CUTS Dossier on Preferential Trade Agreements

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(For all previous issues of PTA Dossiers, please visit: http://www.cuts-citee.org/PTADossier.htm)

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1. Malaysia inks FTA with Turkey

The Malaysia-Turkey free trade agreement (MTFTA) was inked and sealed after a delay of 28 months from its original target of December 2011, making it the first FTA to be signed by Malaysia this year. The signing was held in conjunction with Prime Minister Datuk Seri Mohd Najib Razak's three-day official visit to Turkey. Minister of International Trade and Industry Datuk Seri Mustapa Mohamed and Turkish Minister of Economy Nihat Zaybekci represented their respective countries to sign the pact. The MTFTA is a very important understanding for Malaysia and Turkey as both the countries are moderate Muslim nations and members of the Organisation of Islamic Conference (OIC), which further boosts trade and investment activities.

(http://themalaysianreserve.com/main/news/corporate-malaysia/5760-malaysia-inks-fta-with-turkey)

CUTS Comments

This FTA between Malaysia and Turkey is likely to have some impact on the export basket of India. However, our research shows that the presence of India and Turkey in Malaysia's markets and that of India and Malaysia in Turkey's market are competing on relatively less number of products. Though the competition on account of the Malaysia-Turkey FTA may not be so detrimental to India in the short-run (see Table 1.3a and 1.3b), the situation may change in the long-run.

Trade statistics reveal that in 2013 the total value of exports of India to Malaysia was approximately US$ 5.5 billion. In the same year, the value of total exports from Turkey to Malaysia was approximately US$ 272 million, just about five per cent of India's exports to Malaysia. Thus, India is enjoying a significant advantage in Malaysia's market and that may be because of India-Malaysia Comprehensive Economic Cooperation Agreement and other geo-economic factors.

As shown in Table 1.1, India and Turkey are competing in five product segments (among their top 10 exports to Malaysia) such as mineral fuels, oils, distillation products; machinery, nuclear reactors, boilers; iron and steel; pearls, precious stones, metals, coins; electrical and electronic equipment. Currently, India is better positioned than Turkey in these products, but in case this treaty is signed Turkey will gain more access to the Malaysian market and India may suffer in the long-run.

Also, in the competing product segments annual growth rate of exports of Turkey during 2009-2013 is greater than that of India. Nevertheless, there are products like organic chemicals; meat and edible meat offal; cereals; copper and articles thereof; edible vegetables, certain roots & tubers, where India is likely to remain a leading player in the Malaysian as compared to Turkey.

Table 1.1

India's exports to Malaysia (2013: US$ 5496.82mn)			**Turkey's exports to Malaysia (2013: US$ 272.1mn)**	
Export Value in 2013 (US$mn)	*Annual growth (2009-2013, %, p.a.)*	*Sectors*	*Export Value in 2013 (US$mn)*	*Annual growth (2009-2013, %, p.a.)*
1107.1	31.0	Mineral fuels, oils, distillation products	11.0	40.0
664.3	39.0	Organic chemicals	…	…
432.2	33.0	Meat and edible meat offal	…	…
345.9	22.0	Machinery, nuclear reactors, boilers	22.9	36.0
309.8	27.0	Cereals	…	…
295.7	-7.0	Copper and articles thereof	…	…
241.4	35.0	Iron and steel	26.8	2.0
156.7	17.0	Pearls, precious stones, metals, coins	7.8	342.0
152.5	3.0	Electrical, electronic equipment	12.0	15.0
150.9	10.0	Edible vegetables and certain roots and tubers	…	…
		Commodities not elsewhere specified	81.7	362.0
		Carpets and other textile floor coverings	20.1	44.0
		Vehicles other than railway, tramway	15.3	-31.0
		Salt, sulphur, earth, stone, plaster, lime and cement	9.6	31.0
		Edible fruit, nuts, peel of citrus fruit, melons	7.8	22.0
3856.46 (70%)		**Top 10 Products (percentage of total exports)**	215.1 (79%)	

Source: International Trade Centre Database

At the same time, when we talk about exports from India to Turkey, it was valued at approximately US$ 4.5 billion in 2013, whereas Malaysia's total exports to Turkey was approximately US$ 895 million. Considering this FTA between Malaysia and Turkey, it is expected that Turkey's imports from India may get affected in some segments. Though Malaysia's export similarity and complementarity are low (see Table 1.3b), trade diversion in favour of Turkey cannot be ruled out.

