

TOWARDS A NEW  
**INDIA-EU**  
ECONOMIC AGREEMENT



Identifying India's Export Potential  
to Select EU Economies



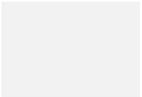
Confederation of Indian Industry

RESEARCH

125 Years: 1895-2020

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# 1. Introduction

India and the European Union (EU) share a relationship that dates back to the early 1960s<sup>1</sup>. Today, the EU bloc is among India's largest and most significant trading partners.

India has always shared deep trade and economic relations with Europe and was one of the first nations to establish diplomatic relations with the European Economic Community (EEC) during the 1960s, which eventually gave way to India's bilateral relations with the EU. The realization of a common vision of a democratic, multicultural and multipolar world led to the India-EU strategic partnership in 2004, as proposed by the European Commission, that also spearheaded the trade and investment negotiations in 2007. (Sachdeva, 2019; Wouters et. al, 2014).

Since June 2007, both sides have been negotiating a free trade deal, the Broadbased Trade and Investment Agreement (BTIA), talks on which came to a standstill after several rounds of negotiations. The proposed agreement is ambitious in that it seeks to create one of the world's largest free trade areas, covering 95% of the products listed among the two sides. It also seeks to liberalise non-conventional sectors in services and investments with rules on domestic regulation, competition and government procurement (Khorana & Narayanan, 2017).

After 16 rounds of negotiations, the last of which was held in 2013, the talks have been suspended. Given that total trade between India and the EU has significantly increased over the last few years, this might be an opportune time for both countries to restart trade talks.

The rationale for restarting trade talks between India and the EU derives from two critical developments in global trade at the start of 2020.

First, the Coronavirus outbreak in 2020 led to widespread shutdown of economic activity in large parts of the world as countries struggled to contain the proliferation of the pandemic. Starting from China, Coronavirus has forced countries to strategize on diversifying their import sources and re-examining trade models. As the world economy tackles the repercussions of protracted economic shutdown and recessionary conditions, India and the EU as two large trading poles can play an important part together in economic stabilization, once conditions are back to normalcy.

Second, the withdrawal of the United Kingdom (UK) from the EU on 1 February 2020 is also likely to impact the India-EU trade relations. Given that the UK alone accounts for a large percentage of Indian exports to the bloc, its departure from the EU presents potential new opportunities for India and the EU as well as the UK for expanding market access and strengthening bilateral ties. Therefore, the time is right for starting trade talks with the UK as well, which might lay the groundwork for a future bilateral trade deal that might open up ample prospects for both sides.

A balanced, mutually beneficial India-EU trade agreement will offer new markets and openings, while addressing the issues and interests of both sides. India, as a labour-abundant economy, stands to gain significantly from cooperation with the EU on investment and technical know-how

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<sup>1</sup> [https://mea.gov.in/Portal/ForeignRelation/India-EU\\_Bilateral\\_Unclassified\\_-\\_Oct\\_2019.pdf](https://mea.gov.in/Portal/ForeignRelation/India-EU_Bilateral_Unclassified_-_Oct_2019.pdf)

(Chakraborty et al., 2012). Further, the growing convergence of foreign policies and other issues between India and the EU will facilitate greater cooperation between the two, while the EU's increasing influence and prosperity would become even more relevant to India's own development and greater integration into the world economy (Jain & Pandey, 2019).

Given this backdrop, this paper analyses and identifies exports with high potential from India to the EU. The paper also identifies possible Indian exports for some select EU markets, where India has the highest export potential. These include the UK, Germany, Italy, France and the Netherlands. Given the recent departure of the UK from the EU following Brexit, India-UK trade and potential Indian exports to UK are also analyzed and presented in a separate section. Using data from the International Trade Centre (ITC) this paper develops a methodology that uses several filters, including competitiveness indices to identify potential exports.

While conventional measures such as the Revealed Comparative Index (RCA), which is frequently used in trade and international economics to assess a country's export potential have been employed to identify products with high competitiveness, a major contribution of the paper is the use of the Export Specialization Index, a modified version of the RCA index to identify products for specific markets and partners. This index while assessing export potential, also considers market specific characteristics rather than world export shares (as used in the RCA), which is useful to identify products relevant to specific markets.

Finally, the paper also highlights the contentious issues facing the India-EU BTIA and attempts to provide measures and a way forward to step up exports and expand trade between the two sides.

Such an analysis can be expected to provide a direction towards shortlisting India's areas of interest in any future trade negotiation with the EU.

The next section presents the India-EU trade data over the last 10 years.

