

# CUTS Dossier on Preferential Trade Agreements

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### **1. Trump signs revised Korean trade deal**

President Trump signed a revised free trade agreement with South Korea, cementing the first bilateral trade deal of his administration and suggesting the United States could soon win similar agreements with other trading partners...The revised United States-Korea Trade Agreement includes steps to open up the Korean market to increased American exports, most notably for automobiles, and will allow the United States to continue imposing a 25 percent tariff on Korean trucks until 2041. But analysts said there are few fundamental changes to the existing agreement, which was negotiated under President Barack Obama and which Mr Trump has blamed for hundreds of thousands of lost American jobs. And they said the revised agreement includes few provisions that will appreciably change the trade balance between the two countries, which Mr Trump has complained about.

(<https://www.nytimes.com/2018/09/24/us/politics/south-Korea-trump-trade-deal.html>)

## **CUTS Comments**

The revised agreement between the United States of America and South Korea includes few new provisions that may change the trade balance between the two countries. This new equation is likely to have some impact on India's export basket. Though at present competition is moderate, in the long-run the situation may change in their favour.

Trade statistics reveal that India is the 9<sup>th</sup> and 24<sup>th</sup> largest import source for the USA and South Korea, respectively. In 2017, the total value of India's merchandise export to the USA was approximately US\$ 46.02 billion. In the same year, the value of South Korea's merchandise export to the USA was approximately US\$ 68.85 billion (See Table 1.1).

India and South Korea's exports to the USA are of diverse nature and there is one product (at HS 6 digit level), in the top ten exports, which overlaps between them. In general, both are exporting petroleum oils & oils obtained from bituminous and parts, accessories of the motor vehicles of headings 8701 to 8705 to the USA. In the petroleum product segments, the former is exporting in a non-crude form such as light oils and preparations, whereas the latter is exporting in a different category of non-crude petroleum oils and oils obtained from bituminous minerals.

**Table 1.1: India and South Korea's Top 10 Exports to the USA**

Product Code	Product Description	India's Exports to the USA		South Korea's Exports to the USA	
		Export Value in 2017 (US\$ mn)	CAGR (2013-17)	Export Value in 2017 (US\$ mn)	CAGR (2013-17)
710239	Diamond, cut or otherwise worked but not mounted or set	6977.78 (15.16)	1.05	--	--
300490	Ayurvedic, Unani, Homoeopathic, Siddha or Biochemic systems medicaments, put up for retail sale	3871.08 (8.41)	7.41	--	--
271012	Light oils and preparations	1970.01 (4.28)	-3.71	--	--
30617	shrimps and prawns	1969.03 (4.28)	16.81	--	--
711319	whether or not plated or clad with precious metal	1508.56 (3.28)	2.6	--	--
711311	Jewellery of silver, whether or not plated or clad with other precious metal	876.68 (1.91)	28.38	--	--
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics, of cotton	669.24 (1.45)	5.04	--	--
880330	Parts of aeroplanes or helicopters	566.26 (1.23)	23.87	--	--
870899	Parts and accessories of the motor vehicles of headings 8701 to 8705	528.15 (1.15)	-1.36	2153.71 (3.13)	-3.33
630419	Furnishing Articles	519.3 (1.13)	-9.33	--	--
870323	Motor cars and other motor vehicles : cylinder capacity exceeding 1,500 cc	--	--	8783.37 (12.76)	0.16
851712	Telephones for cellular networks or for other wireless networks	--	--	5245.86 (7.62)	-2.82
271019	Petroleum oils and oils obtained from bituminous minerals, other than crude	--	--	3026.98 (4.4)	-1.24
870324	Motor cars and other motor vehicles: cylinder capacity exceeding 3,000 cc	--	--	2748.27 (3.99)	5.72
847330	Parts and accessories of the machines of heading 8471	--	--	2595.31 (3.77)	14.94
870322	Motor cars and other motor vehicles: cylinder capacity exceeding 1,000 cc but not exceeding 1,500 cc	--	--	1914.91 (2.78)	8.98
847170	Storage units	--	--	1685.24 (2.45)	42.06
870390	Motor cars and other motor vehicles principally designed for the transport of persons: Other category	--	--	1382.5 (2.01)	128.05

