc. They constitute approximately 52 percent of India's total exports to Australia.

Our FKI analysis reveals moderate overlap between India's and China's export baskets to Australia. The FKI values consistently hover near 0.2 (see Table 3.A), indicating more or less stable convergence around 20% in export basket compositions between the two countries. Also, RECPI values demonstrate a gradually reducing competitive threat from China. Lower RECPI values throughout 2021-2023 confirm that China poses lesser competitive pressure on Indian exports in the Australian market for their common export products.

Table 3. A: India's FKI with China in the Australian Market

Competitor	2019	2020	2021	2022	2023
China	0.285	0.249	0.216	0.209	0.232

Table 3. B: India's RECPI with China in the Australian Market

Competitor	2019	2020	2021	2022	2023
China	3.802	1.866	0.497	0.494	0.619

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

Food for Thought

India's strong bilateral relationship with Australia, combined with significant competitive overlap with China, makes the ongoing India-Australia Comprehensive Economic Cooperation Agreement (CECA) more crucial. The negotiations covered a wide range of areas, including goods, services, and mobility, digital trade, rules of origin, legal and institutional provisions, environment, labour, and gender. The Australia-China FTA, while potentially can be responsible for India's export diversification, India can secure its position with the CECA.

2. Malaysia - South Korea set to finalise FTA by October

Malaysia and South Korea have reaffirmed their shared commitment to swiftly conclude a long-anticipated Free Trade Agreement (FTA). The formal signing is now expected in October at the upcoming ASEAN Leaders' Summit. This commitment was made during a bilateral meeting between Malaysia's Deputy Prime Minister Datuk Seri Fadillah Yusof and South Korea's Minister of Trade, Industry and Energy, Jung-Kwan Kim, on the sidelines of the APEC Energy Ministers' Meeting in Busan.

Malaysia - South Korea set to finalise FTA by October | Malaysia | The Vibes

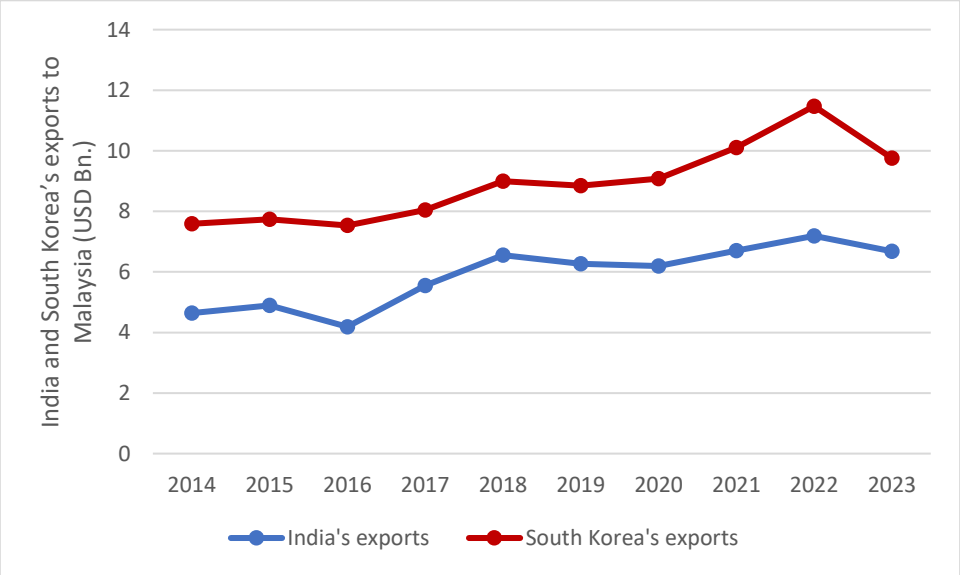
CUTS Comments

a) Impact on India's exports to Malaysia

Trade dynamics between India and South Korea in the Malaysian market reveal a consistent difference in export performance and market positioning. Throughout the observed period (2014 to 2023), South Korea maintained a substantially stronger export position to Malaysia as compared to India. India's exports to Malaysia followed a gradually upward trajectory, peaking in 2022 to US$7.19 billion before declining to US$6.67 billion in 2023.