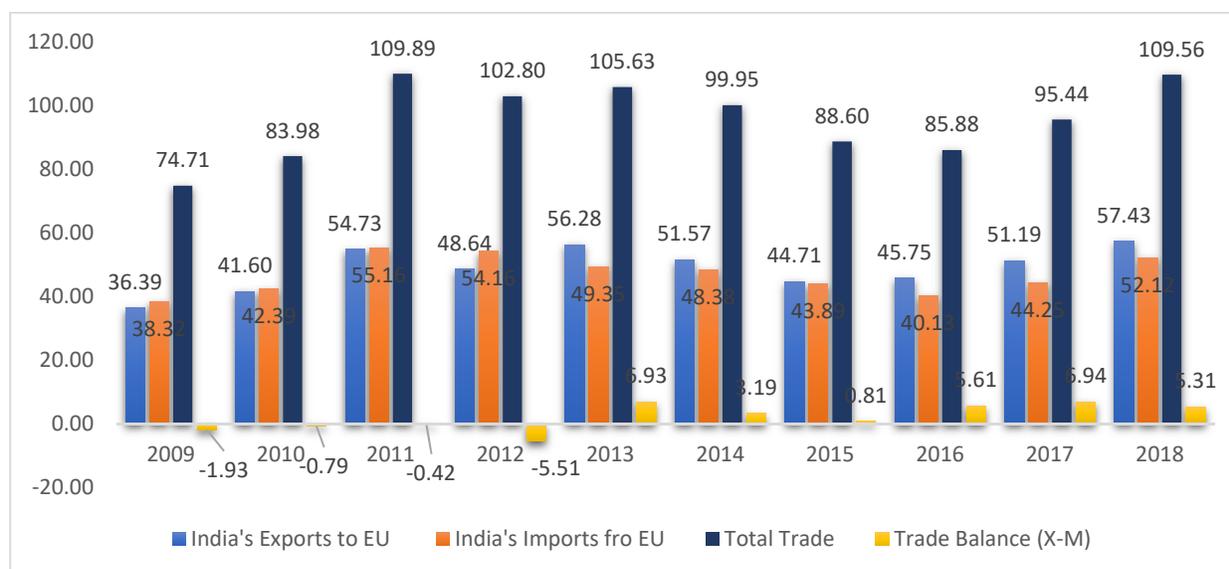
## 2. India-EU Trade

The EU recorded a GDP of US\$19.19 trillion (at current 2010 US\$)<sup>2</sup> and real GDP per capita of 28,280 Euro per capita during 2018<sup>3</sup>. As of 2018-19, the EU is the top destination for India's exports, accounting for more than 17% of total<sup>4</sup>. On the other hand, India is the EU's 9<sup>th</sup> largest trading partner as of 2018, with a share of 2.3% of the total<sup>5</sup>.

There has been a notable increase in India-EU trade over the last decade. However, most of this took place between 2009 and 2011, with total trade showing a falling trend to 2016, before rising again in 2017 and 2018.

During the period 2009-2018, Indian exports to the EU increased from US\$36 billion to US\$ 57 billion, recording a compound annual average growth rate (CAGR) of 4.67%. On the other hand, Indian imports from EU increased from around US\$38 billion to US\$52 billion between 2009 and 2018, registering a CAGR of more than 3%.

**Figure 1: India-EU Total Trade (in USD billion)**



Source: CII calculations based on ITC data

Between 2009 and 2018, total trade between India and EU grew at a CAGR of around 4%, increasing from US\$75 billion in 2009 to US\$110 billion in 2018. Total trade is, however, still slightly below the level achieved in 2011.

<sup>2</sup> World Bank

<sup>3</sup> Eurostat [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_08\\_10/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdg_08_10/default/table?lang=en)

<sup>4</sup> Export-Import Bank, Ministry of Commerce

<sup>5</sup> [https://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_122530.pdf](https://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122530.pdf)

India's trade balance has significantly improved over the last five years, which stood at US\$ 5.31 billion in 2018, in favor of India.

The top 5 imports of EU from India in Euro value include chemicals (17% share of the total imports), textiles and articles, machinery and appliances, metals and articles, and mineral products. However, India's share in extra-EU imports is very low in most of these sectors. In chemicals, India's share stands at 3.2% of EU's imports, while in the sectors of machinery, which accounts for almost a quarter of EU imports, it is just 1.1%. Overall, manufactured goods from India constitute just 2.4% of EU imports with shares at 0.5% or lower for key items such as telecom equipment, electronic data processing and office equipment, and electronic components.<sup>6</sup>

As a developing country, India enjoys concessional import tariffs for its exports to the EU under the Generalised System of Preferences (GSP). Over 7,000 tariff lines at the 10-digit HS level comprising about US\$ 26 billion benefit from this system.<sup>7</sup> Over 37% of the EU's imports from India in 2018 came in under the preferential import tariffs.<sup>8</sup>