854140	Photosensitive semi-conductor devices, photo voltaic cells; light-emitting diodes (LED)	--	--	1126.9 (1.64)	60.81
<b>Sub-Total*</b>		<b>19456.09 (42.28)</b>	--	<b>30663.05 (44.53)</b>	--
<b>Total Exports in 2017 (US\$ mn)</b>		<b>46018.08</b>	--	<b>68852.27</b>	--
<b>Notes:</b> Values in the parenthesis are export shares of particular products in total exports;					
* Summation of the top ten exported products					
<b>Source:</b> WITS database					

In 2017, India's export to South Korea was valued at approximately US\$ 4.4 billion, whereas that of the USA to South Korea was approximately US\$ 48.3 billion. In the top ten exported items, there is no overlapping of products from both countries to South Korea. As a result of this updated FTA, it is expected that South Korea's import from India may not get affected in the short-run (See Table 1.2) as exports from India and the USA are different in nature.

India and USA's top ten exports, with their corresponding CAGRs, to South Korea are represented by Table 1.2. USA's top ten exports to South Korea are approximately six times more and more diverse than that of India's exports to South Korea. USA exports high-value products to South Korea, whereas India exports low to medium valued products to that country. This might be one of the reasons why in the short-run trade diversion from India in favour of the USA to the South Korean market seems weak.

**Table 1.2: India and USA's Top 10 Exports to Korea**

Product Code	Product Description	India's Exports to Korea		USA's Exports to Korea	
		Export Value in 2017 (US\$ mn)	CAGR (2013-17)	Export Value in 2017 (US\$ mn)	CAGR (2013-17)
760110	Doors, windows and their frames and thresholds for doors	722.7 (16.51)	17.74	--	--
271012	Light oils and preparations	659.38 (15.06)	15.24	--	--
720241	Ferro-manganese	245.1 (5.6)	3.38	--	--
790111	Zinc, not alloyed	141.23 (3.23)	22.78	--	--
740311	Refined copper : Cathodes and sections of cathodes	139.36 (3.18)	178.02	--	--
271019	Petroleum oils and oils obtained from bituminous minerals, other than crude	94.14 (2.15)	-36.01	--	--
290124	Acyclic hydrocarbons : Buta-1,3-diene and isoprene	63.89 (1.46)	11.99	--	--
710239	Diamonds, whether or not worked, but not mounted or set	53.29 (1.22)	10.1	--	--
780110	Refined lead	50.21 (1.15)	-7.77	--	--
540233	Textured yarn : Of polyesters	37.44 (0.86)	23.25	--	--

848620	Machines and apparatus for the manufacture of semi-conductor devices	--	--	4730.71 (9.79)	37.57
854231	Processors and controllers, converters, logic circuits, amplifiers, clock and timing circuits, or other circuits	--	--	2513.1 (5.2)	0.57
851712	Telephones for cellular networks or for other wireless networks	--	--	946.18 (1.96)	177.47
271112	Propane	--	--	921.2 (1.91)	146.99
848690	Parts and accessories of heading 8486	--	--	837.69 (1.73)	17.18
100590	Maize (corn)	--	--	711.36 (1.47)	30.74
870323	Motor cars and other motor vehicles: Of a cylinder capacity exceeding 1,500 cc but not exceeding 3,000 cc	--	--	684.27 (1.42)	18.98
270112	Bituminous coal	--	--	622.64 (1.29)	5.06
271111	Natural gas	--	--	596.16 (1.23)	1275.5
20220	Meat of bovine animals, frozen	--	--	407.94 (0.84)	11.4
<b>Sub-Total*</b>		<b>2206.74 (50.42)</b>	--	<b>12971.25 (26.84)</b>	--
<b>Total Exports in 2017 (US\$ mn)</b>		<b>4376.96</b>	--	<b>48326.09</b>	--

**Notes:** Values in the parenthesis are export shares of particular products in total exports;  
 \* Summation of the top ten exported products

**Source:** WITS database

The effect of this revised KOR-USA FTA can also be analysed by using the indices of homogeneity and competitive pressure faced by Indian exports from the USA and South Korea in their respective market. For this, we have used Finger-Kreinin Index (FKI) and Relative Export Competitive Pressure Index (RECPI).