In contrast, South Korea's exports to Malaysia demonstrated remarkable resilience and growth potential. Despite experiencing covid shock, South Korea's exports surged significantly from 2019-20 onwards, reaching US$11.47 billion in 2022, way larger than India's exports to Malaysia.

Figure 3: India and South Korea's exports to Malaysia, 2014-2023



Source: CUTS calculations using data from WITS

India's export basket to Malaysia is characterised by energy-intensive products and raw materials, reflecting its role as a supplier of inputs to Malaysia's manufacturing economy. Refined petroleum oils, refined unwrought copper, and floating cranes are commonly traded key export items from India and South Korea to Malaysia. The top ten export items constitute approximately 52 percent of India's total exports to Malaysia and include products like

Unwrought Non-Alloyed Aluminium, Frozen Boneless Bovine Meat, floating/Submersible Drilling Platforms, Light Petroleum Oils, Refined Copper Cathodes, Other special-purpose vessels, Unwrought Zinc, and Semi/Wholly Milled Rice.

South Korea's top ten export items account for approximately 47 percent of South Korea's total exports to Malaysia. Key exports of South Korea to Malaysia: Special Purpose Vessels, Electronic Integrated Circuits: Processors and Controllers, Light Petroleum Oils, Acrylonitrile-Butadiene Rubber (NBR) Latex, Other Salts of Oxometallic Acids, Printed Circuits, etc.

Our FKI analysis reveals moderate overlap between India's and South Korea's exports to Malaysia, ranging from 0.196 to 0.271, indicating a limited degree of similarity in their exports to Malaysia. Similarly, RECPI values demonstrate minimal competitive pressure from South Korea on India's exports to Malaysia. Low RECPI values indicate that for common export items, India faces minimal competition from South Korea in the Malaysian market.

Table 4. A: India's FKI with South Korea in the Malaysian Market

Competitor	2019	2020	2021	2022	2023
South Korea	0.271	0.233	0.196	0.266	0.235

Table 4. B: India's RECPI with South Korea in the 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 certain sectors of India's exports to Malaysia may experience trade diversion under a potential Malaysia-South Korea FTA. We have identified vulnerabilities in flat-rolled products of iron or non-alloy steel, fats of bovine animals, tubes, pipes, paper, and paperboard.

Table 5: Trade Diversion likely to be experienced by India

Product Code	Description	Trade Diversion (Thousand US$)
720917	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, cold-rolled (cold-reduced), not clad, plated or coated, in coils, of a thickness of 0.5 mm or more but not exceeding 1 mm.	2039.087
150290	Fats of bovine animals, sheep or goats, other than those of heading 1503, excluding tallow	641.327
850710	Lead-acid electric accumulators (batteries) of a kind used for starting piston engines.	324.116
730431	Tubes, pipes, and hollow profiles, seamless, of iron or non-alloy steel, of circular cross-section, cold-drawn or cold-rolled (cold-reduced), with an outer diameter not exceeding 114.3 mm.	233.329
853720	Boards, panels, consoles, desks, cabinets, and other bases, equipped with two or more apparatus of heading 8535 or 8536, for electric control or the distribution of electricity, for a voltage exceeding 1,000 V.	195.538
721012	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated, or coated with tin, of a thickness of less than 0.5 mm.	182.732
481092	Paper and paperboard, multi-ply, coated on one or both sides with kaolin (China clay) or other inorganic substances, in rolls or sheets, for non-graphic purposes.	152.391
720916	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, cold-rolled (cold-reduced), not clad, plated or coated, in coils, of a thickness exceeding 1 mm but less than 3 mm.	150.843
730619	Other tubes, pipes, and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel, of a kind used for oil or gas pipelines, other than those of stainless steel or of circular cross-section.	143.56
841370	Other centrifugal pumps for liquids, primarily designed to handle water.	119.577
Source: CUTS computations using WITS SMART analysis tool		

