

CUTS Dossier on Preferential Trade Agreements
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<http://www.cuts-citee.org/PTADossier.htm>)*

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1. Korea, Turkey initial FTA in service, investment sectors

South Korea and Turkey initialled a free trade agreement (FTA) for their investment and service sectors, which will complement a trade pact for products that went into effect last year. The two countries have agreed to officially sign the agreement in early 2015, and they plan to work for its implementation by undertaking their domestic procedures that include ratification by the countries' respective legislatures.

The countries had originally sought to hammer out a comprehensive free trade deal covering all sectors, but decided to separate the deal after their negotiations hit a stumbling block over Ankara's reluctance to liberalize its service and investment markets. The Korea-Turkey FTA on products went into effect in May 2013 after it was initialled and signed the previous year.

South Korea's exports to Turkey spiked 33.6 per cent on-year to US\$ 6.06 billion in the 12 months following the implementation of the products FTA in 2013, with Turkey's shipments to South Korea also surging 11.1 per cent on-year to US\$ 700 million. The countries' bilateral trade in the service industry came to about US\$ 740 million.

<http://english.yonhapnews.co.kr/business/2014/09/18/44/0502000000AEN20140918008800320F.html>

CUTS Comments

This FTA between Korea 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 Korea's markets and that of India and Korea in Turkey's market are competing on relatively less number of products. Though, the competition on account of the Korea-Turkey FTA may not be so detrimental to India in the short-run (see Table 1.3), the situation may change in the long-run.

Trade statistics reveal that in 2013 the total value of exports of India to Korea was approximately US\$ 4.5 billion. In the same year, the value of total exports from Turkey to Korea was approximately US\$ 469 million, just about ten per cent of India's exports to Korea. Thus, India is enjoying a significant advantage in Korea's market and that may be because of India-Korea Comprehensive Economic Partnership 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 Korea) such as mineral fuels, oils, distillation products; iron and steel; cereals; machinery, nuclear reactors, boilers; and commodities not elsewhere specified. Currently, India is better positioned than Turkey in these products, but as a result of this FTA Turkey is expected to gain more access to the Korean market and India may suffer in the long-run.

Also, in the competing product segments, annual growth rate of some exports of Turkey during 2009-2013 was greater than that of India. However, there are products like aluminum and articles thereof; organic chemicals; residues, wastes of food industry, animal fodder; cotton; and oil seed, oleagious fruits, grain, seed, fruit, where India is likely to remain a leading player in the Korean market as compared to Turkey.

India's Exports to Korea (2013: US\$ 4.5bn)		Turkey's Exports to Korea (2013: US\$ 469mn)		
<i>Export Value in 2013 (US\$mn)</i>	<i>Annual growth (2009-2013, % p.a.)</i>	<i>Sectors</i>	<i>Export Value in 2013 (US\$mn)</i>	<i>Annual growth (2009-2013, % p.a.)</i>
1008.8	-14	Mineral fuels, oils, distillation products,	173.2	54.0
487.1	28	Iron and steel	12.3	-11.0
395.4	44	Aluminium and articles thereof	...	...
393.8	14	Organic chemicals	...	...
301.1	34	Residues, wastes of food industry, animal fodder	...	...
247.3	3	Cotton	...	...
200.4	435	Cereals	13.9	2.0
133.8	6	Machinery, nuclear reactors, boilers,	32.4	17.0
107.8	40	Oil seed, oleagious fruits, grain, seed, fruit, , nes	...	...
103.7	30	Commodities not elsewhere specified	10.0	120.0
		Pharmaceutical products	30.2	133.0
		Ores, slag and ash	26.3	119.0
		Electrical, electronic equipment	19.9	15.0
		Salt, sulphur, earth, stone, plaster, lime and cement	8.7	0.0
		Vehicles other than railway, tramway	7.8	-34.0
3379.40(75%)		Top 10 Products (percentage of total exports)	334.65 (71%)	

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 Korea's total exports to Turkey was approximately US\$ 5.7 billion. Considering this FTA between Korea and Turkey, it is expected that Turkey's imports from India may get affected in some segments. Though Korea'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 and 18th largest import destination for Korea. 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 Korea compete with each other in certain products, especially in organic chemicals; machinery, nuclear reactors, boilers; plastics and articles thereof; iron and steel; and electrical, 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 Korea 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; manmade filaments; manmade staple fibres; and tanning, dyeing extracts, tannins, derives, pigments India has an edge over Korea. 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.

