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1. Australia and EU agree on free trade deal 'scope and ambition

Australia is a step closer to a free trade deal with the European Union (EU), after finally reaching agreement on what such a deal might cover. The EU Commissioner for Trade Cecilia Malmstrom and Australia's Trade Minister Steven Ciobo spoke on the phone and formally agreed on the scope and ambition of a future FTA". An Australia-EU FTA has the potential to drive economic growth by opening up new export opportunities, enhancing investment flows, and removing trade barriers for businesses," Australia's Trade Minister said. EU exports to Australia include mostly vehicles and machinery but it also registers a trade surplus in the agri-food sector. EU companies supply commercial services worth nearly \$28 billion to Australia and hold investment in the country worth more than \$200 billion.

(<http://www.dailyliberal.com.au/story/4582374/australia-and-eu-agree-on-free-trade-deal-scope-and-ambition/?cs=7>)

CUTS Comments

Australia is a step closer to sign an FTA with the EU. The new trade equation between Australia and the EU is likely to have some impact on India's export basket. Though at present competition is moderate, the situation may change in favour Australia as well as the EU in both short- and long-run.

Trade statistics reveal that in 2016 the total value of India's export to Australia was approximately US\$ 2.95 billion. In the same year, the value of the EU's export to Australia was approximately US\$ 35.79 billion.

As shown in Table 1.1, India and the EU are competing in five product segments (in their top 10 exports) such as pharmaceutical products; machinery, mechanical appliances, nuclear reactors, boilers parts thereof; vehicles other than railway or tramway rolling stock, and parts; articles of iron or steel; and electrical machinery and equipment and parts thereof.

On the other hand, there are products like mineral fuels, mineral oils and products of their distillation; pearls, precious or semi-precious stones, precious metals; other made-up textile articles; sets; worn clothing and worn textile articles; rags; apparel and clothing accessories, not knitted or crocheted; and railway or tramway locomotives, rolling stock and parts thereof, where India is likely to remain a leading player in the Australian market as compared to the EU.

Table 1.1

India's Export to Australia (Export in 2016: US\$ 2948.4 mn)		EU's Export to Australia (Export in 2016: US\$ 35789.2 mn)		
Export Value in 2016 (US\$ mn)	Annual Growth (2012-2016, %)	Sectors	Export Value in 2016 (US\$ mn)	Annual Growth (2012-2016, %)
769.6	72.0	Mineral fuels, mineral oils and products of their distillation	...	...
280.3	-2.0	Pearls, precious or semi-precious stones, precious metals	...	...
220.0	9.0	Pharmaceutical products	4552.9	-0.9
119.9	1.0	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	...	...
111.4	-1.0	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	6198.4	-7.2
100.6	-20.0	Vehicles other than railway or tramway rolling stock, and parts	7100.6	-1.2
100.1	12.0	Apparel and clothing accessories, not knitted or crocheted	...	...
83.1	-21.0	Articles of iron or steel	538.8	-7.1
82.4	-6.0	Electrical machinery and equipment and parts thereof	2302.1	-6.7
67.5	135.0	Railway or tramway locomotives, rolling stock and parts thereof	...	...
		Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical	2188.6	-2.2
		Plastics and articles thereof	801.2	-1.1
		Organic chemicals	777.0	2.6
		Beverages, spirits and vinegar	720.8	0.5
		Aircraft, spacecraft, and parts thereof	697.7	-8.6
1934.79 (66%)		Top 10 Products (percentage of total export)	25878.1 (72%)	

Source: International Trade Centre Database

At the same time, when we talk about export from India to the EU, in 2016, it was valued at approximately US\$ 45.8 billion, whereas that of Australia to the EU was approximately US\$ 14 billion. As a result of this FTA it is expected that the EU's import from India may get affected in the short-run (See Table 1.2).

India is the 14th and 24th largest importing source for Australia and the EU, respectively. As shown in Table 1.2, India and Australia are competing in four product segments (in their top 10 exports) such as pearls, precious or semi-precious stones, precious metals, metals clad; machinery, mechanical appliances, nuclear reactors, boilers; part; mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral; and electrical machinery and equipment and parts thereof; sound recorders and reproducers, television.