In terms of India's imports from the EU, machinery and appliances are the top preferred items, accounting for over 30% of India's total imports from the EU. Other major imports are chemicals, gems and jewellery, metals and articles, and optical equipment. Apart from gems and jewellery, India accounts for less than 3% of EU exports outside the region, showing that it is not significantly part of its preferred markets.<sup>9</sup>

## 2.1 Trade Relations with Select EU Economies

This paper identifies product baskets for some major EU economies. These economies are selected as these are the largest economies in the EU, where India has the highest potential for expanding exports, as per ITC estimates. Additionally, these economies also rank high in terms of GDP per capita. Therefore, the identified products across these partner countries would form a representative basket for the entire EU region as well.

The ITC estimates gap charts for potential markets for a specific exporter, which presents the difference between actual and potential exports. As per the ITC, there is significant untapped potential to expand Indian exports in the EU countries.

Table 1 below presents the estimates for India's export potential and untapped potential for the major EU economies along with their real GDP per capita. Figure 2 presents the gap chart for India and these EU economies, as estimated by the ITC.

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<sup>6</sup> [https://webgate.ec.europa.eu/isdb\\_results/factsheets/country/details\\_india\\_en.pdf](https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_india_en.pdf)

<sup>7</sup> <https://pib.gov.in/newsite/PrintRelease.aspx?relid=190588>

<sup>8</sup> [https://trade.ec.europa.eu/doclib/docs/2020/february/tradoc\\_158640.pdf](https://trade.ec.europa.eu/doclib/docs/2020/february/tradoc_158640.pdf)

<sup>9</sup> [https://webgate.ec.europa.eu/isdb\\_results/factsheets/country/details\\_india\\_en.pdf](https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_india_en.pdf)

**Table 1: India’s export potential (all products) in select EU countries**

Country	Export Potential (USD billion)	Actual Exports (USD Billion)	Untapped Potential (USD billion)	Real GDP Per Capita (Euro/capita)
Germany	14.7	8.6	7.4	35,860
United Kingdom	12.6	8.5	5.7	32,700
France	9.0	4.9	4.9	32,830
Italy	8.0	5.0	4.2	26,760
Netherlands	5.7	3.4	3.1	41,540
Total	50	30.4	25.3	

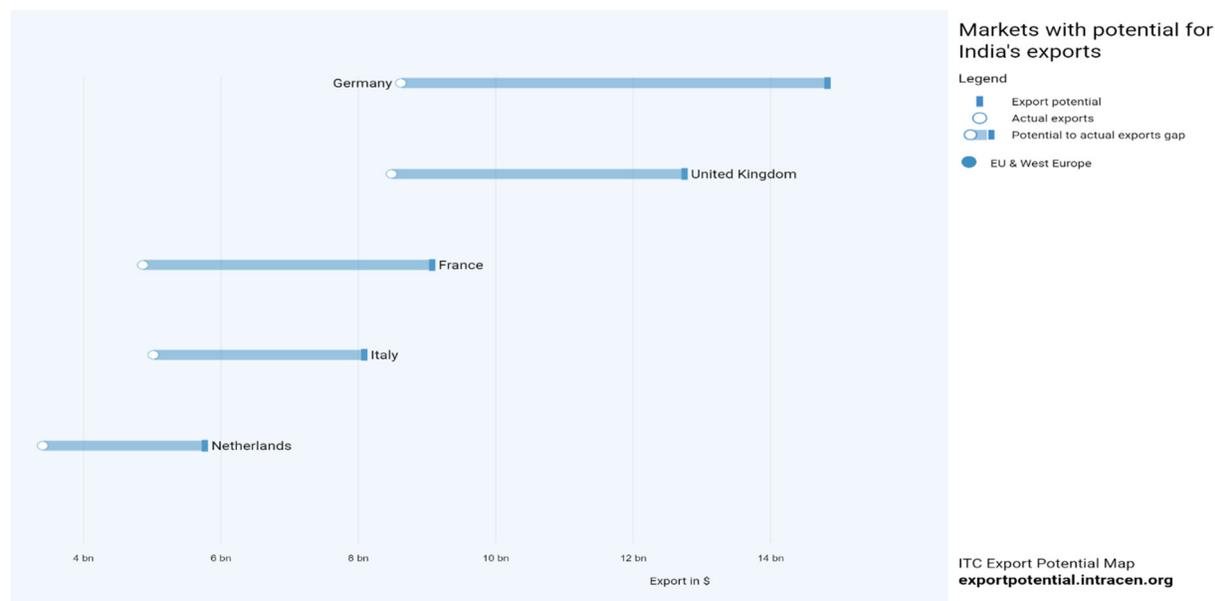
**Source:** International Trade Centre (Export Potential Map) & Eurostat for GDP Per Capita

\*ITC data as accessed on 22.01.2019

As table 1 shows, India has the most potential in terms of expanding exports in EU economies of Germany, United Kingdom, France, Italy and Netherlands. India has a total export potential amounting to around US\$ 50 billion in these countries. On the other hand, these countries taken together represent an untapped potential of more than US\$ 25 billion in exports for India.