India's Exports to Turkey (2013: US\$ 4.5bn)		Korea's Exports to Turkey (2013: US\$ 5.7bn)		
<i>Export Value in 2013 (US\$mn)</i>	<i>Annual growth (2009-2013, %, p.a.)</i>	<i>Sectors</i>	<i>Export Value in 2013 (US\$mn)</i>	<i>Annual growth (2009-2013, %, p.a.)</i>
815.7	91.0	Mineral fuels, oils, distillation products,	...	...
466.5	45.0	Vehicles other than railway, tramway	...	...
332.4	66.0	Manmade filaments	...	...
309.8	19.0	Organic chemicals	198.0	38.0
307.0	50.0	Machinery, nuclear reactors, boilers,	1199.0	31.0
256.9	41.0	Plastics and articles thereof	953.3	31.0
240.8	16.0	Manmade staple fibres	...	...
217.4	36.0	Iron and steel	446.1	14.0
185.4	44.0	Electrical, electronic equipment	389.4	8.0
172.5	25.0	Tanning, dyeing extracts, tannins, derivs,pigments	...	...
		Vehicles other than railway, tramway	649.2	5.0
		Optical, photo, technical, medical, apparatus	527.0	43.0
		Rubber and articles thereof	182.2	18.0
		Ships, boats and other floating structures	150.8	-3.0
		Railway, tramway locomotives, rolling stock, equipment	136.4	37.0
3304.32 (73%)		Top 10 Products (percentage of total exports)	4831.42 (85%)	

Source: International Trade Centre Database

Given this composition of trade between India-Korea-Turkey, 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. It is used to compare the similarity between either the structure of a country's imports or exports 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 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 exports to country Y, and also to the extent to which country Z's exports are in direct competition with country X's exports. A low RECPI explains less competition between the competitors.

The FKI in Table 1.3A varies between 0.05 and 0.17 and shows an increasing trend over the year, indicating some similarity of exports of India and Turkey to Korea. This means that at the aggregate level India and Turkey were competing in the Korea's market to some extent. On the other hand, the level of competition between India and Korea in Turkey's market was moderate but increasing (Table 1.3B).

Similar to the results of the Finger-Kreinin Index between India, Turkey and Korea, Table 1.3C shows that during 2009-2013 the RECPI of India and Turkey with Korea were very low, indicating that the degree of competition between India and Turkey in the Korean market was substantially low. The same was true for India and Korea in Turkey's market (Table 1.3D).

Table 1.3: FKI and RECPI among India-Turkey-Korea (2009-13)											
A. India and Turkey's FKI with Korea						B. India and Korea's FKI with Turkey					
Partner	2009	2010	2011	2012	2013	Partner	2009	2010	2011	2012	2013
Korea	0.05	0.07	0.25	0.09	0.17	Turkey	0.15	0.16	0.17	0.17	0.18
C. India and Turkey's RECPI with Korea						D. India and Korea's RECPI with Turkey					
Partner	2009	2010	2011	2012	2013	Partner	2009	2010	2011	2012	2013
Korea	0.00	0.00	0.06	0.01	0.02	Turkey	0.32	0.38	0.19	0.06	0.10

Source: CUTS calculation 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 Partnership Agreement with Korea. In the wake of expected changes in trade in goods, services as well as investment relationship among India, Turkey and Korea, India should broaden its bilateral trade relations with Turkey and Korea to further strengthen its position in these markets.