It is also observed that in products like articles of apparel and clothing accessories, not knitted or crocheted; organic chemicals; articles of apparel and clothing accessories, knitted or crocheted; vehicles other than railway or tramway rolling stock, and parts and accessories thereof; iron and steel; and pharmaceutical products, India has an edge over Australia in the EU market. Because of this advantage, it has the potential to improve its overall position in the EU market.

Table 1.2

India's Export to the EU (Export in 2016: US\$ 45747.58 mn)		Australia's Export to the EU (Export in 2016: US\$ 14006.8 mn)		
Export Value in 2016 (US\$ mn)	Annual Growth (2012-2016, %)	Sectors	Export Value in 2016 (US\$ mn)	Annual Growth (2012-2016, %)
3338.9	-1.3	Pearls, precious or semi-precious stones, precious metals, metals clad	6019.8	6.1
3189.9	0.4	Articles of apparel and clothing accessories, not knitted or crocheted	...	...
3008.4	1.0	Organic chemicals	...	...
2985.0	5.2	Articles of apparel and clothing accessories, knitted or crocheted	...	...
2906.3	6.3	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	...	...
2838.1	4.4	Machinery, mechanical appliances, nuclear reactors, boilers; parts	401.6	-3.0
2275.2	-14.0	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral.	1914.8	-8.3
1895.7	-5.3	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television.	347.5	-1.9
1802.8	2.4	Iron and steel	...	...
1561.0	2.9	Pharmaceutical products	...	...
		Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal.	795.3	-6.0
		Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical.	653.5	-0.5
		Ores, slag and ash	472.1	-13.4
		Beverages, spirits and vinegar	443.2	-7.0
		Lead and articles thereof	400.0	-4.2
		Meat and edible meat offal	321.7	2.4
25801.2 (56%)		Top 10 Products (percentage of total export)	11769.5 (84%)	

Source: International Trade Centre Database

Given this composition of trade among the three, a quick simulation using Degrees of Similarity in Export Structures (Finger-Kreinin Index) and Relative Export Competitive Pressure Index can give an indication of competitive strengths and weaknesses with direct competitors in respective markets.

The Finger-Kreinin Index (FKI) measures how similar two sets of countries are in respect to their trade in a destination country. It is used to compare the similarity between either the structure of a country's import or export with any two partner countries so as to see how similar a country's export pattern is to its import pattern, whether geographically or by product or to compare the structure of production in two different countries. It explains how similar the import of a given product is from two different suppliers. It is useful to measure overall similarity of export of two countries and, therefore, their degree of competitiveness/complementarity either with respect to a particular market or with respect to trade with the rest of the world. If $FK=1$ then export structures would be exactly similar and if $FK=0$ there would be no similarity.

The Relative Export Competitive Pressure Index (RECPI) calculates the average degree of competition that country X faces in country Y's market from country Z. It takes into account both the structure and level of competing countries' trade. Country X will be interested in the value of country Z's export to country Y, and also to the extent to which country Z's export is in direct competition with country X's export. A low RECPI explains less competition between the competitors.

There was moderate similarity of export from India and the EU to Australia. However, there was comparatively low similarity of India's export to the EU. The FKI in Table 1.3B varied between 0.22 and 0.25. This means that at the aggregate level India and EU's exports are to some extent more similar than that of India and Australia (Table 1.3A).

Furthermore, the RECPIs between India and the EU and that between India and Australia indicate that export competitiveness was moderate to high for India and the EU in Australia's market, but it was not that intense in the EU's market (see Table 1.3 C&D).