As these markets present ample untapped opportunities, India should consider expanding exports in these markets, along with greater economic engagement with these partners.

**Figure 2: Gap Chart**



Source: International Trade Centre, Data accessed on 22.01.2020

As UK alone accounted for a large percentage of India-EU trade and its official exit from the EU presents many opportunities for both India and UK, data on India-UK and potential exports from India to UK is presented in a separate section later.

The next section discusses the data and elaborates the methodology employed in the paper for identification of potential Indian exports to select EU partners and the entire EU trade bloc.

## 3. Data and Methodology

Data on India's exports to EU as well as India's bilateral trade with individual EU countries (UK, Germany, Italy, Netherlands, and France) have been sourced from the International Trade Centre (Intracen/ITC) at the 4-digit HS code level. ITC also has data on other important variables required for the analysis, including world exports of a specific commodity, India's total exports of a product, total imports of the partner country and other relevant variables.

In determining India's exports to the entire EU as a whole and in India's bilateral trade with the individual partners, this paper looks at several factors. While in determining the entire product basket for EU, factors such as the Revealed Comparative Advantage (RCA) index, global shares and India's total exports are considered, certain additional factors are taken into account for the individual partner countries, that focuses on market specific characteristics. For every product category, the Export Specialization Index (ES), which is a slightly modified version of the RCA index, is calculated, wherein the specific market characteristics are also factored in, over and above world export shares. The definitions of these variables are provided in greater detail in the variable definitions section below.

In determining the final list of high potential products for the entire EU bloc, three factors are considered. These include global shares of the products, India's total exports of the products and the RCA index.

For individual partners, in addition to the above variables, the ES index is calculated. Additionally, data on the partner country's total world imports and India's total exports to the partner for a specific commodity is also considered.

The definitions of each of the variables considered for the analysis is presented in the following section.

### 3.1 Variable Definitions

Data on the following variables have been collected/calculated for analysis of potential export products.

Variables are divided into two groups – the first group captures the manufacturing capabilities of potential exports, while the second group captures the export potential of countries for specific products, with the help of various competitiveness indices.

All data are from the ITC database. All figures are collected as on 2018. Calculations are based on direct exports data as reported by the ITC.

The first group capturing India's manufacturing capabilities for specific products include the following filters:

- India's total world exports of the product
- India's global share of exports in the product
- Partner country's total imports of the product

The second group capturing India's relative advantage/competitiveness for potential products include the following indices

- Revealed Comparative Advantage Index (RCA)
- Export Specialization Index (ES)

### **(i) Measures capturing manufacturing capabilities of potential exports**

**India's total world exports:** Data on India's total exports of a product is collected. This provides an indication about India's manufacturing capabilities of a specific product. Products with higher export values are expected to possess higher manufacturing capabilities. A value of US\$500 million is considered as sizeable or significant for a product to have high export potential and therefore, this value is taken as the threshold or minimum to be considered in the list.

**India's global share of exports:** This ratio refers to India's total exports as a percentage of total world/global exports for a specific product. While higher global export shares signify higher export potential, a higher ratio also signifies the degree of importance of an Indian product in the global market.

World export share is expressed as the percentage of India's total exported value of a specific product in 2018 divided by total world exports of the same product in the same year.

The share of India's total exports in world exports stands at 1.68%. Products where India's share is lower than 1.68% are excluded.

**Partner country's total Imports:** A product is included only when the partner country's total imports of the product are substantial and is thus considered to be an important item in its exports basket. A value of US\$500 million is set as the threshold.

**India's exports to the partner as a share of partner's total imports:** The ratio of India's exports to the partner country's total imports for a specific commodity is also considered, as a higher percentage of the ratio throws light on the importance of that particular product in the partner country's export basket from India. This is, however, not included as a primary variable in the final analysis, although results were included where the ratio turned out to be substantial.

### **(ii) Measures assessing a country's export potential/competitiveness in specific products**

**Revealed Comparative Advantage (RCA) Index:** The Revealed Comparative Advantage (RCA) index is a commonly used trade indicator in international economics, to assess a country's relative advantage or disadvantage in a specific class or category of products. This measure also provides valuable information about potential trade prospects with new partners.