2. Swiss-Chinese free trade agreement takes effect

Senior Swiss and Chinese officials were scheduled to mark the debut of the Free Trade Agreement (FTA) at a ceremony in the northern city of Basel, a highly symbolic location given its historical status as a hub for commerce along the River Rhine. The FTA was finally signed in Beijing July 2013, capping two years of talks between China and Switzerland. The deal with the Swiss is China's second with a European country, with Beijing having signed an FTA with economic crisis casualty Iceland in April 2013.

Neither Iceland nor Switzerland -- whose prosperous economy emerged relatively unscathed by the crisis -- is a member of the European Union. The European and Chinese economies are tightly linked. The EU is China's top export market, while China is second to the United States as a destination for EU exports. But the balance is heavily in China's favour. Switzerland's top exports to China are watches, pharmaceuticals and chemicals, and machinery, while textiles and machinery head the list of imported Chinese goods.

<http://www.thelocal.ch/20140701/swiss-chinese-free-trade-deal-takes-effect>

CUTS Comments

The FTA between Switzerland and China is likely to have some impact on India's export. However, India and Switzerland are not in deep competition in China's market (see Table 2.3). Trade statistics reveal that in 2013 the total value of exports of India to Switzerland was approximately US\$ 1.8 billion. In the same year, the value of total exports from China to Switzerland was US\$ 3.5 billion. This shows that at the moment China is better positioned in Switzerland's market and the new FTA will strengthen this position.

As shown in Table 2.1, India and China are competing in some product segments (in their top 10 exports) such as pearls, precious stones, metals, coins; organic chemicals; machinery, nuclear reactors, boilers; electrical, electronic equipment; articles of apparel, accessories, knit or crochet; articles of apparel, accessories, not knit or crochet; and clocks and watches and parts thereof. Currently, China is better positioned than India in these products. However, in competing product segments the annual export growth of India during 2009-2013 was greater than that of China.

Table 2.1				
India's Exports to Switzerland (2013: US\$ 1.8bn)			China's Exports to Switzerland (2013: US\$ 3.5bn)	
<i>Export Value in 2013 (US\$mn)</i>	<i>Annual growth (2009-2013, %, p.a.)</i>	<i>Sectors</i>	<i>Export Value in 2013 (US\$mn)</i>	<i>Annual growth (2009-2013, %, p.a.)</i>
647.0	301.0	Mineral fuels, oils, distillation products,	...	...
269.8	18.0	Pearls, precious stones, metals, coins,	183.6	16.0
248.6	14.0	Organic chemicals	341.2	14.0
139.5	48.0	Machinery, nuclear reactors, boilers,	456.8	12.0
53.1	51.0	Electrical, electronic equipment	630.6	8.0
48.7	76.0	Aircraft, spacecraft, and parts thereof	...	...
41.9	-7.0	Articles of apparel, accessories, knit or crochet	204.4	-8.0
24.9	18.0	Articles of apparel, accessories, not knit or crochet	177.7	-12.0
24.0	2.0	Tanning, dyeing extracts, tannins, derivs, pigments	...	...
23.6	50.0	Clocks and watches and parts thereof	81.7	34.0
		Footwear, gaiters and the like, parts thereof	396.7	15.0
		Optical, photo, technical, medical, apparatus	163.5	13.0
		Furniture, lighting, signs, prefabricated buildings	87.3	12.0
1521.1 (86%)		Top 10 Products (percentage of total exports)	2723.5 (77%)	

Source: International Trade Centre Database

In 2013, exports from India to China was valued at approximately US\$ 16.42 billion, whereas Switzerland's total exports to China was approximately US\$ 9.45 billion. China's imports from India may not get further affected in the short run.

India is the 27th largest import destination for China and 16th largest import destination for Switzerland. Products like cotton; copper and articles thereof; ores, slag and ash; organic chemicals; mineral fuels, oils, distillation products; salt, sulphur, earth, stone, plaster, lime and cement; and plastics and articles thereof are major exports from India to China. As shown in Table 2.2, India and Switzerland largely compete with each other in three product segments, especially in organic chemicals; plastics and articles thereof; and machinery, nuclear reactors, boilers.