India is the 11th largest import destination for Turkey. Products like mineral fuels, oils, distillation products; vehicles other than railway, tramway; manmade filaments; organic chemicals; and machinery, nuclear reactors, boilers are major exports from India to Turkey. If we compare the data from Table 1.2, India and Malaysia largely compete with each other in certain products, especially in manmade filaments; machinery, nuclear reactors, boilers; plastics and articles thereof; manmade staple fibres; electrical and electronic equipment.

Additionally, if we look at export growth trend of these products during 2009 to 2013, it indicates that in most of these items, India is relatively better positioned. This situation may not change immediately after this FTA but it may affect India's trade in the long-run. In order to strengthen its position in these markets, India requires necessary measures to maintain and increase its trade competitiveness in these products.

It was also observed that for products like mineral fuels, oils, distillation products; vehicles other than railway, tramway; organic chemicals; iron and steel; tanning, dyeing extracts, tannins, derivs, pigments India has an edge over Malaysia. Because of this advantage, India has the potential to improve its overall position in Turkey's market if it takes some additional efforts to improve its trade relations.

Table 1.2

India's exports to Turkey (2013: US$ 4555.54mn)			**Malaysia 's exports to Turkey (2013: US$ 895.44mn)**	
Export Value in 2013 (US$mn)	*Annual growth (2009-2013, %, p.a.)*	*Sectors*	*Export Value in 2013 (US$mn)*	*Annual growth (2009-2013, %, p.a.)*
815.7	91.0	Mineral fuels, oils, distillation products	…	…
466.5	45.0	Vehicles other than railway, tramway	…	…
332.4	66.0	Manmade filaments	108.4	12.0
309.8	19.0	Organic chemicals	…	…
307.0	50.0	Machinery, nuclear reactors, boilers	60.2	25.0
256.9	41.0	Plastics and articles thereof	38.1	7.0
240.8	16.0	Manmade staple fibres	93.3	28.0
217.4	36.0	Iron and steel	…	…
185.4	44.0	Electrical, electronic equipment	121.8	2.0
172.5	25.0	Tanning, dyeing extracts, tannins, derivs, pigments	…	…
		Rubber and articles thereof	111.5	10.0
		Animal, vegetable fats and oils, cleavage products	87.9	45.0
		Articles of iron or steel	32.0	37.0
		Aluminium and articles thereof	31.6	299.0
		Soaps, lubricants, waxes, candles, modelling pastes	30.5	55.0
3304.32 (73%)		**Top 10 Products (percentage of total exports)**	715.22 (80%)	

Source: International Trade Centre Database

A quick simulation by using Relative Export Competitive Pressure (RECPI) Index and Degrees of Similarity in Export Structures by using Finger-Kreinin (FK) measures can give an indication of competitive strengths and weaknesses with direct competitors and markets. Table 1.3a shows that during 2009-2013 the RECPI of India with Malaysia and Turkey was very low, indicating that the degree of competition between India and Turkey in the Malaysian market is substantially low and the same is true for India and Malaysia in Turkey's market. A low RECPI explains less competition between the competitors.

The Finger-Kreinin index compares the export patterns of two countries in a given market (in this case India and Turkey's exports to Malaysia). It explains how similar the imports of a given country are from two different suppliers. It is useful to measure the 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 the world. If FK=1 then the export structures would be exactly similar and if FK=0 there would be no similarity.

The FKs in Table 1.3b vary between 0.05 and 0.15 and show no tendency to increase over time, indicating little if any similarity. There is less similarity of exports of Malaysia to India and Turkey, the exports of India to Turkey as well as of Turkey to India. This means at the aggregate level India and Turkey are not competing in the Malaysian market to any significant extent. And the level of competition between India and Malaysia in Turkey's market is also low and stable.