The FKI measures the degree of homogeneity of trade (exports or imports) of two sets of countries with respect to the third (destination) country. The value of this index ranges from zero to one. If FKI = 1, then export structures would be exactly similar (homogeneous) and if FKI = 0, then, the export structures do not have any similarity (heterogeneous).

The RECPI calculates the level of competitive pressure a country faces from another country in a particular destination country. Suppose country X and country Y are exporting in the country Z's market. If country X's exports are 'n' times larger than the country Y's exports to country Z but these exports are entirely in different sectors when compared to country Y, then the RECPI will be equal to zero. If country X's exports are 'n' times larger than the country Y's exports to country Z but these exports are entirely in same sectors like that of country Y, then, the competitive pressure will be high for country Y and hence, the RECPI will be equal to 'n'.

**Table 2.3: FKI & RECPI among India, Korea and the USA**

A. India's FKI with Korea in USA's Market						B. India's FKI with the USA in Korea's Market					
Competitor	2012	2013	2014	2015	2016	Competitor	2012	2013	2014	2015	2016
Korea	0.14	0.17	0.17	0.15	0.15	USA	0.09	0.13	0.11	0.11	0.11
C. India's RECPI with Korea in USA's Market						D. India's RECPI with the USA in Korea's Market					
Competitor	2012	2013	2014	2015	2016	Competitor	2012	2013	2014	2015	2016
Korea	0.06	0.11	0.09	0.06	0.04	USA	0.18	0.68	0.38	0.49	0.39

*Source: TradeSift calculations using data from Comtrade via WITS (HS 6-Digit)*

India's export similarity and competitive pressure from South Korea in the USA's market do not show any symptoms of worry for India from the KOR-USA FTA (Table 1.3A & Table 1.3C). Similarly, the value of FKI and RECPI of India with the USA in their exports to the South Korean market is not showing any alarming trend (See Table 1.3). The pattern of exported products from India and South Korea in the US market is comparatively more similar than that of what is exported from the USA and India in South Korean market. Whereas and to some extent, India is facing comparatively more competitive pressure from the US than that of what it is experiencing from South Korea (See Table 1.3).

### **Food for Thought**

Overall, our analysis has not presented any alarming signals accruing from this trade deal on India's trade relationships with them. While the closeness of the US and South Korea will not make competition tougher for India in the US as well as in the South Korean market in the short-run but there may be adverse effects in the long-run. India is connected with South Korea through a Comprehensive Economic Partnership Agreement, which may protect its interest in that market. The export similarity of India with South Korea in the US market may challenge India's export of few products in that market. Therefore, India should enhance its trade ties with these two countries with a particular focus on the US.

## **2. Thai-Sri Lankan FTA to be concluded by 2020**

Negotiations on a Thailand-Sri Lanka free trade agreement (FTA) would be concluded by 2020. Thailand will host the second Thai-Sri Lanka FTA negotiations from today until Friday... Sri Lanka is Thailand's fourth-largest trading partner in South Asia. Thai-Sri Lankan trade was valued at \$319.6 million from January to July this year, with Thailand enjoying a large trade surplus with the island nation, according to the Department of Trade Negotiations. Thai imports were worth \$47.9 million while exports were valued at \$271.7 million. The prospects for Thai-Sri Lankan trade were promising, as the total trade value had increased by 6.7 per cent compared to the same period last year. Apart from opening markets to boost trade in goods, Thailand will also place emphasis on trade in services as Thai investors have a growing interest to invest in Sri Lanka's tourism industry.

(<http://www.nationmultimedia.com/detail/Economy/30354737>)

### **CUTS Comments**

India has a free trade agreement (FTA) with Sri Lanka and is now putting more efforts to expand its scope and coverage. With Thailand, India has a Comprehensive Economic Cooperation Agreement (CECA). Trade statistics show that there is low similarity in exported items from India and Sri Lanka to Thailand and that of India and Thailand to Sri Lanka. This might be one of the reasons why India's export with these countries may not get affected in the short-run as a result of this deal.

