

# 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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### 1.1 Chile and Thailand sign agriculture agreements in Bangkok

Agreements to lead to broader free trade agreement, agriculture minister says

Chilean Minister of Agriculture Luis Mayol signed two agreements in Bangkok Wednesday with his Thai counterpart, Theera Wongsamut. The agreements will set a common protocol for agricultural exchange and sanitary practices. Together, Mayol said the agreements will “incentivize trade between both nations, for which we shortly hope to announce a free trade agreement with Thailand.”

He noted that an FTA would likely be signed by the end of 2012 or the beginning of 2013, after another round of negotiations. “We have different climates, are from different hemispheres, and have different products; therefore we should not compete with Thailand. Rather, we should complement each other,” Mayol told La Tercera.

Thailand has shown an increasing interest in the high value of Chile’s agricultural products, namely wine, fresh and processed fruit, oil, seafood, livestock, and dairy products. In response, Thailand’s role as a rice exporter has made a trade agreement seem particularly desirable, as the transfer of technology and ideas could allow Chile to cultivate rice domestically, according to the Ministry of Agriculture.

The FTA would also seek to alleviate the current 45 per cent tariff placed on Chilean goods in Thailand, in comparison to the 6 per cent for Thai goods in Chile. Mayol said he hopes that the treaty will see both of these tariffs lowered to zero. ...

Source: <http://www.bilaterals.org/spip.php?article21951>

### **CUTS Comments**

*In 2011, value of total exports from India to Chile was US\$ 499.84 million. In the same year, value of total exports from Thailand to Chile was US\$ 517.13 million. In the wake of the current agreement the overall position can further tilt in favour of Chile, especially in agro-exports. An examination of the export basket of the two countries shows that India and Thailand do not have much competitive interest in the Chilean market. More importantly, the competition is significantly low in case of agro-based exports.*

A comparison of major export items from India to Thailand demonstrates that the two countries compete with each other in at least three product segments, and fortunately for India none of these are in the agriculture sector. The competing product segments include Vehicles other than railway, tramway; Machinery, nuclear reactors, boilers, etc.; and Electrical, electronic equipment. In one out of three competing products, Thailand has definitive edge over India (Table 1.1.1). India needs to increase its competitiveness in these product segments in order to get more market access. India has a preferential trade agreement with Chile and, therefore, one can expect that the impact on Indian exports will not be significant as a result of the signing of this agreement.

In non-competing segments like Plastics and articles thereof; Rubber and articles thereof; and Articles of apparel, accessories, knit or crochet, India may remain a dominant player as compared to Chile. The argument is reinforced by the fact that India has a comparatively better average annual growth in these product segments during 2007-11.

<b>Table 1.1.1</b>				
<b>India's Export to Chile</b> (Exports in 2011:US\$ 499.84mn)			<b>Thailand's Export to Chile</b> (Exports in 2011:US\$ 517.13mn)	
Export value in 2011(US\$mn)	Annual average growth in % (2007-11)	Sector	Export value in 2011(US\$ mn)	Annual average growth in % (2007-11)
138.74	33	Vehicles other than railway, tramway	317.93	29
33.99	33	Machinery, nuclear reactors, boilers, etc.	35.88	3
31.74	12	Organic chemicals	...	...
25.85	21	Pharmaceutical products	...	...
21.74	50	Manmade staple fibres	...	...
20.98	11	Other made textile articles, sets, worn clothing etc.	...	...
19.94	12	Articles of leather, animal gut, harness, travel goods	...	...
17.6	-12	Inorganic chemicals, precious metal compound, isotopes	...	...
16.27	6	Electrical, electronic equipment	14.62	4
15.33	28	Articles of apparel, accessories, not knit or crochet	...	...
		Meat, fish and seafood food preparations nes	34.85	33
		Plastics and articles thereof	28.23	21
		Rubber and articles thereof	19.83	10
		Salt, sulphur, earth, stone, plaster, lime and cement	15.66	34
		Vegetable, fruit, nut, etc. food preparations	10.73	7
		Special woven or tufted fabric, lace, tapestry etc.	5.98	7
		Articles of apparel, accessories, knit or crochet	5.17	27
<b>342.165 (68)</b>		<b>Top 10 Products (% of total exports)</b>	<b>488.87 (95)</b>	