Table 1.3

a. India and Turkey's RECPI with Malaysia 2009-2013

Partner	2009	2010	2011	2012	2013
Malaysia	0.00	0.02	0.03	0.01	0.01

India and Malaysia's RECPI with Turkey 2009-2013

Partner	2009	2010	2011	2012	2013
Turkey	0.04	0.02	0.01	0.01	0.01

b. India and Turkey's FKI with Malaysia 2009-2013

Partner	2009	2010	2011	2012	2013
Malaysia	0.05	0.10	0.12	0.15	0.11

India and Malaysia's FKI with Turkey 2009-2013

Partner	2009	2010	2011	2012	2013
Turkey	0.10	0.10	0.09	0.11	0.10

Source: CUTS calculations using data from UN Comtrade via WITS 6-Digit and TradeSift software

Food for Thought

India and Turkey do not have any bilateral trade agreement, and bilateral trade is not substantial, as compared to their trade potential. On the other hand, India has a Comprehensive Economic Cooperation Agreement with Malaysia. In the wake of expected changes in trade and investment relationship among India, Turkey and Malaysia, should India broaden its bilateral trade relations with Turkey and Malaysia to further strengthen its position in these markets?

2. Korea, Canada initial free trade agreement

South Korea and Canada have initialed their bilateral free trade agreement (FTA), with the official signing due in the second half of this year. The trade pact was initialed by South Korean Deputy Trade Minister Choi Kyong-lim and his Canadian counterpart, Ian Burney, in Seoul, according to the Ministry of Trade, Industry and Energy. With the FTA, South Korea will immediately eliminate its 8 percent import tariffs on all automobiles and auto parts from the North American country while Canada will reduce its current 6.1 percent tariffs on South Korean products to 4 percent within 24 months. The ministry had explained the disparity as stemming from the trade imbalance between the two countries. The FTA makes it easier for South Koreans to find work in Canada, allowing more personnel changes, according to KOTRA.

(http://www.koreaherald.com/view.php?ud=20140613000297)

CUTS Comments

This FTA between South Korea and Canada is likely to have some impact on the export basket of India. South Korea will immediately eliminate its 8 per cent import tariffs on all automobiles and auto parts from the North American country. Canada will reduce its average tariffs on South Korean products from 6.1 per cent to 4 per cent. Though, at present competition is not so detrimental to India, the situation may change in the long-run.

Trade statistics reveal that in 2013 the total value of exports of India to South Korea was approximately US$ 4.5 billion. In the same year, the value of total exports from Canada to South Korea was US$ 3.34 billion. Thus, at the moment India is in a relatively better position in the South Korean market and that may be due to India-South Korea Comprehensive Economic Partnership Agreement.

As shown in Table 2.1, India and Canada are competing in four product segments (in their top 10 exports) such as machinery, nuclear reactors, boilers; aluminium and articles thereof; cereals; and mineral fuels, oils, distillation products. Currently, India is better positioned than Canada in three products but it may suffer in the long-run. Also, in the competing products segment the annual growth of exports of Canada during 2009-2013 is much less than that of India. Also, there are products like iron and steel; organic chemicals; cotton; and residues, wastes of food industry, animal fodder, where India is likely to remain a leading player as compared to Canada.

Table 2.1

India's exports to South Korea (2013: US$ 4495.54mn)			**Canada 's exports to South Korea (2013: US$ 3338.25mn)**	
Export Value in 2013 (US$mn)	*Annual growth (2009-2013, %, p.a.)*	*Sectors*	*Export Value in 2013 (US$mn)*	*Annual growth (2009-2013, %, p.a.)*
1008.8	-14.0	Mineral fuels, oils, distillation products, etc	1045.1	3.0
487.1	28.0	Iron and steel	…	…
395.4	44.0	Aluminium and articles thereof	164.5	-8.0
393.8	14.0	Organic chemicals	…	…

301.1	34.0	Residues, wastes of food industry, animal fodder	…	…
247.3	3.0	Cotton	…	…
200.4	435.0	Cereals	84.2	6.0
133.8	6.0	Machinery, nuclear reactors, boilers, etc	267.0	-6.0
107.8	40.0	Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	…	…
103.7	30.0	Commodities not elsewhere specified	…	…
		Ores, slag and ash	340.4	12.0
		Pulp of wood, fibrous cellulosic material, waste etc	270.1	6.0
		Wood and articles of wood, wood charcoal	199.0	20.0
		Electrical, electronic equipment	119.0	-2.0
		Optical, photo, technical, medical, etc apparatus	90.3	3.0
		Meat and edible meat offal	81.6	-2.0
3379.36 (75%)		**Top 10 Products (percentage of total exports)**	2661.19 (80%)	
Source: International Trade Centre Database				

At the same time, when we talk about exports from India to Canada, it was valued at approximately US$ 2.31 billion in 2013, whereas South Korea's total exports to Canada was approximately US$ 5.2 billion. It is expected that Canada's imports from India may get affected in some segments.