India is the largest importing source for Sri Lanka and the 15<sup>th</sup> largest import source for Thailand. In 2017, the total value of India's export to Sri Lanka was approximately US\$ 4.42 billion. In the same year, the value of Thailand's export to Sri Lanka was approximately US\$ 0.4 billion (See Table 2.1).

India, Thailand and Sri Lanka's value of exports of top ten exported products with their corresponding CAGRs are given in Table 2.1 and Table 2.2, respectively. From Table 2.1, it is clear that India is not in competition with Thailand in Sri Lanka's market.

India's major exported items to Sri Lanka are medium oils and preparations, not containing biodiesel, n.e.s; motorcycles, incl. mopeds, with engine capacity > 50 cm<sup>3</sup> but <= 250 cm<sup>3</sup>; semi-milled or wholly milled rice; ayurvedic, unani, homoeopathic, siddha or biochemical systems medicaments; portland cement; dredgers; fresh or chilled onions and shallots; tugs and pusher craft and semi-finished products of iron or non-alloy steel. Thailand exports dried fish; cane or beet sugar and chemically pure sucrose, in solid form; cement clinkers; technically specified natural rubber; natural rubber latex; raw cane sugar and few others to Sri Lanka (See Table 2.1).

**Table 2.1: India and Thailand's Top 10 Exports to Sri Lanka**

Product Code	Product Description	India's Exports to Sri Lanka		Thailand's Exports to Sri Lanka	
		Export Value in 2017 (US\$ mn)	CAGR (2013-17)	Export Value in 2017 (US\$ mn)	CAGR (2013-17)
271019	Medium oils and preparations, not containing biodiesel, n.e.s.	761.92 (17.25)	12.16	--	--
871120	Motorcycles, incl. mopeds, with reciprocating internal combustion piston engine of a cylinder capacity > 50 cm <sup>3</sup> but <= 250 cm <sup>3</sup>	219.25 (4.96)	14.20	--	--
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	202.83 (4.59)	128.54	--	--
300490	Ayurvedic, Unani, Homoeopathic, Siddha or Biochemic systems medicaments	137.06 (3.10)	3.24	--	--
252329	Portland cement (excluding white, whether or not artificially coloured)	109.23 (2.47)	4.42	--	--
890510	Dredgers	94.56 (2.14)	-3.30	--	--
70310	Fresh or chilled onions and shallots	77.25 (1.75)	-2.45	--	--
890400	Tugs and pusher craft	71.71 (1.62)	7.32	--	--
720719	Semi-finished products of iron or non-alloy steel containing, by weight, < 0,25% of carbon, of circular cross-section	62.26 (1.41)	17.39	--	--
720711	Semi-finished products of iron or non-alloy steel containing, by weight, < 0,25% of carbon, of the square or rectangular cross-section	59.96 (1.36)	48.21	--	--
30559	Dried fish, even salted but not smoked (excluding fillets, offal and cod)	--	--	37.55 (8.51)	-1.78
170199	Cane or beet sugar and chemically pure sucrose, in solid form	--	--	23.31 (5.28)	-1.12
252310	Cement clinkers	--	--	15.39 (3.49)	15.01
400122	Technically specified natural rubber	--	--	13.15 (2.98)	35.13
400110	Natural rubber latex, whether or not prevulcanised	--	--	10.87 (2.46)	25.95
170114	Raw cane sugar, in solid form, not containing added flavouring or colouring matter	--	--	10.78 (2.44)	31.97
550410	Staple fibres of viscose rayon, not carded, combed or	--	--	10.74 (2.43)	1.87

	otherwise processed for spinning				
842952	Self-propelled mechanical shovels, excavators and shovel loaders	--	--	8.01 (1.81)	21.83
30554	Different Fish for human consumption	--	--	7.99 (1.81)	NA
870421	Motor vehicles for the transport of goods, "diesel or semi-diesel engine" of a gross vehicle weight <= 5 t	--	--	7.85 (1.78)	-2.62
<b>Sub-Total*</b>		<b>1796.03 (40.67)</b>	--	<b>145.64 (33.01)</b>	--
<b>Total Exports in 2017 (US\$ mn)</b>		<b>4415.87</b>	--	<b>441.17</b>	--

**Notes:** Values in the parenthesis are export shares of particular products in total exports;  
 \* Summation of the top ten exported products

**Source:** ITC Trade MAP Database

Table 2.2 highlights that as compared to Sri Lanka, India is better positioned in Thailand's market. Furthermore, there is no product (at HS 6 digit level) in their top ten product segments that India and Sri Lanka are commonly exporting to Thailand's market.