Table 1.3: FKI and RECPI among India-EU-Australia (2013-16)								
A. India's FKI with EU					B. India's FKI with Australia			
Competitor	2013	2014	2015	2016	Competitor	2013	2014	2015
Australia	0.10	0.10	0.11	0.09	EU	0.25	0.24	0.22
C. India's RECPI with EU								
Competitor	2013	2014	2015	2016	Competitor	2013	2014	2015
Australia	0.01	0.01	0.02	0.02	EU	4.38	2.82	0.65
Source: CUTS calculation using data from UN Comtrade via WITS 6-Digit and TradeSift software								

Food for Thought

Though the trade potential is high and untapped yet among India, the EU and Australia, a more positive approach is the need of the hour for India. As a result of this FTA, a wide range of Australia's and EU's products will receive preferential treatment in their respective markets. In the wake of expected changes in trade in goods, services as well as investment relationship among India, Australia and the EU, India should look for possible changes in its composition of trade with these countries and should fast track the negotiation of its Compressive Economic Cooperation Agreement (CECA) with Australia and FTA with the EU. Furthermore, it should undertake additional trade facilitation measures to improve its supply chain as well as trade competitiveness.

2. Dhaka, Ankara set to finalise ToR next week to initiate FTA talks

Bangladesh and Turkey are set to finalise terms of reference (ToR) aiming to initiate talks over signing of a free trade area (FTA) deal between the two Muslim nations, officials said. Bangladesh is eager to ink the deal for removal of additional duty on textile and garment import imposed by Turkey in June 2012. Textile and garment export accounted for over 90 per cent of total Bangladeshi exports to Turkey. The imposition of 17 per cent additional duty hit hard Bangladesh's apparel exports to the Eurasian country. The official said in the last meeting on FTA deal, Turkey proposed that both the parties will open 50 per cent tariff lines of agricultural products and 100 per cent tariff lines of industrial products under the agreement. Once opens, these products of both the countries will be able to enter each other's market without paying any duty. But the Bangladesh Tariff Commission opined to open 50 per cent of agricultural tariff lines and 80 per cent of industrial products in FTA with Turkey. On the other hand, businesses were of the opinion to open 50 per cent of industrial tariff lines and 80 per cent tariff lines of agricultural products.

(<http://www.thefinancialexpress-bd.com/2017/05/26/71716/Dhaka,-Ankara-set-to-finalise-ToR-next-week-to-initiate-FTA-talks>)

CUTS Comments

The new trade deal is likely to have some impact on the export basket of India. Our research based on ITC database shows that India and Turkey are competing in a relatively moderate numbers of products in Bangladesh's market.

Trade statistics reveal that in 2016 the total value of India's export to Bangladesh was approximately US\$ 5.7 billion. In the same year, total value of Turkey's export to Bangladesh was approximately US\$ 264 million.

As shown in Table 2.1, India and Turkey are competing in six product segments (among their top 10 exports to Bangladesh) such as cotton; machinery, mechanical appliances, nuclear reactors, boilers; parts thereof; electrical machinery and equipment and parts: sound recorders and reproducers, television; man-made staple fibres; plastics and articles thereof; and tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring materials. While at present India is better placed than Turkey in these product segments, as a result of this FTA it may affect India's export interest in Bangladesh's market. In the competing product segments the annual growth of export of Turkey during 2012-2016 was better than that of India, which is matter of concern for India.

Table 2.1

India's Export to Bangladesh (Export in 2016: US\$ 5668.8 mn)		Turkey's Export to Bangladesh (Export in 2016: US\$ 263.96 mn)		
Export Value in 2016 (US\$ mn)	Annual Growth (2012-2016, %)	Sectors	Export Value in 2016 (US\$ mn)	Annual Growth (2012-2016, %)
1446.9	0.0	Cotton	59.6	39.0
663.4	12.0	Vehicles other than railway or tramway rolling stock, and parts	...	...
450.2	13.0	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	65.1	23.0
372.2	22.0	Iron and steel	...	...
226.6	18.0	Electrical machinery and equipment and parts; sound recorders and reproducers, television...	19.1	29.0
214.1	16.0	Man-made staple fibres	6.4	103.0
198.5	14.0	Plastics and articles thereof	12.8	50.0
189.3	11.0	Organic chemicals	...	...
174.5	16.0	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	6.5	18.0
150.3	8.0	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	...	...
		Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	13.6	77.0
		Miscellaneous chemical products	12.2	16.0
		Edible vegetables and certain roots and tubers	7.8	55.0
		Coffee, tea, maté and spices	7.3	19.0
4086.1 (72%)		Top 10 Products (percentage of total export)	210.49 (80%)	

Source: International Trade Centre Database

In 2016, India's export to Turkey was valued at approximately US\$ 4.5 billion and Bangladesh's export to Turkey was approximately US\$ 881.4 million. Following this FTA, it is expected that India's export to Turkey may not get affected in the short run due to dissimilarity in the export baskets of India and Bangladesh in the Turkish market. Though Bangladesh's export similarity and complementarity are low (see Table 2.3), trade diversion in favour of Bangladesh as well as Turkey may not be ruled out in the long-run.