Source: International Trade Centre, Geneva

*In 2011, India's exports to Thailand were valued at approximately US\$ 3012.6 million – nearly nine times more than that of Chile's exports to Thailand. It appears that competition between in the Thai market is not intense, especially in agro-based exports. It is observed that the two countries compete with each other in two product segments, namely Iron and steel; and Fish, crustaceans, molluscs, aquatic invertebrates' nes. Even in those products India is better positioned than Chile. In case of iron and steel, even though the annual average growth of India's export to Thailand during 2007-11 was low (8%) as compared to 73 per cent for Chile, in terms of value, India is way ahead of Chile.*

*As far as this agreement is concerned, one can argue that overall impact on India's export will be negligible.*

<b>Table 1.1.2</b>				
<b>India's Export to Thailand</b> (Exports in 2011:US\$ 3012.6 mn)			<b>Chile's Export to Thailand</b> (Exports in 2011:US\$ 328.5mn)	
Export value in 2011 (US\$mn)	Annual average growth in % (2007-2011)	Sector	Export value in 2011 (US\$mn)	Annual average growth in % (2007-2011).
671.48	8	Pearls, precious stones, metals, coins, etc.	...	...
290.94	32	Machinery, nuclear reactors, boilers, etc.	...	...
195.24	4	Organic chemicals	...	...
188.80	35	Vehicles other than railway, tramway	...	...
174.52	-8	Iron and steel	5.93	73
154.80	-3	Residues, wastes of food industry, animal fodder	...	...
151.27	-14	Mineral fuels, oils, distillation products, etc.	...	...
107.22	39	Fish, crustaceans, molluscs, aquatic invertebrates nes	93.03	17
101.31	-12	Electrical, electronic equipment	...	...
99.93	32	Pharmaceutical products	...	...
		Copper and articles thereof	115.93	34
		Pulp of wood, fibrous cellulosic material, waste etc.	52.09	24
		Ores, slag and ash	24.17	-21
		Edible fruit, nuts, peel of citrus fruit, melons	8.45	58
		Wood and articles of wood, wood charcoal	5.60	-2
		Beverages, spirits and vinegar	4.45	11
		Animal, vegetable fats and oils, cleavage products, etc.	3.72	-12
		Inorganic chemicals, precious metal compound, isotopes	3.27	1
<b>2135.512 (71)</b>		<b>Top 10 Products (% of total exports)</b>	<b>316.64 (96)</b>	

Source: International Trade Centre, Geneva

## ***Food for Thought***

*India has a preferential trade agreement with Chile, and therefore, one can expect that the impact on Indian exports as a result of this Chile-Thailand agreement will not be significant. India is also in process of negotiating a Comprehensive Economic Partnership Agreement with Chile. Since Thailand has signed this Agricultural Agreement with Chile and is negotiating a similar agreement with some other countries, should India expedite its CEPA negotiations with Chile in order to enhance its agricultural export interests?*

### **1.2 Chile signs free trade agreement with Hong Kong**

Piñera negotiates, seeks out FTAs with other members of APEC

President Sebastián Piñera signed a free trade agreement with Hong Kong on Friday at the annual Asia-Pacific Economic Cooperation (APEC) summit. Piñera also concluded free trade negotiations with Thailand, an agreement he hopes to implement “as soon as possible.” Piñera intends to begin negotiations for an FTA with Indonesia this weekend while also considering the possibility of FTAs with other members of APEC. The president stated that the agreement with Hong Kong fulfills the interests of both countries and allows the two growing economies to “delve into one another.”

“An economy as innovative and technologically advanced as that of Hong Kong joins forces with an economy like Chile’s, which is also innovative and is growing to make Chile a developing country without poverty,” Piñera said. With a population of more than 7 million and a higher standard of living, Hong Kong is of great interest for Chilean exporters. Hong Kong has a GDP of nearly US\$50,000 per capita and is consistently ranked as one of the most open, competitive and business-friendly economies in the world.