India is mainly exporting diamonds worked, but not mounted or set (excluding industrial diamonds); frozen mackerel; fruits of the genus capsicum; parts and accessories, for tractors, motor vehicles; medium oils, of petroleum, not containing biodiesel, n.e.s; some varieties of non-alloy pig iron in pigs; ayurvedic, unani, homoeopathic, siddha or biochemical systems medicaments and few others to the Thai market. On the other hand, the majority of Sri Lanka's exports are of rubies, sapphires and emeralds; wheat or meslin flour; parts for boring or sinking machinery of subheading 8430.41 or 8430.49, n.e.s; natural rubber latex; mechanically made lace of man-made fibres; fixed electrical capacitors, dielectric of paper or plastics ; waste and scrap, of aluminium; precious and semi-precious stones, but not strung, mounted or set; frozen shrimps and prawns, and frozen crustaceans, even smoked, fit for human consumption (See Table 2.2).

**Table 2.2: India and Sri Lanka's Top 10 Exports to Thailand**

Product Code	Product Description	India's Exports to Thailand		Sri Lanka's Exports to Thailand	
		Export Value in 2017 (US\$ mn)	CAGR (2013-17)	Export Value in 2017 (US\$ mn)	CAGR (2013-17)
710239	Diamonds worked, but not mounted or set (excluding industrial diamonds)	546.93 (15.25)	-4.47	--	--
30354	Frozen mackerel	137.16 (3.82)	37.46	--	--
90421	Fruits of the genus Capsicum: dried, neither crushed nor ground	131.71 (3.67)	27.90	--	--
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, goods and etc.	100.52 (2.80)	8.36	--	--
271019	Medium oils, of petroleum,	80.04	3.24	--	--

	not containing biodiesel, n.e.s.	(2.23)			
720110	Non-alloy pig iron in pigs, containing, by weight, <= 0,5% of phosphorous	68.55 (1.91)	-0.04	--	--
300490	Ayurvedic, Unani, Homoeopathic, Siddha or Biochemic systems medicaments	66.90 (1.87)	11.21	--	--
720230	Ferro-silico-manganese	54.19 (1.51)	2.21	--	--
840820	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine", for the propulsion of vehicles of chapter 87	49.99 (1.39)	113.46	--	--
870840	Gear boxes and parts thereof	43.88 (1.22)	-15.49	--	--
710391	Rubies, sapphires and emeralds	--	--	14.14 (26.18)	-1.68
110100	Wheat or meslin flour	--	--	4.71 (8.73)	4.94
843143	Parts for boring or sinking machinery of subheading 8430.41 or 8430.49, n.e.s.	--	--	4.44 (8.22)	NA
400110	Natural rubber latex, whether or not prevulcanised	--	--	1.86 (3.44)	NA
580421	Mechanically made lace of man-made fibres in the piece, in strips or in motifs	--	--	1.58 (2.93)	11.73
853225	Fixed electrical capacitors, dielectric of paper or plastics	--	--	1.52 (2.81)	44.14
760200	Waste and scrap, of aluminium	--	--	1.44 (2.67)	NA
710399	Precious and semi-precious stones, but not strung, mounted or set, ungraded, temporarily strung for convenience of transport	--	--	1.38 (2.55)	28.59
30617	Frozen shrimps and prawns, even smoked, whether in shell or not	--	--	1.36 (2.52)	268.50
30619	Frozen crustaceans, even smoked, fit for human consumption	--	--	1.06 (1.96)	NA
<b>Sub-Total*</b>		<b>1279.87 (35.68)</b>	--	<b>33.49 (62.03)</b>	--
<b>Total Exports in 2016 (US\$ mn)</b>		<b>3587.33</b>	--	<b>53.99</b>	--