India is the 19th largest import destination for Canada. Products like articles of iron or steel; organic chemicals; pearls, precious stones, metals, coins; pharmaceutical products are major exports from India to Canada. If we compare the data from Table 2.2, India and South Korea largely compete with each other in certain products, especially in articles of iron or steel; organic chemicals; machinery, nuclear reactors, boilers.

Also, if we look at export growth trend of these products during 2009 to 2013, it indicates that in most of these items, India is relatively better positioned. This situation may not change immediately after the signing of this FTA but it may affect India's trade in the long-run.

It was also observed that in products like pearls, precious stones, metals, coins; pharmaceutical products; other made textile articles, sets, worn clothing; articles of apparel, accessories, knit or crochet; fish, crustaceans, molluscs, aquatic invertebrates; mineral fuels, oils, distillation products India has an edge over South Korea. Because of this advantage, it has the potential to improve its overall position in Canada's market.

Table 2.2				
India's exports to Canada (2013: US$ 2306.88mn)			**South Korea's exports to Canada (2013: US$ 5202.86mn)**	
Export Value in 2013 (US$mn)	*Annual growth (2009-2013, %, p.a.)*	*Sectors*	*Export Value in 2013 (US$mn)*	*Annual growth (2009-2013, %, p.a.)*
224.5	45.0	Articles of iron or steel	174.0	18.0
219.7	13.0	Organic chemicals	34.9	25.0
162.7	15.0	Pearls, precious stones, metals, coins, etc	…	…
161.0	51.0	Pharmaceutical products	…	…
145.6	6.0	Articles of apparel, accessories, not knit or crochet	…	…
121.8	27.0	Other made textile articles, sets, worn clothing etc	…	…
121.2	-4.0	Articles of apparel, accessories, knit or crochet	…	…
109.5	26.0	Fish, crustaceans, molluscs, aquatic invertebrates nes	…	…
108.8	24.0	Machinery, nuclear reactors, boilers, etc	585.2	3.0
62.4	90.0	Mineral fuels, oils, distillation products, etc	…	…
		Vehicles other than railway, tramway	2453.3	11.0
		Electrical, electronic equipment	910.5	6.0
		Iron and steel	219.8	22.0
		Rubber and articles thereof	158.3	10.0
		Plastics and articles thereof	148.2	17.0
		Optical, photo, technical, medical, etc apparatus	50.0	15.0
		Copper and articles thereof	35.4	18.0
1437.06 (62%)		**Top 10 Products (percentage of total exports)**	4769.64 (92%)	
Source: International Trade Centre Database				

India-South Korea's and India-Canada's RECPI with Canada and South Korea, respectively, indicate that export competitiveness is low among them. They are trading in different products with each other. Table 2.3a shows that during 2009-2013 the RECPI of India with Canada and that with South Korea was very low, indicating that the degree of competition between India and South Korea in the Canadian market is substantially low and it is also true for India and Canada in South Korea's market.

Furthermore, there is less similarity of exports of India to South Korea and Canada and, on the other hand, the exports of Canada to Indi, and of South Korea to India. The FKs in Table 2.3b vary between 0.08 and 0.10 and show no tendency to increase over time. This means at the aggregate level India and South Korea are not competing in the Canadian market to any significant extent. And the level of competition between India and Canada in South Korea's market is low and stable.

Table 2.3												
a. India and South Korea's RECPI with Canada 2009-2013							**India and Canada's RECPI with South Korea 2009-2013**					
Partner	2009	2010	2011	2012	2013		Partner	2009	2010	2011	2012	2013
Canada	0.06	0.31	0.16	0.09	0.10		Korea	0.01	0.03	0.00	0.03	0.05
b. India and South Korea's FKI with Canada 2009-2013							**India and Canada's FKI with South Korea 2009-2013**					
Partner	2009	2010	2011	2012	2013		Partner	2009	2010	2011	2012	2013
Canada	0.08	0.09	0.09	0.10	0.09		Korea	0.06	0.08	0.04	0.09	0.10
Source: CUTS calculations using data from UN Comtrade via WITS 6-Digit and TradeSift software												

Food for Thought

Bilateral trade between India and Canada is not substantial to their potential. On the other hand, India has a Comprehensive Economic Partnership Agreement with South Korea, which is yet to reach its full potential. In the wake of expected changes in trade and investment relationship among India, Canada and South Korea, India should broaden its bilateral trade relations with Canada and South Korea including concluding its FTA negotiations with Canada.