World Bank's World Integrated Trade Solution (WITS) database defines the RCA index of country  $i$  for product  $j$  as the product's share in the country's exports in relation to its share in world trade:

$$RCA_{ij} = (x_{ij}/X_{it}) / (X_{wj}/X_{wt})$$

Where  $x_{ij}$  and  $x_{wj}$  are the values of country  $i$ 's exports of product  $j$  and world exports of product  $j$ , and  $X_{it}$  and  $X_{wt}$  refer to the country's total exports and world total exports.

In other words, the numerator is the country's total exports of a specific product divided by country's total exports. On the other hand, the denominator is the world exports of the commodity divided by total world exports.

A value greater than one indicates that the country under consideration has a revealed comparative advantage in the product. Similarly, a value less than 1 signifies that the country has a revealed comparative disadvantage in the product.

**Export Specialization (ES) Index:** The export specialization (ES) index is a slightly modified version of the RCA index, which also factors in specific markets or partners.

As per WITS, it is calculated as the ratio of the share of a product in a country's total exports to the share of this product in imports to specific markets or partners rather than its share in world exports:

$$ES = (x_{ij}/X_{it}) / (m_{kj}/M_{kt})$$

Where  $x_{ij}$  and  $X_{it}$  are export values of country  $i$  in product  $j$ , respectively, and where  $m_{kj}$  and  $M_{kt}$  are the import values of product  $j$  in market  $k$  and total imports in market  $k$ .

In other words, the numerator is the ratio of a country's total exports of a specific commodity to the country's total exports while the denominator is the ratio of the partner country's imports of the commodity to the partner country's total imports. While the numerator, like the RCA index captures the country's share of a specific commodity in its export's basket, the denominator in the ES index captures the partner country's share of the commodity under consideration in its import basket, unlike the world share in the RCA index. This throws light on the relevance of a particular commodity in a specific market which is an important criterion for understanding potential exports to specific markets.

The ES is similar to the RCA in that the value of the index less than unity indicates a comparative disadvantage and a value above unity represents specialization of a specific commodity in the particular market under consideration.

## 3.2 Criteria for selection of final products

### 3.2.1 India-EU Select Partners

Five EU countries are considered for this exercise including France, Germany, Italy, the Netherlands and the UK.

After collecting data on variables mentioned above, products for which India's world exports exceeded US\$ 500 million are identified, while rest are excluded<sup>10</sup>. Additionally, the total imports of the partner countries are also considered and only products for which total imports exceed US\$ 500 million are included.

For all the remaining products, the RCA index is calculated. Whenever the RCA index is greater than 1 for a particular product, it indicates that the product is competitive and therefore has export potential. Thus, all products for which RCA is less than 1 are excluded. Additionally, the global shares of these products are calculated. As the share of India's exports in world exports stands at 1.68%, products where India's share is lower than 1.68% are excluded.

In addition to the variables specified above, the ES index is calculated for the products after the above-mentioned exclusions on the basis of India's export values, the partner country's import values and for cases where RCA is greater than 1. In the next step, all products for which ES is less than 1 are also excluded<sup>11</sup>.

The final products are sorted as per the ES index for selected EU countries. The top 10 products as per the ES index are classified as the top performers in the country of interest, while the rest are classified as products with very high export potential.

### 3.2.2. India-EU

Once potential exports are identified for each of the country pairs i.e. India-France, India-Germany, India-Italy, India-Netherlands, India-UK, the common products are selected. However, each country has some unique products while some products are common across countries. For the common list of products for the entire EU bloc, only products which appear at least thrice in each of the country pairs are included.

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<sup>10</sup> Note: Before all calculations, Indian products with reported export values of 0 have been excluded from the data sheet.

<sup>11</sup> In some cases, based on data discrepancies, outliers have been removed.

## 4. Potential Exports

Based on the selection criteria mentioned above, a total of 30 products are identified as India's high potential exports to EU.

With substantial global shares and significant production values along with a high RCA index, these products have very high export potential in the EU region.

The products feature in the broad categories (HS 2-digit level) of articles of iron and steel (73); organic chemicals (29); vehicles (87); natural or cultured pearls (71); and articles of apparel and clothing accessories (61), among others.

Products at the 4-digit level such as diamonds and jewellery (7102;7113), seafood (0301) and apparels and garments (6211;6111;6205) exhibit high competitiveness.

The common list of products for the entire EU bloc is presented in the table below.