**Notes:** Values in the parenthesis are export shares of particular products in total exports;

\* Summation of the top ten exported products

*Source: ITC Trade MAP Database*

The level of similarity and competitive pressure from the exports of Thailand and Sri Lanka in each other's market with India is given by Table 2.3. It is evident that India is facing a low degree of similarity and negligible competitive pressure from Thailand in Sri Lanka's market (Table 2.3A & Table 2.3C). On the other hand, there is a negligible level of export similarity and competitive pressure that India is facing from Sri Lanka in Thailand's market (Table 2.3B & Table 2.3D).

**Table 2.3: FKI & RECPI among India, Thailand and Sri Lanka**

A. India's FKI with Thailand in Sri Lanka's Market						B. India's FKI with Sri Lanka in Thailand's Market					
Competitor	2012	2013	2014	2015	2016	Competitor	2012	2013	2014	2015	2016
Thailand	0.19	0.24	0.16	0.18	0.20	Sri Lanka	0.06	0.03	0.04	0.06	0.05
C. India's RECPI with Thailand in Sri Lanka's Market						D. India's RECPI with Sri Lanka in Thailand's Market					
Competitor	2012	2013	2014	2015	2016	Competitor	2012	2013	2014	2015	2016
Thailand	0.02	0.02	0.00	0.01	0.02	Sri Lanka	0.00	0.00	0.00	0.00	0.00

*Source: TradeSift calculations using data from Comtrade via WITS (HS 6-Digit)*

### **Food for Thought**

Our analysis indicates that as a result of this FTA India will not lose out to either Thailand or Sri Lanka. This is because in terms of total exports India is a relatively larger player than Thailand in Sri Lanka's market and also than that of Sri Lanka in Thailand's market. However, India may face certain difficulties in specific products which are beyond its top ten export segments. India is connected to Sri Lanka through India-Sri Lanka FTA and the Agreement on South Asian Free Trade Area and to Thailand through India-Thailand CECA, and there is no immediate threat to India in respect to losing access to these markets. However, India should further strengthen its trade ties with Sri Lanka and Thailand for better market access, particularly on products which are relatively less exported.

### **3. Japan, Turkey to seek early conclusion of free trade accord**

Japanese Prime Minister Shinzo Abe and Turkish President Recep Tayyip Erdogan agreed Monday to aim to conclude negotiations for a free trade agreement at an early date. During their talks on the sidelines of the U.N. General Assembly, Abe said he wants to enhance bilateral ties that have been steadily deepening under Erdogan in various areas, the Japanese Foreign Ministry said. Japan and Turkey started negotiations to reach a bilateral free trade agreement in 2014. Turkey serves as a manufacturing base for Japanese companies making products for the European Union.

(<https://english.kyodonews.net/news/2018/09/3110a7247f12-japan-turkey-to-seek-early-conclusion-of-free-trade-accord.html>)

## **CUTS Comments**

India's economic relations with Japan are very good as enshrined in the Indo-Japan CEPA. India and Turkey are still without a bilateral trade agreement.

Table 3.1 and Table 3.2 show the top ten exported products of India, Japan and Turkey along with their corresponding shares in total trade in 2017 and also product-wise CAGR over five years (2013 - 2017).

As shown in Table 3.1, the value of India's top ten products is more than twelve times larger than Turkey's exports of top ten products to Japan, and there is a significant difference in the value of total products exported by India to Japan than that of Turkey to Japan. This portrays that India is a major player in comparison to Turkey in terms of export value. Majority of Indian exported products to Japan include light petroleum products; diamond made products; iron ores and concentrates: ferro-silico-manganese; aluminium, not alloyed; herbicides, anti-sprouting products and plant-growth regulators; dried fruit: prunes; oil-cake and other solid residues, resulting from the extraction of soyabean oil; and ferro-chromium.

India is competing with Turkey in one product namely ferro-chromium. India's export of ferro-chromium is much higher than that of Turkey's exports to Japan. However, Turkey has comparatively more CAGR in the exports of this product to Japan than that of India.