3. Japan and Australia reach final trade agreement

Japan and Australia came to a final agreement on a basic bilateral trade agreement recently, cutting import tariffs on many products. Both countries are members of the Trans-Pacific Partnership (TPP) negotiations. Although tariffs on Australian frozen beef were halved, the concessions made by Japan in the Japan-Australia deal to cut tariffs on sensitive agricultural products are not deep enough for the ambitious goals of the TPP. U.S. Trade Representative Michael Froman stated that a higher level of trade liberalization must be achieved in the TPP than was agreed upon in the Japan-Australia deal.

(http://www.agriview.com/briefs/livestock/japan-and-australia-reach-final-trade-agreement/article_2d882c4a-2c8b-5249-9b90-a4d71b12b315.html)

CUTS Comments

The FTA between Japan and Australia is likely to have significant impact on India's export. However, India and Australia are not in deep competition in Japan's market (see Table 3.3). Trade statistics reveal that in 2013 the total value of exports of India to Japan was approximately US$ 7.33 billion. In the same year, the value of total exports from Australia to Japan was US$ 31.25 billion. This shows that at the moment Australia is better positioned in Japan's market and the new FTA will strengthen this position.

As shown in Table 3.1, India and Australia are competing in three product segments (in their top 10 exports) such as ores, slag and ash; mineral fuels, oils, distillation products; fish, crustaceans, molluscs, aquatic invertebrates. Currently, Australia is better positioned than India in these products. However, in competing product segments the annual export growth of India during 2009-2013 is greater than that of Australia. There

are products like pearls, precious stones, metals, coins; organic chemicals; iron and steel; residues, wastes of food industry, animal fodder where India is likely to remain a leading player.

Table 3.1				
India's exports to Japan (2013: US$7325.48mn)			**Australia's exports to Japan (2013: US$ 31251.83mn)**	
Export Value in 2013 (US$mn)	*Annual growth (2009-2013, %, p.a.)*	*Sectors*	*Export Value in 2013 (US$mn)*	*Annual growth (2009-2013, %, p.a.)*
3136.6	34.0	Mineral fuels, oils, distillation products, etc	14504.2	3.0
410.3	18.0	Fish, crustaceans, molluscs, aquatic invertebrates nes	183.3	1.0
361.3	8.0	Pearls, precious stones, metals, coins, etc	…	…
336.9	24.0	Organic chemicals	…	…
318.8	-2.0	Ores, slag and ash	11047.9	19.0
306.0	17.0	Iron and steel	…	…
284.3	6.0	Residues, wastes of food industry, animal fodder	…	…
233.6	27.0	Machinery, nuclear reactors, boilers, etc	…	…
199.5	16.0	Articles of apparel, accessories, not knit or crochet	…	…
153.9	31.0	Electrical, electronic equipment	…	…
		Meat and edible meat offal	1470.9	-2.0
		Aluminium and articles thereof	976.0	7.0
		Cereals	533.5	12.0
		Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	421.2	5.0
		Dairy products, eggs, honey, edible animal product nes	361.2	6.0
		Commodities not elsewhere specified	222.1	72.0
		Wood and articles of wood, wood charcoal	137.4	-27.0
5741.34 (78%)		**Top 10 Products (percentage of total exports)**	29857.65(96%)	
Source: International Trade Centre Database				

In 2013, exports from India to Australia was valued at approximately US$ 2.4 billion, whereas Japan's total exports to Australia was approximately US$ 16.97 billion. Australia's imports from India may get further affected as trade diversion is strong in favour of Japan.

India is the 21th largest import destination for Australia. Products like pearls, precious stones, metals, coins; vehicles other than railway, tramway; pharmaceutical products; other made textile articles, sets, worn clothing are major exports from India to Australia. As shown in Table 3.2, India and Japan largely compete with each other in six product segments, especially in pearls, precious stones, metals, coins; vehicles other than

railway, tramway; articles of iron or steel; electrical, electronic equipment; machinery, nuclear reactors, boilers; optical, photo, technical, medical, etc. apparatus.