**Table 2: India-EU Potential Exports**

Product Code	Product Label	India's Exports to the World (in USD million)	RCA	Global Share (%)
2710	Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations containing ...	46,789.29	3.59	5.99
7102	Diamonds, whether or not worked, but not mounted or set (excluding unmounted stones for pick-up ...	25,637.56	11.29	18.85
3004	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	12,766.41	2.15	3.60
7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal ...	12,395.14	6.70	11.19
0306	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine, ...	4,469.78	9.21	15.38
2902	Cyclic hydrocarbons	4,299.84	4.93	8.23
7601	Unwrought aluminium	3,776.12	4.14	6.91
3808	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth ...	2,964.87	4.85	8.11

Product Code	Product Label	India's Exports to the World (in USD million)	RCA	Global Share (%)
6109	T-shirts, singlets and other vests, knitted or crocheted	2,458.41	3.15	5.27
6204	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, ...	2,352.34	2.07	3.45
7202	Ferro-alloys	2,187.91	4.31	7.20
8711	Motorcycles, incl. mopeds, and cycles fitted with an auxiliary motor, with or without side-cars; ...	2,140.15	4.54	7.59
6403	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of ...	1,948.54	2.10	3.50
4011	New pneumatic tyres, of rubber	1,821.34	1.35	2.25
6302	Bedlinen, table linen, toilet linen and kitchen linen of all types of textile materials (excluding ...	1,582.72	4.57	7.63
3907	Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, ...	1,530.52	1.44	2.41
6206	Women's or girls' blouses, shirts and shirt-blouses (excluding knitted or crocheted and vests)	1,255.73	5.37	8.97
6211	Tracksuits, ski suits, swimwear and other garments, n.e.s. (excluding knitted or crocheted)	1,188.49	5.34	8.92
8483	Transmission shafts, incl. camshafts and crankshafts, and cranks; bearing housings and plain ...	1,145.98	1.12	1.87
7326	Articles of iron or steel, n.e.s. (excluding cast articles)	1,127.73	1.27	2.12
6205	Men's or boys' shirts (excluding knitted or crocheted, nightshirts, singlets and other vests)	1,088.59	4.37	7.30
2304	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ...	884.35	1.99	3.32
6111	Babies' garments and clothing accessories, knitted or crocheted (excluding hats)	845.77	6.42	10.72

Product Code	Product Label	India's Exports to the World (in USD million)	RCA	Global Share (%)
7307	Tube or pipe fittings "e.g. couplings, elbows, sleeves", of iron or steel	676.03	2.10	3.51
2915	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; ...	675.00	2.72	4.54
8538	Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537, ...	669.13	1.06	1.77
8714	Parts and accessories for motorcycles and bicycles and for carriages for disabled persons, ...	587.14	1.76	2.94
7306	Tubes, pipes and hollow profiles "e.g., open seam or welded, riveted or similarly closed", ...	571.45	1.35	2.25
6108	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, négligés, bathrobes, ...	568.24	2.61	4.36
2934	Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...	549.36	1.94	3.24

Source: CII calculations based on ITC data

As per the methodology detailed above, potential export products have been identified individually for the select EU partner countries. Apart from other variables, the ES index was calculated for products for each individual EU partner. As the ES index is market specific, the value of the index varies depending on the partner/market chosen unlike the RCA, which remains the same for all products.

As already stated, a value greater than one indicates that the particular product has high export potential and higher the value, better are the trade and export prospects for the product with a specific partner or market.

## 4.1 India-France

A total of 35 products have been identified for France. The products have been sorted as per the value of the ES index. The top ten products have been classified as top performers, while the rest have been categorized as products with high potential.

Table 2 below presents the top 5 products in the top performers' category and the top 5 products in the high potential category, with their corresponding ES Index values.

Tables with full list of products with other variables used as filters for identifying the potential exports are included in the Annex.

**Table 3: India-France Potential Exports**

Product Code	Product Label	Classification	ES Index
7102	Diamonds, whether or not worked, but not mounted or set (excluding unmounted stones for pick-up ...	Top Performer	51.09
1006	Rice	Top Performer	28.88
2902	Cyclic hydrocarbons	Top Performer	8.38
7202	Ferro-alloys	Top Performer	7.78
0306	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine, ...	Top Performer	7.72
6111	Babies' garments and clothing accessories, knitted or crocheted (excluding hats)	High Potential	3.27
6302	Bedlinen, table linen, toilet linen and kitchen linen of all types of textile materials (excluding ...	High Potential	2.98
0307	Molluscs, fit for human consumption, even smoked, whether in shell or not, live, fresh, chilled, ...	High Potential	2.96
4203	Articles of apparel and clothing accessories, of leather or composition leather (excluding ...	High Potential	2.89
3808	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth ...	High Potential	2.87

Of these products in the table above, 8 items at the 6-digit level do not figure in the combined EU list and represent items suited to France's particular industry sectors. For example, essential oils comes in as a potential product that India can export to France. Products in the chemicals sector or iron and steel sector can help India to be part of France's value chains.