Atlantic and Pacific bluefin tunas; Uncooked pasta; Brakes and servo-brakes; Road wheels and parts and accessories; Drive-axles with differential, and non-driving axles; Suspension systems and parts thereof (including shock-absorbers); Tomatoes prepared or preserved otherwise than by vinegar or acetic acid and few are other major export items from Turkey to Japan.

**Table 3.1: India and Turkey's Top 10 Exports to Japan**

Product Code	Product Description	India's Exports to Japan		Turkey's Exports to Japan	
		Export Value in 2017 (US\$ mn)	CAGR (2013-17)	Export Value in 2017 (US\$ mn)	CAGR (2013-17)
271012	Light oils and preparations	707.59 (15.73)	2.46	--	--
30617	Other shrimps and prawns	349.27 (7.77)	9.31	--	--
710239	Diamonds, whether or not worked, but not mounted or set	235.89 (5.24)	-6.92	--	--
260111	Iron ores and concentrates: Non-agglomerated	117.39 (2.61)	-19.43	--	--
720230	Ferro-silico-manganese	116.04 (2.58)	-11.18	--	--
760110	Aluminium, not alloyed	112.80 (2.51)	110.15	--	--
380893	Herbicides, anti-sprouting products and plant-growth regulators	102.13 (2.27)	43.83	--	--
720241	Ferro-chromium : Containing by weight more than 4% of carbon	98.57 (2.19)	2.15	8.64 (2.1)	24.09
80132	Dried Fruit: Prunes	86.48	9.41	--	--

		(1.92)			
230400	Oil-cake and other solid residues, resulting from the extraction of soyabean oil	79.78 (1.77)	-26.06	--	--
30235	Atlantic and Pacific bluefin tunas (Thunnus thynnus, Thunnus orientalis)	--	--	44.68 (10.86)	3.41
190219	Uncooked pasta, not stuffed otherwise Prepared: without egg	--	--	40.93 (9.95)	17.7
870830	Brakes and servo-brakes; parts thereof	--	--	13.93 (3.39)	354.83
870870	Road wheels and parts and accessories	--	--	10.14 (2.46)	-2.57
870850	Drive-axles with differential, and non-driving axles; parts thereof	--	--	9.95 (2.42)	482.73
870880	Suspension systems and parts thereof (including shock-absorbers)	--	--	9.37 (2.28)	351.3
200290	Tomatoes prepared or preserved otherwise than by vinegar or acetic acid	--	--	8.35 (2.03)	-15.73
840991	Valves, inlet and exhaust, piston, piston rings, piston assemblies	--	--	7.88 (1.91)	320.79
80420	Figs	--	--	7.87 (1.91)	5.66
<b>Sub-Total*</b>		<b>2005.93 (44.60)</b>	--	<b>161.74 (39.30)</b>	--
<b>Total Exports in 2017 (US\$ mn)</b>		<b>4497.96</b>	--	<b>411.53</b>	--

**Notes:** Values in the parenthesis are export shares of particular products in total exports;  
 \* Summation of the top ten exported products

**Source:** WITS database

From Table 3.2, it is clear that there is less difference in the value of products exported by India to Turkey and that of Japan to Turkey. On the other hand, Japan is moving fast to increase its market access in Turkey which is clearly shown in Japan export growth during 2013-17 (CAGR). India's export of top ten products to Turkey (US\$2221.5 million) is approximately 1.6 times larger than the export from Japan to Turkey (US\$1345.5million). In the top ten exported products category, there is one common product (that is, spark-ignition reciprocating or rotary internal combustion piston engine) that both countries are exporting to Turkey, on which Japan has upper hand in terms of value as well as growth rate.