In 2016, India was the 2nd largest and 9th largest importing sources for Bangladesh and Turkey, respectively. Products like mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral; vehicles other than railway or tramway rolling stock, and parts and accessories thereof; machinery, mechanical appliances, nuclear reactors, boilers; parts thereof; organic chemicals; man-made filaments; strip and the like of man-made textile materials; plastics and articles thereof; man-made staple fibres; tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ; iron and steel; and aircraft, spacecraft, and parts thereof, are major export items from India to Turkey. If we compare the data shown in Table 2.2, India and Bangladesh compete with each other in two of those product segments.

Additionally, if we look at their export baskets of these products during 2012 to 2016, it indicates that in most of them India is relatively better positioned. This situation may change after this FTA along with a distinct long-run impact. In order to strengthen its position in these markets, India requires necessary measures to maintain and increase its trade competitiveness in these products.

Table 2.2

India's Export to Turkey (Export in 2016: US\$ 4473.3 mn)		Bangladesh's Export to Turkey (Export in 2016: US\$ 881.4 mn)		
Export Value in 2016 (US\$ mn)	Annual Growth (2012-2016, %)	Sectors	Export Value in 2016 (US\$ mn)	Annual Growth (2012-2016, %)
1016.2	5.0	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	...	...
603.4	15.0	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	...	...
500.3	30.0	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	...	...
241.3	-7.0	Organic chemicals	...	...
240.0	-4.0	Man-made filaments; strip and the like of man-made textile materials	4.4	39.0
205.0	-7.0	Plastics and articles thereof	...	...
192.4	-3.0	Man-made staple fibres	8.8	-7.0
145.5	7.0	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	...	...
123.1	-11.0	Iron and steel	...	...
114.7	269.0	Aircraft, spacecraft, and parts thereof	...	...
		Articles of apparel and clothing accessories, not knitted or crocheted	493.2	7.0
		Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	183.8	0.0
		Articles of apparel and clothing accessories, knitted or crocheted	159.2	-5.0
		Other made-up textile articles; sets; worn clothing and worn textile articles; rags	5.6	1.0
		Footwear, gaiters and the like; parts of such articles	5.1	27.0
		Tobacco and manufactured tobacco substitutes	3.4	1.0
		Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	3.4	181.0
		Ceramic products	3.3	-21.0
		Top 10 Products (percentage of total export)	870.2 (99%)	
3382.02 (76%)				

Source: International Trade Centre Database

The FKIs in Table 2.3A varies between 0.12 and 0.24 and shows some increasing tendency that indicate some similarity of export of India and Turkey to Bangladesh. This means that at the aggregate level and to some extent India and Turkey were competing in Bangladesh's market. At the same time, the level of export similarity between India and Bangladesh in Turkey's market was also low and stable (Table 2.3B). This means that the competition between India and Bangladesh in Turkey's market was less than that of India and Turkey in Bangladesh's market.

Similar to the results of the Finger-Kreinin Index, Table 2.3C shows that during 2013 to 2016 the RECPIs of India with Bangladesh were low and stable, indicating stable competition between India and Turkey in Bangladesh's market. On the other hand, India's RECPI with Turkey is negligible, indicating that the level of competition is very low between India and Bangladesh in Turkey's market (Table 2.3D).