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 change after the signing of this FTA between Switzerland and China 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 cotton; copper and articles thereof; ores, slag and ash; mineral fuels, oils, distillation products; salt, sulphur, earth, stone, plaster, lime and cement; iron and steel; and animal, vegetable fats and oils, cleavage products, India has an edge over Switzerland. Because of this, it has the potential to improve its overall position in the Chinese market.

Table 2.2				
India's Exports to China (2013: US\$ 16.42bn)		Switzerland's exports to China (2013: US\$ 9.45bn)		
<i>Export Value in 2013 (US\$mn)</i>	<i>Annual growth (2009-2013, %, p.a.)</i>	<i>Sectors</i>	<i>Export Value in 2013 (US\$mn)</i>	<i>Annual growth (2009-2013, %, p.a.)</i>
4843.1	59.0	Cotton	...	...
1959.0	30.0	Copper and articles thereof	...	...
1742.6	-25.0	Ores, slag and ash	...	...
1046.0	22.0	Organic chemicals	488.1	0.0
739.7	67.0	Mineral fuels, oils, distillation products,	...	...
708.5	30.0	Salt, sulphur, earth, stone, plaster, lime and cement	...	...
687.6	34.0	Plastics and articles thereof	103.9	-2.0
508.2	12.0	Machinery, nuclear reactors, boilers,	1800.5	1.0
373.0	-10.0	Iron and steel	...	...
345.8	22.0	Animal, vegetable fats and oils, cleavage products,	...	...
		Pharmaceutical products	1790.6	37.0
		Clocks and watches and parts thereof	1560.4	26.0
		Optical, photo, technical, medical, apparatus	882.5	18.0
		Electrical, electronic equipment	808.4	6.0
		Pearls, precious stones, metals, coins,	794.7	36.0
		Commodities not elsewhere specified	317.6	
		Vehicles other than railway, tramway	81.3	25.0
12953.5 (79%)		Top 10 Products (percentage of total exports)	8627.9 (91%)	

Source: International Trade Centre Database

As shown in Table 2.3, there was less (and constant in the case of India and Switzerland in China's market) similarity of exports of India to China. The FKI in Table 2.3A varied between 0.04 and 0.08 and showed no tendency to increase over time. This means at the aggregate level India and Switzerland were not competing in the Chinese market to any significant extent. And the level of competition between India and China in the Swiss market was moderate and constant (see Table 2.3B).

Furthermore, India-Switzerland and India-China's RECPI with China and Switzerland, respectively, indicate that export competitiveness was low or moderate and the degree of competition between India and Switzerland in the Chinese market is substantially low, but the same is not true for India and China in the Swiss market (see Table 2.3D).

Table 2.3: FKI and RECPI among India-China-Switzerland (2009-13)											
A. India Switzerland's FKI with China						B. India and China's FKI with Switzerland					
Partner	2009	2010	2011	2012	2013	Partner	2009	2010	2011	2012	2013
China	0.08	0.04	0.05	0.06	0.06	Switzerland	0.17	0.18	0.19	0.17	0.18
C. India and Switzerland's RECPI with China						D. India and China's RECPI with Switzerland					
Partner	2009	2010	2011	2012	2013	Partner	2009	2010	2011	2012	2013
China	0.00	0.00	0.00	0.00	0.00	Switzerland	0.47	0.70	0.55	0.32	0.12
<i>Source: CUTS calculation using data from UN Comtrade via WITS 6-Digit and TradeSift software</i>											

Food for Thought

Bilateral trade between India and Switzerland is not substantial to their potential. On the other hand, India has huge trade deficit with China. In the wake of expected changes in trade and investment relationship among India, Switzerland and China, India should broaden its bilateral trade relations with Switzerland and China. The conclusion of FTA negotiations with the European Free Trade Association, consisting of Iceland, Liechtenstein, Norway and Switzerland, will help India in realising its trade potentiality with Switzerland (and other EFTA countries).