Food for Thought

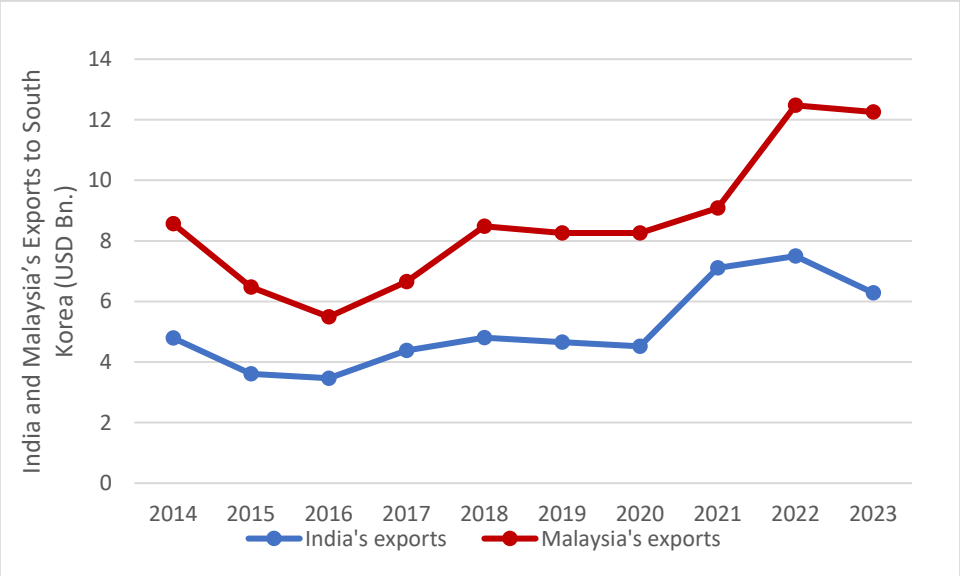
Historically, India and South Korea had distinct export specializations in the Malaysian market, but competition has intensified, particularly in overlapping product categories, as shown by a rise in RECPI values in 2022. To address trade diversion and boost commerce, India should renegotiate the Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) for better market access in sectors like metal products and electronics, and leverage the ASEAN-India Trade in Goods Agreement (AITIGA) review to improve its competitive standing in Malaysia.

b) Impact on India's exports to South Korea

Malaysia's exports to South Korea have maintained a relatively higher position throughout the observed timeframe, demonstrating consistent edge in market penetration over India. Even though the gap had been reduced in 2021, it increases further thereafter.

Malaysia maintains a commanding position with exports valued at US$ 12 billion in 2023, while India's exports to South Korea remains at US$ 6 billion. This significant gap underscores the challenges India faces in competing with Malaysia for market share in the South Korean market.

Figure 4: India and Malaysia's Exports to South Korea, 2014-2023



Source: CUTS calculations using data from WITS

Our analysis of the top ten export items reveals two common products between India and Malaysia in the South Korean market: Unwrought Non-Alloyed Aluminium and petroleum oil. These shared product categories represent areas of direct competition and potential trade diversion.

India's export basket to South Korea demonstrates a concentration of key export items, such as Carbon Ferro-Chromium, Turbo-Jets, Refined Unwrought Lead, Other Oil-Cake of Rape/Colza Seeds, Unwrought Zinc, Other Wheat and Meslin, and Refined Copper Cathodes. They collectively constitute approximately 47 percent of India's total exports to South Korea, indicating a moderately diversified export structure with significant concentration in precious metals and chemical products.

Key export items of Malaysia to South Korea include Liquefied Natural Gas, Processors and Controllers, Electronic Integrated Circuits, Other Palm Oil and its Fractions, and Ferrous Products from Direct Reduction of Iron Ore. They account for approximately 53 percent of India's total exports to South Korea.

Table 6. A presents India's FKI values in the South Korean market over five years, 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 6. B demonstrates that until 2022, India maintained a comfortable value share of common items as compared to Malaysia in the South Korean market. However, a 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 6. 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 6. 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

Our SMART analysis reveals 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 7: 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, the 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 a 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.

3. Negotiations on Thailand-UK FTA set to start

Thailand and the United Kingdom are pushing for bilateral free trade agreement (FTA) negotiations at all levels, alongside joint efforts to expand two-way trade and investment. The UK is Thailand's 22nd largest trading partner, with bilateral trade reaching over $2.6 billion in the first half of 2025. Major Thai exports to the UK include processed chicken, vehicles and parts, and gems and jewellery. Currently, the trade balance favours Thailand, and both nations are encouraging greater UK exports and investment in Thailand.