Source: <http://www.bilaterals.org/spip.php?article22034>

## ***CUTS Comments***

*India’s exports to Hong Kong were valued at approximately US\$ 11175.22 million in 2011. In the same year, Chile’s export to Hong Kong was valued at US\$ 338.60 million.*

*Considering the gap between exports of these two countries to Hong Kong, competition is not intense between the two countries in Hong Kong’s market. However, it is also observed that the two countries compete with each other in four products’ segments, namely Electrical, electronic equipment; Raw hides and skins (other than furskins) and leather; Fish, crustaceans, molluscs, aquatic invertebrates nes; and Plastics and articles thereof. In all these competing product segments India is better positioned than Chile. India needs to further strengthen its position and in other non-competing product segments to maintain its edge.*

*However, in some non-competing product segments namely, Pearls, precious stones, metals, coins, etc.; Cotton; Machinery, nuclear reactors, boilers, etc.; Organic chemicals, Articles of apparel, accessories, not knit or crochet; and Silk, the new trade agreement might have little impact and will not lead to any significant trade diversion (Table 1.2.1).*

<b>Table 1.2.1</b>				
<b>India's Export to Hong Kong</b> (Exports in 2011:US\$ 11175.22 mn)			<b>Chile's Export to Hong Kong</b> (Exports in 2011:US\$ 338.60mn)	
Export value in 2011 (US\$mn)	Annual average growth in % (2007-2011)	Sector	Export value in 2011 (US\$mn)	Annual average growth in % (2007-2011)
9796.76	18.0	Pearls, precious stones, metals, coins, etc.	...	...
412.44	10.0	Electrical, electronic equipment	3.75	55
314.20	2.0	Raw hides and skins (other than furskins) and leather	6.68	0
127.81	12.0	Cotton	...	...
65.02	12.0	Fish, crustaceans, molluscs, aquatic invertebrates nes	32.71	38
53.56	32.0	Machinery, nuclear reactors, boilers, etc.	...	...
42.71	6.0	Organic chemicals	...	...
31.99	20.0	Articles of apparel, accessories, not knit or crochet	...	...
25.32	-21.0	Silk	...	...
24.97	1	Plastics and articles thereof	4.42	9
		Edible fruit, nuts, peel of citrus fruit, melons	225.77	45
		Meat, fish and seafood food preparations nes	20.78	30
		Meat and edible meat offal	16.33	2
		Beverages, spirits and vinegar	13.56	17
		Iron and steel	4.58	
		Paper and paperboard, articles of pulp, paper and board	3.97	126
<b>10894.77 (97.49)</b>		<b>Top 10 Products (% of total exports)</b>	<b>332.557 (98.22)</b>	

Source: International Trade Centre, Geneva

*In 2011, value of total exports from India to Chile was US\$ 499.84 million. In the same year value of total exports from Hong Kong to Chile was US\$ 502.85 million. However, under the new scenario (that is after the signing of the Hong Kong-Chile FTA), Hong Kong may gain an edge over India. It appears that India and Hong Kong have competitive interest in the Chilean market.*

*A comparison of major export items from India to Chile demonstrates that the two countries compete with each other in at least four product segments. These include Machinery; nuclear reactors, boilers, etc.; Articles of leather, animal gut, harness, travel goods; Electrical, electronic equipment; and Articles of apparel, accessories, not knit or crochet. In one of them (electrical, electronic equipment), Hong Kong has an edge over India (Table 1.2.2). India has a preferential trade agreement with Chile and, therefore, one can expect that the impact on Indian exports will not be significant as a result of signing of this Chile-Hong Kong FTA. India, however, needs to increase its competitiveness in these product segments in order to remain competitive in the Chilean market.*

On the other hand, in non-competing product segments like Vehicles other than railway, tramway; Organic chemicals; Pharmaceutical products; Manmade staple fibres; Inorganic chemicals; and Precious metal compounds, isotopes, India could expect to maintain its dominant position because of its comparative advantage in those sectors as compared to Hong Kong. This argument is reinforced by impressive growth in export of these products over the last four years (2007-11).