3. Korea, China to seal FTA by year's end

South Korea and China agreed to conclude their bilateral free trade negotiations by the end of this year. The bodies also agreed that Korea would be able to set up an offshore renminbi trading center in Seoul, enabling clearance and settlement of trade between the two countries in Chinese currency, while Korean institutional investors have been given an 80 billion yuan quota to use Chinese money for mainland equity purchases.

This series of deals came after President Park Geun-hye and Chinese President Xi Jinping met for a summit in Seoul on Thursday. Korea's presidential senior economic adviser Ahn Jong-beom said the two sides would continue to engage in their 12th round of trade negotiations this month, covering a wide range of issues from investment and services to tariff concessions and intellectual property. The Korean government said that both countries would aim to seal a "comprehensive and high-quality" deal that protected the country's agriculture industry by the year's end. This would enable Korean and foreign financial companies to issue Yuan-denominated bonds in the near future, the Korean government noted.

<http://nwww.koreaherald.com/view.php?ud=20140703000968>

CUTS Comments

This FTA between South Korea and China is likely to have some significant impact on the export basket of India. Both Korea and China will substantially reduce their average tariffs on each other's products. 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 China to South Korea was approximately US\$ 91.2 billion.

As shown in Table 3.1, India and China are competing in four product segments (in their top 10 exports) such as mineral fuels, oils, distillation products; iron and steel; organic chemicals; and machinery, nuclear reactors, boilers. China is better positioned than India in all these product categories. However, in the competing products segment the annual growth of exports of China during 2009-2013 was less than that of India. There are products like aluminium and articles thereof; residues, wastes of food industry, animal fodder; cotton; cereals; oil seed, oleagic fruits, grain, seed, fruit; and commodities not elsewhere specified, where India is likely to remain a leading player as compared to China.

India's Exports to Korea (2013: US\$ 4.5bn)		China's Exports to Korea (2013: US\$ 91.2bn)		
<i>Export Value in 2013 (US\$mn)</i>	<i>Annual growth (2009-2013, %, p.a.)</i>	<i>Sectors</i>	<i>Export Value in 2013 (US\$mn)</i>	<i>Annual growth (2009-2013, %, p.a.)</i>
1008.8	-14	Mineral fuels, oils, distillation products,	1981.4	-1.0
487.1	28	Iron and steel	6527.9	13.0
395.4	44	Aluminium and articles thereof	...	...
393.8	14	Organic chemicals	2504.1	12.0
301.1	34	Residues, wastes of food industry, animal fodder	...	...
247.3	3	Cotton	...	...
200.4	435	Cereals	...	...
133.8	6	Machinery, nuclear reactors, boilers,	8938.6	3.0
107.8	40	Oil seed, oleagic fruits, grain, seed, fruit, , nes	...	...
103.7	30	Commodities not elsewhere specified	...	...
		Electrical, electronic equipment	34157.3	20.0
		Optical, photo, technical, medical, apparatus	4175.8	22.0
		Articles of iron or steel	2781.8	7.0
		Articles of apparel, accessories, not knit or crochet	2018.5	12.0
		Articles of apparel, accessories, knit or crochet	1738.1	15.0
		Inorganic chemicals, precious metal compound, isotopes	1636.9	19.0
3379.40(75%)		Top 10 Products (percentage of total exports)	66460.2 (73%)	

Source: International Trade Centre Database

At the same time, when we talk about exports from India to China, it was valued at approximately US\$ 16.42 billion in 2013, whereas South Korea's total exports to China was approximately US\$ 145.87 billion. It is expected that China's imports from India may get affected in some segments.

India is the 18th largest import destination for Korea. As shown in Table 3.2, India and Korea are competing in six product segments (in their top 10 exports) such as copper and articles thereof; organic chemicals; mineral fuels, oils, distillation products; plastics and articles thereof; machinery, nuclear reactors, boilers; and iron and steel. Currently, Korea is better positioned than India in these products. However, in competing product segments the annual export growth of India during 2009-2013 was greater than that of Korea.