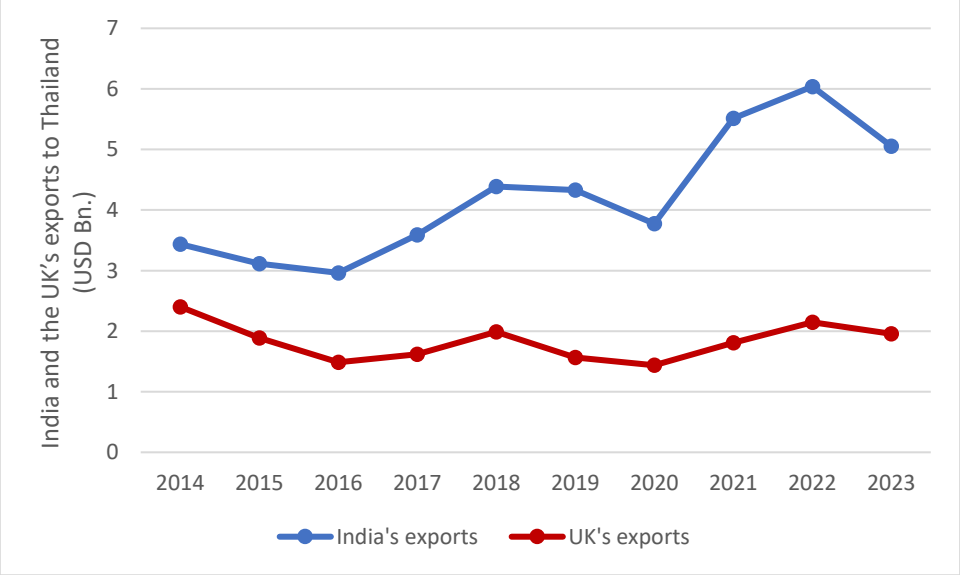
https://en.vietnamplus.vn/negotiations-on-thailand-uk-fta-set-to-start-post325790.vnp

CUTS Comments

a) Impact on India's exports to Thailand

India's exports to Thailand have consistently been higher than the UK's exports to Thailand throughout the 2014-2023 period. The disparity between the two countries' exports initially widened in 2018 as India's exports peaked and the UK's rose only slightly, decreased in 2020, and then widened significantly again in 2022 when India's exports reached their highest point and the UK's remained relatively stable. In 2023, India's exports to Thailand were approximately $5.0 billion, while the UK's exports to Thailand were approximately $2.0 billion.

Figure 5: India and the UK's exports to Thailand, 2014-2023



Source: CUTS calculations using data from WITS

Among the top ten exports from both India and the UK to Thailand, a common item is Diesel engines for vehicles. Other key exports from India include Non-Industrial Diamonds, Diesel Engines, Dried Capsicum, Retail Medicaments, Unwrought Non-Alloyed Aluminium, and Frozen Fish. They collectively account for 34 percent of India's total exports to Thailand. On the other hand, the UK's key exports to Thailand include Other Electronic Integrated Circuits, Crude Petroleum Oils, Semi-Finished Iron, Gold, Turbojets, Passenger Cars, Whiskies, and Other Gas Turbines. They constitute 42 percent of the UK's total exports to Thailand.

Table 8. A presents India's FKI values in the Thailand market, with the United Kingdom (UK) serving as a comparative competitor for India's exports. The consistently low FKI values, ranging from 0.131 to 0.167 over the 2019-2023 period, indicate minimal direct export competition between India and the UK in the Thailand market. This suggests that the product overlap within their respective export portfolios to Thailand represents only a small proportion of each country's total exports to the market, reflecting limited head-to-head competition.

The Revealed Export Competitive Position Index (RECPI) values as shown in Table 8. B, demonstrate that India has consistently maintained a higher export value share of common items compared to the UK in the Thai market over the entire period. These consistently smaller values indicate that India maintains its relative strength in exporting shared product categories, suggesting India's competitive position has generally held strong against the UK in the common product segments in the Thailand market.