Table 2.3: FKI and RECPI among India-Bangladesh-Turkey (2013-16)									
A. India's FKI with Bangladesh					B. India's FKI with Turkey				
Competitor	2013	2014	2015	2016	Competitor	2013	2014	2015	2016
Turkey	0.12	0.14	0.15	0.24	Bangladesh	0.02	NA	0.01	NA
C. India's RECPI with Bangladesh					D. India's RECPI with Turkey				
Competitor	2013	2014	2015	2016	Competitor	2013	2014	2015	2016
Turkey	0.01	0.00	0.01	0.03	Bangladesh	0.001	NA	0.0004	NA

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

Food for Thought

As a result of this FTA, a wide range of Bangladeshi and Turkish products will receive reciprocal preferential treatment in their respective markets. India's trade relations with Bangladesh are determined under the Agreement on South Asian Free Trade Area. In the wake of expected changes in trade in goods, services as well as investment relationship among India, Bangladesh and Turkey, India should deepen its trade relations with Bangladesh as well as Turkey.

3. Iran and EAEU Finalize Agreement on Free Trade Zone

Iran and the EAEU negotiated for 18 months for creating the free trade zone, during which Iran's Minister of Communications and Information Technology Mahmoud Vaezi and Minister for Trade of the Eurasian Economic Commission examined different dimensions of the agreement. Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia are the current member states of the union, with a combined GDP of \$2.2 trillion, \$ 3.1 trillion of industrial products, and \$ 877 billion trade with non-member countries, equal to 7.3 percent of world export and 3.2 percent of world import.

(<https://www.geopolitica.ru/en/news/iran-and-eaeu-finalize-agreement-free-trade-zone>)

CUTS Comments

The trade agreement between Iran and the EAEU is likely to have some impact on India's export. Trade statistics reveal that in 2016 the total value of India's export to Iran was approximately US\$ 2.4 billion, whereas that of EAEU's to Iran was approximately US\$ 2.6 billion.

As shown in Table 3.1, India and the EAEU are competing in some product segments (in their top 10 exports) such as cereals; machinery, mechanical appliances, nuclear reactors, boilers; parts; and iron and steel. In most of these competing product segments, the annual export growth of the EAEU during 2012-2016 was better than that of India. The new trade equation may change the growth momentum in favour of the EAEU and further strengthen its position in Iran's market in these product segments.

Table 3.1

India's Export to Iran (Export in 2016: US\$ 2412.5 mn)		EAEU's export to Iran (Export in 2016: US\$ 2551.4 mn)		
Export Value in 2016 (US\$ mn)	Annual Growth (2012-2016, %)	Sectors	Export Value in 2016 (US\$ mn)	Annual Growth (2012-2016, %)
503.4	-21.0	Cereals	445.6	-7.6
179.8	14.0	Organic chemicals	...	...
160.0	6.0	Machinery, mechanical appliances, nuclear reactors, boilers; parts...	69.5	15.9
134.4	13.0	Coffee, tea, maté and spices	...	...
130.6	20.0	Man-made staple fibres	...	...
99.7	2.0	Iron and steel	673.8	-9.2
91.8	-12.0	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	...	...
91.8	15.0	Miscellaneous chemical products	...	...
88.0	343.0	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	...	...
69.0	1.0	Pharmaceutical products	...	...
		Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	439.7	113.5
		Commodities, n.e.s.	316.7	15973.8
		Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	141.0	31.7
		Wood and articles; wood charcoal	104.3	-10.0
		Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	89.6	41.2
		Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	60.1	-12.9
		Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures ...	26.1	140.6
1548.34 (64%)		Top 10 Products (percentage of total export)	2366.37 (93%)	

Source: International Trade Centre Database

In 2016, India's export to the EAEU was valued at approximately US\$ 2.04 billion, whereas that of Iran was approximately US\$ 524.3 million. It is expected that India's export interest may not get affected in the short-run. However, the impact may not be ruled out in the long-run. In 2016, India was the 11th largest source of import for Iran and the 17th largest source of import for the EAEU. Products like pharmaceutical products; machinery, mechanical appliances, nuclear reactors, boilers; coffee, tea, maté and spices; aircraft, spacecraft, and parts thereof; organic chemicals; electrical machinery and equipment and parts thereof; vehicles other than railway or tramway rolling stock; miscellaneous edible preparations; tobacco and manufactured tobacco substitutes; and fish and crustaceans, molluscs are major exports from India to the EAEU.