It was also observed that in products like cotton; ores, slag and ash; salt, sulphur, earth, stone, plaster, lime and cement; animal, vegetable fats and oils, cleavage products, India has an edge over Korea. Because of this advantage, it has the potential to improve its overall position in China's market.

Table 3.2				
India's Exports to China (2013: US\$ 16.42bn)			Korea's Exports to China (2013: US\$ 145.87bn)	
<i>Export Value in 2013 (US\$mn)</i>	<i>Annual growth (2009-2013, %, p.a.)</i>	<i>Sectors</i>	<i>Export Value in 2013 (US\$mn)</i>	<i>Annual growth (2009-2013, %, p.a.)</i>
4843.1	59.0	Cotton	...	...
1959.0	30.0	Copper and articles thereof	2001.2	7.0
1742.6	-25.0	Ores, slag and ash	...	...
1046.0	22.0	Organic chemicals	15003.8	18.0
739.7	67.0	Mineral fuels, oils, distillation products,	8912.0	16.0
708.5	30.0	Salt, sulphur, earth, stone, plaster, lime and cement	...	...
687.6	34.0	Plastics and articles thereof	10761.2	9.0
508.2	12.0	Machinery, nuclear reactors, boilers,	14274.7	7.0
373.0	-10.0	Iron and steel	3639.8	0.0
345.8	22.0	Animal, vegetable fats and oils, cleavage products	...	...
		Electrical, electronic equipment	48094.9	16.0
		Optical, photo, technical, medical, apparatus	21756.2	9.0
		Vehicles other than railway, tramway	6934.7	16.0
		Ships, boats and other floating structures	1236.1	45.0
12953.5 (79%)		Top 10 Products (percentage of total exports)	132614.7 (91%)	

Source: International Trade Centre Database

There was some similarity of export from India and Korea to China and that of India to Korea. The FKI in Table 3.3A varied between 0.8 and 0.12 and there was no tendency to increase over time. This means at the aggregate level India and Korea's exports were similar to the Chinese market. On the other hand, the level of export similarity between India and China in Korea's market was low and stable.

Alternatively, India-Korea and India-China's RECPI with China and Korea, respectively, indicate that export competitiveness was moderate to high for India in both China and Korea's markets and is increasing over time (see Table 3.3C and D).

Table 3.3: FKI and RECPI among India-China-Korea (2009-13)											
A. India and Korea's FKI with China						B. India and China's FKI with Korea					
Partner	2009	2010	2011	2012	2013	Partner	2009	2010	2011	2012	2013
China	0.09	0.08	0.16	0.10	0.12	Korea	0.09	0.09	0.11	0.11	0.12
C. India and Korea's RECPI with Korea						D. India and China's RECPI with Korea					
Partner	2009	2010	2011	2012	2013	Partner	2009	2010	2011	2012	2013
China	0.05	0.08	0.49	0.27	0.43	Korea	0.20	0.38	0.24	0.47	1.13
<i>Source: CUTS calculation using data from UN Comtrade via WITS 6-Digit and TradeSift software</i>											

Food for Thought

While India and Korea have a Comprehensive Economic Partnership Agreement, which is yet to reach its full potential, India and China are yet to have one. However, India and China are engaged in the negotiations of a Regional Comprehensive Economic Partnership agreement. On the other hand, Korea is expected to become a member of the Trans-Pacific Partnership agreement, which is negotiated by USA, Australia, Japan and a number of countries in the Pacific Ocean. India has FTAs with many of those countries who are part of RCEP and TPP.

Expected impact of these overlapping FTAs on future trade and investment relationship among India, Korea and China is significant. As shown in the Table 3.3 C&D, India is facing an increasing level of competition from both Korea and China. Therefore, India should put more emphasis on utilisation aspects of its FTA with Korea (and countries, such as Japan, Malaysia, Singapore, which are part of both RCEP and TPP and with which India has FTAs). Furthermore, one of the major objectives of India's engagement in the RCEP negotiations should be the reduction of its trade deficit with China.