Table 8. A: India's FKI with the UK in the Thailand Market

Competitor	2019	2020	2021	2022	2023
Malaysia	0.167	0.157	0.131	0.159	0.155

Table 8. B: India's RECPI with the UK in the Thailand Market

Competitor	2019	2020	2021	2022	2023
Malaysia	0.035	0.028	0.014	0.030	0.041

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 UK goods under this proposed FTA would result in significant export displacement for India across multiple product categories. Compression-ignition internal combustion piston engines, Medicaments, and whiskies emerge as the most vulnerable sector, facing the highest potential losses. Other substantially affected categories include iron, Maize (corn) flour, Parts and accessories of motorcycles, and Self-propelled bulldozers.

Table 9: Trade Diversion likely to be experienced by India

Product Code	Description	Trade Diversion (Thousand US$)
840820	Compression-ignition internal combustion piston engines (diesel or semi-diesel engines)	15421.379
300490	Medicaments: Consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses or in forms or packings for retail sale - Other.	451.978
220830	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol.; spirits, liqueurs and other spirituous beverages: Whiskies	361.011
732690	Articles of iron or steel - Other articles of iron or steel: Other.	120.286
300390	Medicaments: Consisting of two or more constituents which have been mixed together for therapeutic or prophylactic uses, not put up in measured doses or in forms or packings for retail sale - Other	119.922
110220	Cereal flours: Maize (corn) flour	119.134
871410	Parts and accessories of motorcycles (including mopeds).	80.598
840890	Compression-ignition internal combustion piston engines (diesel or semi-diesel engines): Other engines	79.55
300410	Medicaments: Consisting of mixed or unmixed products for therapeutic or prophylactic uses	77.663
842959	Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers - Mechanical shovels, excavators and shovel loaders: Other	59.69
Source: CUTS computations using WITS SMART analysis tool		

Food for Thought

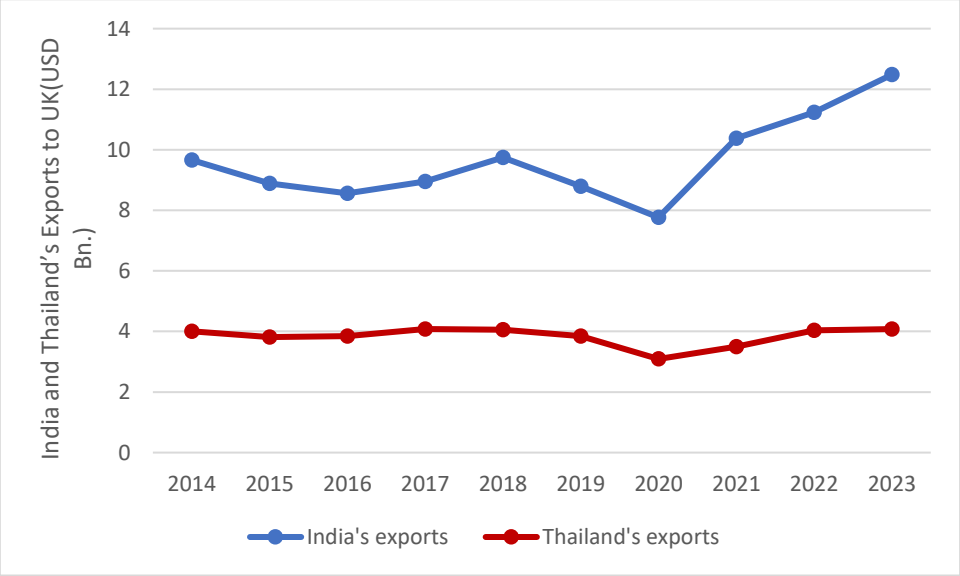
While India's bilateral trade with Thailand is growing, a persistent trade deficit for India highlights structural imbalances and competitive pressures. Thailand's more developed and integrated manufacturing sector, specializing in electronics and auto parts, gives it a competitive edge.