**Table 3.2: India and Japan's Top 10 Exports to Turkey**

Product Code	Product Description	India's Exports to Turkey		Japan's Exports to Turkey	
		Export Value in 2017 (US\$ mn)	CAGR (2013-17)	Export Value in 2017 (US\$ mn)	CAGR (2013-17)
271019	Petroleum oils and oils obtained from bituminous minerals, other than crude	1238.51 (25.17)	11.02	--	--
540233	Synthetic filament yarn (other than sewing thread): Of polyesters	184.54 (3.75)	-2.77	--	--
870899	Parts and accessories of the motor vehicles of headings 8701 to 8705	181.65 (3.69)	-8.92	--	--
320416	Reactive dyes and preparations based	112.99 (2.3)	-1.66	--	--
390210	Polypropylene	111.18 (2.26)	-5.64	--	--
840734	Spark-ignition reciprocating or rotary internal combustion piston engine	101.31 (2.06)	3.09	225.53 (7.13)	206.35
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	91.33 (1.86)	20.15	--	--
550951	Yarn (other than sewing thread): Mixed mainly or solely with artificial staple fibres	86.23 (1.75)	4.79	--	--
550410	Artificial staple fibres, not carded, combed: Of viscose rayon	63.72 (1.29)	-9.97	--	--
540246	Synthetic filament yarn (other than sewing thread): Other, of polyesters, partially oriented	50.1 (1.02)	-1.57	--	--
870840	Gear boxes and parts thereof	--	--	335.36 (10.6)	33.72
842952	Machinery with a 360° revolving superstructure	--	--	224.73 (7.11)	-1.05
850750	Nickel-metal hydride	--	--	125.39 (3.97)	775.48
850440	Static converters	--	--	100.06 (3.16)	154.57
870830	Brakes and servo-brakes and parts thereof	--	--	89.5 (2.83)	90.23
870332	Passenger: motor cars and other motor vehicles	--	--	67.66 (2.14)	39.38
842951	Front-end shovel loaders	--	--	63.44 (2.01)	1.36
722511	Flat-rolled products of other alloy steel: silicon-electrical steel (Grain-oriented)	--	--	60.6 (1.92)	52.9
870829	Parts and accessories of bodies (including cabs)	--	--	53.21 (1.68)	5.9
<b>Sub-Total*</b>		<b>2221.55</b>	--	<b>1345.48</b>	--

	(45.14)		(42.55)	
<b>Total Exports in 2017 (US\$ mn)</b>	<b>4921.41</b>	--	<b>3162.45</b>	--
<b>Notes:</b> Values in the parenthesis are export shares of particular products in total exports;				
* Summation of the top ten exported products				
<i>Source:</i> WITS database				

Degrees of homogeneity and competitive pressure for India in the markets of Japan and Turkey are presented in Table 3.3. India and Turkey's and that of India and Japan's exported products are to a great extent homogenous and constant over the years (Table 3.3A and 3.3B). At the same time, the competitive pressure for India is also low and constant from both these countries for now.

**Table 3.3: FKI & RECPI among India, Turkey and Japan**

A. India's FKI with Turkey in Japan's Market						B. India's FKI with Japan in Turkey's Market					
Competitor	2012	2013	2014	2015	2016	Competitor	2012	2013	2014	2015	2016
Turkey	0.11	0.09	0.09	0.10	0.11	Japan	0.11	0.12	0.11	0.13	0.15
C. India's RECPI with Turkey in Japan's Market											
Competitor	2012	2013	2014	2015	2016	Competitor	2012	2013	2014	2015	2016
Turkey	0.01	0.02	0.01	0.01	0.03	Japan	0.01	0.02	0.01	0.01	0.03

*Source:* TradeSift calculations using data from Comtrade via WITS (HS 6-Digit)

### **Food For Thought**

India and Turkey's exports to Japan are to a great extent diversified and the same is true for Japan. This is clear from both countries' top ten products share, which is below 50 per cent, in their total exports in value term. As of now, both India and Japan do not have any bilateral trade ties with Turkey. On the other hand, Japan is moving fast to increase its' market access in Turkey as shown in CAGR of Japan's exports to Turkey. From Table 3.3, it is clear that as of now India and Japan stand equally in terms of export similarity and competitive pressure. The new trade equation between Japan and Turkey as a result of this FTA will create a favourable space for Japan for its export to Turkey. Therefore, India should better its trade ties with Turkey for better access to that market. Turkey will also act as a gateway for India's export to the market of other European countries.