## 4.2 India-Germany

Germany is India's 8<sup>th</sup> largest trading partner<sup>12</sup>. As per ITC estimates, in terms of export potential and untapped export potential, Germany is the largest market for India. In this paper, a total of 46 potential exports have been identified from India to Germany.

<sup>12</sup> Export Import Data Bank, Department of Commerce

Table below lists the top 5 performers and top 5 exports with high potential for Germany (See Annex for full list).

**Table 4: India-Germany Potential Exports**

Product Code	Product Label	Classification	ES Index
7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal ...	Top Performer	29.59
2902	Cyclic hydrocarbons	Top Performer	11.87
3204	Synthetic organic colouring matter, whether or not chemically defined; preparations based on ...	Top Performer	9.59
6211	Tracksuits, ski suits, swimwear and other garments, n.e.s. (excluding knitted or crocheted)	Top Performer	7.60
3808	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth	Top Performer	7.10
6907	Unglazed ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and ...	High Potential	5.01
4203	Articles of apparel and clothing accessories, of leather or composition leather (excluding ...	High Potential	5.00
0801	Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled	High Potential	4.92
8711	Motorcycles, incl. mopeds, and cycles fitted with an auxiliary motor, with or without side-cars; ...	High Potential	4.20
6105	Men's or boys' shirts, knitted or crocheted (excluding nightshirts, T-shirts, singlets and ...	High Potential	4.13

There are around 23 unique products at the 6-digit level for the India-Germany trade pair which are not part of the EU potential products list. Some of these potential exports from India that can be used by Germany for their final production processes are in the categories of organic chemicals (HS 29); plastics and articles thereof (HS 39); articles of iron and steel (HS 73); machinery and mechanical appliances (HS 84), among others. As these product categories are also among Germany's top imports, exporting these inputs from India would enable it to slot into Germany's value chains effectively.

### 4.3 India-Italy

20 products with high potential for export from India have been identified for Italy.

The top 5 performers and top 5 products with high potential are presented in the table below for this market. (See Annex for full list).

**Table 5: India-Italy Potential Exports**

Product Code	Product Label	Classification	ES Index
7102	Diamonds, whether or not worked, but not mounted or set (excluding unmounted stones for pick-up ...	Top Performer	61.28
7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal ...	Top Performer	9.38
0306	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine, ...	Top Performer	8.08
2710	Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations containing ...	Top Performer	7.23
3204	Synthetic organic colouring matter, whether or not chemically defined; preparations based on ...	Top Performer	6.89
6109	T-shirts, singlets and other vests, knitted or crocheted	High Potential	2.18
6204	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, ...	High Potential	2.01
7601	Unwrought aluminium	High Potential	1.87
2922	Oxygen-function amino-compounds	High Potential	1.76
2915	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; ...	High Potential	1.71

Italy offers just 6 products which are unique to it and not part of the general EU list of potential items that can be sourced from India. These include products in HS code 29, 32, 54, 63 and 85.

## 4.4 India-Netherlands

For India-Netherlands bilateral trade, this paper has identified a total of 29 products with high export potential.

The top five products classified as top performers and products with high potential are presented in the table below (See Annex for full list).

**Table 6: India-Netherlands Potential Exports**

Product Code	Product Label	Classification	ES Index
0306	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine, ...	Top Performer	13.50
3808	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth ...	Top Performer	7.39
6302	Bedlinen, table linen, toilet linen and kitchen linen of all types of textile materials (excluding ...	Top Performer	4.87
2902	Cyclic Hydrocarbons	Top Performer	3.91
7202	Ferro-alloys	Top Performer	3.67
8483	Transmission shafts, incl. camshafts and crankshafts, and cranks; bearing housings and plain ...	High Potential	2.10
8538	Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537, ...	High Potential	2.04
2922	Oxygen-function amino-compounds	High Potential	1.98
7307	Tube or pipe fittings "e.g. couplings, elbows, sleeves", of iron or steel	High Potential	1.87
8411	Turbojets, turbopropellers and other gas turbines	High Potential	1.80

India and the Netherlands can benefit from going beyond EU items of interest as there are as many as 13 products at the 6-digit level that are not part of the combined EU list. Intermediate inputs from India in the categories of organic chemicals (HS 29); plastics and articles thereof (HS 39); iron and steel (HS 72) machinery and mechanical appliances (HS 84) can be sourced by Netherlands from India as these are some of their biggest imports. Additionally, products in the categories of aircraft, spacecraft and parts thereof (HS 88) ; articles of iron and steel (HS 73); as well as aluminium and articles thereof (HS 76) can be imported from India for final production processes.