While India faces minimum competitive pressure from UK in Thailand market, India's exports such as piston engines and medicaments face challenges from potential trade diversification due to UK-Thailand FTA, making it crucial for India to revise trade agreements like the ASEAN-India FTA (AIFTA) to enhance market access, diversify exports, and address the trade imbalance.

b) Impact on India's exports to the UK

India and Thailand's exports followed a similar growth trajectory throughout the period, with a notable decrease in India's exports in 2020 and a continuous increase from then onwards. Overall, India has a better presence in the UK market with notably higher exports than Thailand. In 2023, while India exported US$12.47 billion, Thailand's exports were at US$4.07 billion.

Figure 6: India and Thailand's Exports to the UK, 2014-2023



Source: CUTS calculations using data from WITS

Among the top ten exports from India and Thailand to the UK, only one common item is there: Turbojets. India's other key export items include retail medicaments, Petroleum Oils (Non-Crude), Jewellery of Other Precious Metal, Wireless Telephones, Other Special-Purpose Vessels, Leather Footwear, and Worked Non-Industrial Diamonds, etc. They collectively represent only 22 percent of India's total exports to the UK.

Similarly, other key Thailand exports to the UK include Electronic Integrated Circuits, Crude Petroleum Oils, Semi-Finished Iron/Steel, Semi-Manufactured Gold, Passenger Cars, Diesel Engines for Vehicles, Whiskies (Bottled or in Bulk), and Other Gas Turbines. These technology-intensive exports constitute 42 percent of Thailand's total exports to the UK.

Our FKI analysis reveals moderate overlap between India's and Thailand's export portfolios to the UK. These relatively low FKI values confirm that the two countries export distinctly different product categories to the UK 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 Thailand.

Table 10. A: India's FKI with Thailand in the UK Market					
Competitor	**2018**	**2019**	**2021**	**2022**	**2023**
Thailand	0.195	0.197	0.180	0.170	0.153
Table 10. B: India's RECPI with Thailand in the UK Market					
Competitor	**2018**	**2019**	**2021**	**2022**	**2023**
Thailand	0.099	0.100	0.073	0.060	0.030
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 Articles of jewellery, Motorcycles, and Spectacle lenses.

Table 11: Trade Diversion likely to be experienced by India

Product Code	Description	Trade Diversion (Thousand US$)
711319	Articles of jewellery and parts thereof, of other precious metal (e.g., gold or platinum), whether or not plated or clad with precious metal.	714.954
711311	Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other precious metal.	681.224
871140	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with a reciprocating internal combustion piston engine of a cylinder capacity exceeding 500 cc but not exceeding 800 cc.	487.487
900150	Spectacle lenses of materials other than glass, unmounted.	177.832
871130	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with a reciprocating internal combustion piston engine of a cylinder capacity exceeding 250 cc but not exceeding 500 cc.	174.394
030617	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, etc. specifically Other shrimps and prawns: Scampi (Macrobrachium spp.).	170.15

Product Code	Description	Trade Diversion (Thousand US$)
640399	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather, other footwear, not covering the ankle (excluding sports, waterproof, or having straps across the instep/around the toe).	153.45
610990	T-shirts, singlets, and other vests, knitted or crocheted, of other textile materials (e.g., synthetic fibres, artificial fibres, silk, wool), excluding cotton.	137.366
200899	Fruit, nuts, and other edible parts of plants, otherwise prepared or preserved (e.g., dried, roasted, in syrup), whether or not containing added sugar or spirit, not elsewhere specified or included (e.g., applesauce, prepared berries)	136.016
611120	Babies' garments and clothing accessories, knitted or crocheted, of cotton.	114.03
Source: CUTS computations using WITS SMART analysis tool		

Food for Thought

The India-UK Free Trade Agreement (FTA) finalized in May 2025 aims to eliminate or reduce tariffs on nearly all trade, boosting exports, jobs, and GDP for both nations. It grants the UK wider market access in sectors like beverages and automobiles while opening the UK market for Indian textiles, leather, and engineering goods. The deal is projected to double bilateral trade to US$100 billion by 2030 and significantly enhance employment and economic growth in India.While India faces significant trade diversification in a few products, Thailand poses a negligible threat in the UK 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 s variables 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.