<b>Table 1.2.2</b>				
<b>India's Export to Chile</b> (Exports in 2011:US\$499.84 mn)			<b>Hong Kong's Export to Chile</b> (Exports in 2011:US\$ 502.85mn)	
Export value in 2011 (US\$mn)	Annual average growth in % (2007-2011)	Sector	Export value in 2011 (US\$mn)	Annual average growth in % (2007-2011).
138.74	33	Vehicles other than railway, tramway	...	...
33.99	33	Machinery, nuclear reactors, boilers, etc.	21.50	-19
31.74	12	Organic chemicals	...	...
25.85	21	Pharmaceutical products	...	...
21.74	50	Manmade staple fibres	...	...
20.98	11	Other made textile articles, sets, worn clothing etc..	...	...
19.94	12	Articles of leather, animal gut, harness, travel goods	9.82	-8
17.60	-12	Inorganic chemicals, precious metal compound, isotopes	...	...
16.27	6	Electrical, electronic equipment	264.87	17
15.33	28	Articles of apparel, accessories, not knit or crochet	36.63	2
		Footwear, gaiters and the like, parts thereof	55.68	9
		Articles of apparel, accessories, knit or crochet	48.49	2
		Toys, games, sports requisites	20.22	-10
		Clocks and watches and parts thereof	14.26	-8
		Optical, photo, technical, medical, etc.. apparatus	4.99	-4
		Miscellaneous manufactured articles	4.75	19
<b>342.165 (68)</b>		<b>Top 10 Products (% of total exports)</b>	<b>481.197 (95.69)</b>	

Source: International Trade Centre, Geneva

### **Food for Thought**

Even though India has comparative advantage in Footwear, gaiters and the like, parts thereof; and Articles of apparel, accessories, knit or crochet, such products do not constitute India's exports to Chile and since Hong Kong is exporting these products to Chile, should Indian companies invest in these sectors in the Chilean market? It is also observed that despite India having comparative advantage in case of iron and steel it does not constitute India's export to Hong Kong. And since Chile is exporting these products to Hong Kong, should Indian companies invest in these sectors in the Hong Kong market? Will such investment ward off competition to Indian exports in the two markets?

## 2. Korea, Turkey sign FTA

Korea and Turkey signed a free trade agreement on Wednesday, as a first step towards expanding bilateral trade between the two countries. Korean Trade Minister Bark Tae-ho, who is currently on a three-day visit to Turkey, met with his Turkish counterpart Zafer Caglayan in Ankara to ink the deal.

This is the ninth trade pact signed by Korea, and is expected to not only strengthen bilateral ties, but also serve a major role in bridging Korea with other countries. [Interview: Bark Tae-ho, Korean Trade Minister] “Turkey is geopolitically very important because it connects Europe, Asia, the Middle East and Africa. Once the Korea-Turkey FTA comes into effect, Korean companies will invest more in Turkey to take advantage of the strategic significance.”

The deal calls for an elimination of tariffs on most of the goods within 10 years from implementation while tariffs on Korean vehicles and auto parts, the country’s key export items to Turkey, will be slashed in seven years and five years, respectively. Meanwhile, more than 85 percent of Turkish shipments to Korea will be tariff-free once the trade pact comes into effect. The bilateral trade volume between the two countries reached 5.9 billion U.S. dollars last year, with Korea’s trade surplus continuously rising. And for Turkey, its goal is to restructure the trade deficit. [Interview: Zafer Caglayan, Turkish Economy Minister] “The free trade agreement will of course have contributed to the elimination of the problem. But I believe what is important here is that Turkish companies, Turkish exporters need to examine the Korean market.”

The latest deal covers agreements on trade in goods, and the two sides will settle on agreements on services and investments by next year. "What’s left now is for the two countries to complete their domestic procedures, which includes receiving parliamentary approval. And once that’s done, the governments of Korea and Turkey are hoping to bring the free trade agreement into effect by New Year’s Day, 2013.