If we look at export growth trend of these products during 2009 to 2013, it indicates that in most of these items, Japan is relatively better positioned. This situation may change further after the signing of this FTA between Japan and Australia and that will affect India's trade in the long-run. In order to strengthen its position, India requires several measures to enhance its trade competitiveness in these markets.

However, in case of products like pharmaceuticals; other made textile articles, sets, worn clothing; articles of apparel, accessories, not knit or crochet; articles of leather, animal gut, harness, travel goods India has an edge over Japan. Because of this, it has the potential to improve its overall position in the Australian market.

Table 3.2

India's exports to Australia (2013: US$2397.71mn)			**Japan's exports to Australia (2013: US$ 16969.96mn)**	
Export Value in 2013 (US$mn)	*Annual growth (2009-2013, %, p.a.)*	*Sectors*	*Export Value in 2013 (US$mn)*	*Annual growth (2009-2013, %, p.a.)*
324.6	9.0	Pearls, precious stones, metals, coins, etc	457.7	335.0
258.7	45.0	Vehicles other than railway, tramway	8278.9	8.0
178.4	31.0	Pharmaceutical products	…	…
118.1	24.0	Other made textile articles, sets, worn clothing etc	…	…
103.5	33.0	Articles of iron or steel	279.4	8.0
97.4	-10.0	Electrical, electronic equipment	588.8	-8.0
96.1	3.0	Machinery, nuclear reactors, boilers, etc	1835.8	4.0
77.3	16.0	Articles of apparel, accessories, not knit or crochet	…	…
69.3	30.0	Optical, photo, technical, medical, etc apparatus	272.9	4.0
63.3	13.0	Articles of leather, animal gut, harness, travel goods	…	…
		Mineral fuels, oils, distillation products, etc	3216.4	28.0
		Rubber and articles thereof	728.0	13.0
		Commodities not elsewhere specified	247.8	3.0
		Iron and steel	204.5	-9.0
1386.61 (58%)		**Top 10 Products (percentage of total exports)**	16110.1(95%)	

Source: International Trade Centre Database

India-Japan's and India-Australia's RECPI with Australia and Japan, respectively, indicate that export competitiveness is increasing for India and Japan in the Australian market and that is decreasing in Japan's market (see Table 3.3a). During 2009-2013, the degree of competition between India and Japan in the Australia's market is substantially high but the same is not true for India and Australia in Japan's market.

There is moderate similarity of exports of India and Japan to Australia, The FKs in Table 3.3b vary between 0.09 and 0.20 and have shown some tendency to increase over time. This means at the aggregate level India and Japan are competing in the Australian market to a significant extent. On the other hand, the level of competition between India and Australia in Japan's market is low and decreasing.

Table 3.3

a. India and Japan's RECPI with Australia 2009-2013

Partner	2009	2010	2011	2012	2013
Australia	0.27	1.35	2.24	2.93	2.67

India and Australia's RECPI with Japan 2009-2013

Partner	2009	2010	2011	2012	2013
Japan	2.08	0.78	0.75	0.34	0.40

b. India and Japan's FKI with Australia 2009-2013

Partner	2009	2010	2011	2012	2013
Australia	0.09	0.11	0.15	0.20	0.14

India and Australia's FKI with Japan 2009-2013

Partner	2009	2010	2011	2012	2013
Japan	0.13	0.07	0.05	0.05	0.06

Source: CUTS calculations using data from UN Comtrade via WITS 6-Digit and TradeSift software

Food for Thought

While India and Japan have a Comprehensive Economic Partnership Agreement, which is yet to reach its full potential, India and Australia are negotiating the same. All are party to Regional Comprehensive Economic Partnership agreement of Asia and the Pacific. In addition, Australia and Japan are party to Trans-Pacific Partnership agreement. Expected impact of these overlapping mega FTAs on future trade and investment relationship among India, Japan and Australia is significant. India should put more emphasis on utilization aspects of its FTA with Japan and should broaden the scope of its negotiations with Australia. That would help India in embarking on necessary domestic reforms, particularly institutional reforms to deal with higher trade-related regulations (such as on standards, intellectual property rights), for enhancing its trade competitiveness. Such domestic reforms will help the country in negotiating mega FTAs (including addressing expected negative impact from mega FTAs on third parties) from its position of strength as against spending much negotiating capital to address defensive interests only.