If we compare the data from Table 3.2, India and Iran largely compete with each other in products such as machinery, mechanical appliances, nuclear reactors, boilers. In terms of annual growth of export during 2012-16, in these product segments, India has an edge over Iran. Because of this advantage, it has the potential to further improve its overall position in the EAEU's market.

Table 3.2				
India's Export to the EAEU (Export in 2016: US\$ 2039.13 mn)		Iran's Export to the EAEU (Export in 2016: US\$ 524.3 mn)*		
Export Value in 2016 (US\$ mn)	Annual Growth (2012-2016, %)	Sectors	Export Value in 2016 (US\$ mn)	Annual Growth (2012-2016, %)
390.5	-30.1	Pharmaceutical products	...	...
209.9	154.0	Machinery, mechanical appliances, nuclear reactors, boilers	9.4	10.7
151.0	-17.8	Coffee, tea, maté and spices	...	...
111.7	-34.8	Aircraft, spacecraft, and parts thereof	...	...
98.3	113.4	Organic chemicals	...	...
77.7	-75.9	Electrical machinery and equipment and parts thereof	...	...
70.7	-12.6	Vehicles other than railway or tramway rolling stock	...	...
66.1	-22.8	Miscellaneous edible preparations	...	...
59.9	11.0	Tobacco and manufactured tobacco substitutes	...	...
59.4	103.8	Fish and crustaceans, molluscs	...	...
		Edible fruit and nuts; peel of citrus fruit or melons	138.7	-6.3
		Edible vegetables and certain roots and tubers	107.1	0.4
		Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	77.5	-7.5
		Plastics and articles thereof	33.8	-4.8
		Commodities not elsewhere specified	25.5	NA
		Salt; sulphur; earths and stone; plastering materials, lime and cement	17.1	-12.7
		Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	14.0	0.9
		Iron and steel	11.6	-0.6
		Preparations of vegetables, fruit, nuts or other parts of plants	11.4	-7.2
		Top 10 Products (percentage of total export)	445.9 (85%)	
<i>Source: International Trade Centre Database; *: Iran's export to the EAEU is the mirror data of EAEU's import from Iran.</i>				

The FKI in Table 3.3B varies between 0.04 and 0.16, indicating low similarity of exports of India and the EAEU to Iran. This means that at the aggregate level and to some extent there is some similarity of India's and the EAEU's exports to Iran than that of India's and Iran's in the EAEU's market (Table 3.2).

Similar to the results of the Finger-Kreinin Index, Table 3.3D shows that during 2013 to 2016 India's RECPIs with Iran were low indicating that the degree of competition between India and the EAEU in Iran's market was low. On the other hand, due to non-availability of data, it is not possible to calculate India's RECPI with the EAEU. However, Table 3.2 shows that the level of competition is very low or negligible between India and Iran in the EAEU's market.

Table 3.3: FKI and RECPI among India-EAEU-Iran (2013-16)									
A. India's FKI with EAEU					B. India's FKI with Iran				
Competitor	2013	2014	2015	2016	Competitor	2013	2014	2015	2016
Iran	NA	NA	NA	NA	EAEU	0.06	0.06	0.05	0.04
C. India's RECPI with EAEU					D. India's RECPI with Iran				
Competitor	2013	2014	2015	2016	Competitor	2013	2014	2015	2016
Iran	NA	NA	NA	NA	EAEU	0.00	0.03	0.01	0.00

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

Food for Thought

Though the trade potential is high and untapped yet among India, the EAEU countries and Iran, a more positive approach is the need of the hour for India. As a result of this FTA, a wide range of EAEU's and Iran's products will receive preferential treatment in their respective markets. In the wake of expected changes in trade in goods, services as well as investment relationship among India, the EAEU countries and Iran, India should look for possible changes in its composition of trade with these countries. At the same time, India's proposed Comprehensive Economic Cooperation Agreement (CECA) with the EAEU countries may be fast tracked, along with working out the feasibility of an India-Iran FTA.