Source: <http://www.bilaterals.org/spip.php?article21873>

### **CUTS Comments**

*In 2011, India’s exports to Turkey were valued at approximately US\$ 6498.7 million. In the same year, Korea’s exports to Turkey were valued at US\$ 5071 million. Though India’s export to Turkey were 1.28 times more than that of Korea, yet India faces stiff competition in six product categories. They are: Plastics and articles thereof; Vehicles other than railway, tramway; Electrical, electronic equipment; Machinery, nuclear reactors, boilers, etc.; Manmade filaments; and Iron and steel. Manmade filament is one sector where India has relative advantage, as reflected by its average growth rate over the last four years (2007-11).*

<b>Table 2.1</b>				
<b>India's Export to Turkey</b> (Exports in 2011:US\$ 6498.7mn)			<b>Korea's Export to Turkey</b> (Exports in 2011:US\$ 5071.0mn)	
Export value in 2011 (US\$mn)	Annual average growth in % (2007-2011).	Sector	Export value in 2011 (US\$mn)	Annual average growth in % (2007-2011).
2883.29	155	Mineral fuels, oils, distillation products, etc.	...	...
416.89	7	Organic chemicals	...	...
298.24	30	Plastics and articles thereof	601.06	11
290.88	34	Vehicles other than railway, tramway	989.60	1
282.89	6	Manmade staple fibres	...	...
250.71	25	Electrical, electronic equipment	360.98	-10
229.78	21	Machinery, nuclear reactors, boilers, etc.	858.84	8
189.57	-12	Cotton	...	...
188.26	36	Manmade filaments	145.31	-2
182.60	8	Iron and steel	371.05	9
		Ships, boats and other floating structures	385.57	-6
		Optical, photo, technical, medical, etc. apparatus	245.97	-3
		Railway, tramway locomotives, rolling stock, equipment	221.63	103
		Rubber and articles thereof	214.78	17
<b>5213.10 (80.2 %)</b>		<b>Top 10 Products (% of total exports)</b>	<b>4394.78 (86.7 %)</b>	

Source: International Trade Centre, Geneva

India's exports to Korea were valued at US\$ 7893.6 million in 2011, while Turkey's exports to Korea were valued only 524.4 million in the same year. However, trade data clearly demonstrate that there are four product segments in Turkey's top ten export basket which directly compete with Indian exports in the Korean market. These product segments are Mineral fuels, oils, distillation products, etc.; Iron and steel; Ores, slag and ash; and Machinery, nuclear reactors, boilers, etc.

Data also show that out of these four product segments, Turkey has an edge in two of them (in terms of growth in exports) namely, Mineral fuels, oils, distillation products, etc; and Iron and steel. Categories in which India has a clear relative advantage include non-competing products such as Organic chemicals, Cotton, Aluminium and articles thereof;, and some others.



<b>Table 2.2</b>				
<b>India's Export to Korea</b> (Exports in 2011:US\$ 7893.6mn)			<b>Turkey Export to Korea</b> (Exports in 2011:US\$ 524.4mn)	
<i>Export value in 2011 (US\$mn)</i>	<i>Annual average growth in % (2007-2011)</i>	<i>Sector</i>	<i>Export value in 2011 (US\$mn)</i>	<i>Annual average growth in % (2007-2011).</i>
4672.59	10	Mineral fuels, oils, distillation products, etc.	241.76	307
479.48	10	Iron and steel	26.64	174
461.71	15	Organic chemicals	...	...
320.49	14	Cotton	...	...
213.43	-8	Residues, wastes of food industry, animal fodder	...	...
211.86	-3	Ores, slag and ash	12.72	1
209.13	137	Aluminium and articles thereof	...	...
135.92	213	Zinc and articles thereof	...	...
124.54	-4	Machinery, nuclear reactors, boilers, etc.	25.32	-4
103.59	-13	Pearls, precious stones, metals, coins, etc.	...	...
		Electrical, electronic equipment	28.92	56
		Vehicles other than railway, tramway	22.42	79
		Tobacco and manufactured tobacco substitutes	13.01	5
		Inorganic chemicals, precious metal compound, isotopes	12.16	28
		Aircraft, spacecraft, and parts thereof	10.95	157
		Stone, plaster, cement, asbestos, mica, etc. articles	10.63	12
<b>6932.72 (88)</b>		<b>Top 10 Products (% of total exports)</b>	<b>404.52 (77)</b>	

Source: International Trade Centre, Geneva

### ***Food for Thought***

*Despite non-existence of any trade agreement between India and Turkey, trade between the two countries is progressing at an impressive pace. Considering that Korea might gain an upper hand in some segments as a result of this agreement, should India expedite the process of signing an FTA with Turkey?*

### **3. Canada, Jordan FTA came into force**

The free trade agreement (FTA) between Canada and Jordan is to enter into force on October 1, reducing tariffs and creating a more predictable and transparent trading environment.

The FTA was signed in June, 2009 after three rounds of negotiations were completed the previous August. Canada tabled legislation to implement the deal in November last year. It is Canada's first with an Arab country and only it is second in the Middle East.

In 2011, bilateral trade between Canada and Jordan totaled almost CAD89m (USD91m), with Canadian merchandise exports to Jordan reaching CAD70.1m. Merchandise exports have more than doubled since 2003.

The FTA will reduce or eliminate tariffs on almost all Canada's current exports to Jordan. In particular, the Canadian government believes that the elimination of tariffs on forest products, machinery and agricultural products will benefit Quebec and the Western and Atlantic provinces. Ontario is expected to benefit from changes to machinery, vehicles, tires and furniture tariffs. The agreement is also intended to provide a more predictable, transparent and rules-based trading environment for Canadian investors and businesses.

Announcing the news, Canada's Minister for International Trade Ed Fast said: "Our government's top priority remains the economy, and protecting and strengthening the prosperity of hard-working families in every region of Canada. As of October 1, Canadian businesses will have preferred access to the Jordanian market. This competitive advantage will help increase Canadian exports and help create jobs and economic growth for Canadian workers and businesses in a variety of sectors."

The Canada-Arab Business Council (CABC) welcomed the news. CABC chairman J. Hugh O'Donnell commented: "This agreement will expand opportunities for Canadian businesses and their employees by providing another foothold in the broader Middle East-North Africa market."

Source: [http://www.tax-news.com/news/Canada\\_Jordan\\_FTA\\_To\\_Enter\\_Into\\_Force\\_\\_\\_\\_57455.html](http://www.tax-news.com/news/Canada_Jordan_FTA_To_Enter_Into_Force____57455.html)

### ***CUTS Comments***

*In 2011, value of total exports from India to Canada was US\$ 2560.7 million. In the same year value of total exports from Jordan to Canada was US\$ 13.68 million. However, under this new scenario, there is scope for Jordan to improve its overall export to Canada.*

*As far as the impact of this new trade agreement on Indian exports is concerned, there is little scope trade diversion. This is mainly because of India being in a much better position than Jordan in the Canadian market. This is reflected in some impressive growth rate in some product segments such as Pharmaceutical products; and Mineral fuels, oils, distillation products, etc.*

*In the Canadian market, India and Jordan have competitive interest in four product segments: Pearls, precious stones, metals, coins, etc.; Articles of apparel, accessories, not knit or crochet; Electrical, electronic equipment; and Pharmaceutical products. More importantly in value terms, these products constitute about 81 per cent of the total value of top ten products from Jordan. In two out of five such competing products, Jordan has a slight edge over India in terms of growth of export (Table 3.1).*

<b>Table 3.1</b>				
<b>India's Export to Canada</b> (Exports in 2011:US\$ 2560.67 mn)			<b>Jordan's Export to Canada</b> (Exports in 2011:US\$ 13.68mn)	
<i>Export value in 2011 (US\$mn)</i>	<i>Annual average growth in % (2007-2011)</i>	<i>Sector</i>	<i>Export value in 2011 (US\$mn)</i>	<i>Annual average growth in % (2007-2011).</i>
292.78	-4	Organic chemicals	..	..
219.37	4	Pearls, precious stones, metals, coins, etc.	0.19	..
185.33	20	Articles of iron or steel	..	..
161.57	0	Articles of apparel, accessories, not knit or crochet	0.53	-30
150.65	-4	Articles of apparel, accessories, knit or crochet	9.29	13
144.82	7	Machinery, nuclear reactors, boilers, etc.	..	..
126.70	12	Electrical, electronic equipment	0.23	41
114.46	47	Pharmaceutical products	0.29	-4
97.27	2	Other made textile articles, sets, worn clothing etc.	..	..
91.79	356	Mineral fuels, oils, distillation products, etc.	..	..
		Inorganic chemicals, precious metal compound, isotopes	1.31	23
		Edible vegetables and certain roots and tubers	0.67	2
		Copper and articles thereof	0.29	..
		Furniture, lighting, signs, prefabricated buildings	0.16	7
		Coffee, tea, mate and spices	0.12	12
<b>1584.72 (61.89)</b>		<b>Top 10 Products (% of total exports)</b>	<b>13.08 (95.61)</b>	

Source: International Trade Centre, Geneva

India's exports to Jordan were valued at approximately US\$ 491.9 million in 2011. In the same year, Canada's export to Jordan was valued less than 15 per cent that of India at US\$ 70.84 million.

Considering the gap between exports of these two countries to Jordan, it appears that competition between them is not intense in the Jordanian market. However, it is also observed that the two countries compete with each other in three products' segments, namely, Electrical, electronic equipment; Machinery, nuclear reactors, boilers, etc; and Plastics and articles thereof. It is observed that in all these segments India is better positioned than Canada. India needs to further strengthen this position and also in other non-competing product segments to maintain its edge.

However, in non-competing product segments, namely, Mineral fuels, oils, distillation products, etc.; Meat and edible meat offal; Cereals; Organic chemicals; Coffee, tea, mate and spices; Sugars and sugar confectionery; and Articles of apparel, accessories, not knit or crochet, the new trade agreement will not lead to any trade diversion. (Table 3.2).

<b>Table 3.2</b>				
<b>India's Export to Jordan</b> (Exports in 2011:US\$ 491.91 mn)			<b>Canada's Export to Jordan</b> (Exports in 2011:US\$ 70.84mn)	
<i>Export value in 2011 (US\$mn)</i>	<i>Annual average growth in % (2007-2011)</i>	<i>Sector</i>	<i>Export value in 2011 (US\$mn)</i>	<i>Annual average growth in % (2007-2011).</i>
120.44	21.00	Mineral fuels, oils, distillation products, etc.	..	..
59.66	13.00	Meat and edible meat offal	..	..
51.61	8.00	Electrical, electronic equipment	3.97	4.00
33.50	9.00	Cereals	..	..
32.70	-1.00	Organic chemicals	..	..
25.93	37.00	Coffee, tea, mate and spices	..	..
22.90	-8.00	Sugars and sugar confectionery	..	..
15.62	10.00	Machinery, nuclear reactors, boilers, etc.	4.82	-2.00
11.21	31.00	Articles of apparel, accessories, not knit or crochet	..	..
7.90	2.00	Plastics and articles thereof	3.70	16.00
		Edible vegetables and certain roots and tubers	11.16	6.00
		Wood and articles of wood, wood charcoal	10.84	30.00
		Vehicles other than railway, tramway	9.53	80.00
		Paper and paperboard, articles of pulp, paper and board	8.88	-6.00
		Pharmaceutical products	1.99	2.00
		Optical, photo, technical, medical, etc. apparatus	1.87	15.00
		Rubber and articles thereof	1.72	7.00
<b>381.47 (77.55)</b>		<b>Top 10 Products (% of total exports)</b>	<b>58.48 (82.56)</b>	

Source: International Trade Centre, Geneva

### ***Food for Thought***

*Despite non-existence of any trade agreement between India-Jordan and India-Canada, trade between the two countries is progressing. Considering the fact that Jordan and Canada might gain an upper hand in some segments of theirs' bilateral trade as a result of this agreement, should India expedite the process of signing free trade agreements with Jordan and Canada?*