## 5. India-UK Trade

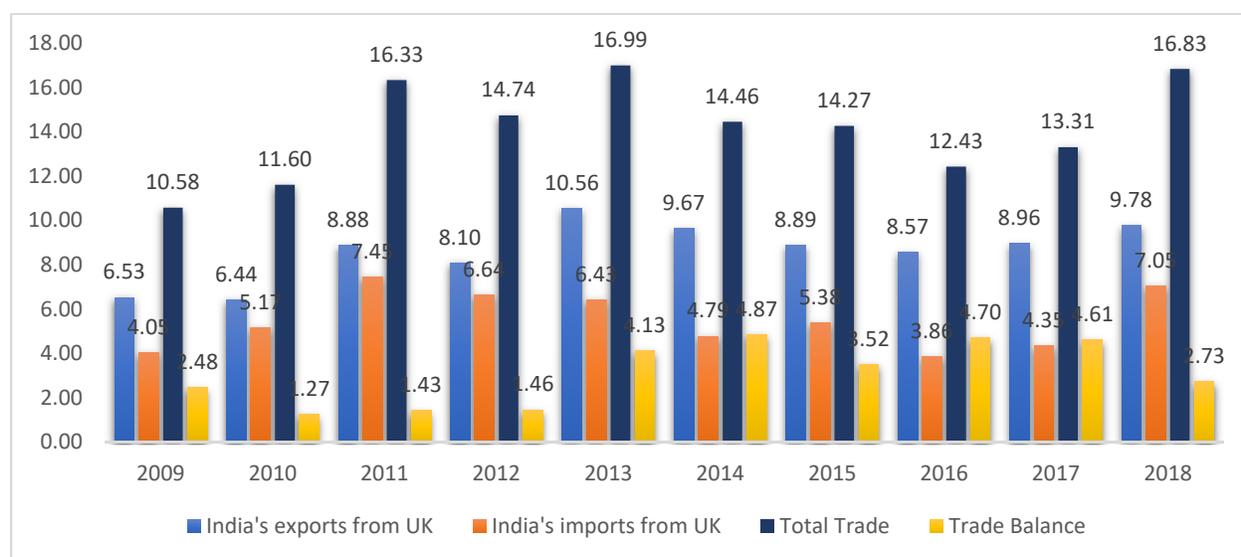
### 5.1 Bilateral Ties

India and the UK share a relationship bound by historical ties which continue to grow, fueled by continuous engagement and regular interactions at the highest levels.

As of 2018-19, the UK was India's 16<sup>th</sup> largest trading partner in terms of total trade<sup>13</sup>. When UK was part of the EU, it alone accounted for more than 15% of India-EU trade<sup>14</sup>. Further, as per ITC's analysis, in Europe, UK is India's second largest market, after Germany, in terms of untapped export potential (Figure 2).

Data from ITC shows that trade between India and the UK has grown over the last 10 years (Figure 3).

**Figure 3: India-UK Total Trade (in USD billion)**



Source: CII calculations based on ITC data

Over the last decade, Indian exports to the UK have fluctuated, with rapid increase followed by a fall and then reverting close to the peak. Overall, exports rose from US\$ 6.53 billion in 2009 to US\$ 9.78 billion in 2018, registering a CAGR of 4.12%. On the other hand, Indian imports from the UK have also increased substantially, from around US\$ 4 billion in 2009 to around US\$ 7 billion in 2019, registering a CAGR of 5.7%. Also, India has consistently maintained a trade surplus with the UK, which stood at US\$ 2.73 billion in 2018.

<sup>13</sup> International Trade Centre

<sup>14</sup> CII calculations based on ITC data

In 2018-19, total trade between the two sides stood at USD 16.83 billion. Total trade between the two has also expanded over the last 10 years recording a CAGR of 4.75%.

Given the changing global environment and the official exit of the UK from the EU, there are possibilities of a potential post-Brexit trade deal with the UK. Given that UK alone accounted for a significant proportion of the total India-EU trade, it represents a very important partner for India. Further, the positive and consistent trade surplus that India has maintained with UK makes it a favorable exports destination for India. A host of reforms in India such as the insolvency and bankruptcy code, ease of doing business, other banking sector reforms, among others, have also positioned India as an attractive destination for greater investments, which has sent out positive signals to many economies, including the UK.

From UK's perspective, now that Brexit is finalized, it would be looking for strengthening partnerships with different countries and new partners, including India, which has been on its target list for a post-Brexit trade campaign. UK has already expressed interest for expanding trade and cooperation with India in areas such as financial services, cyber security, green finance, fintech and insurance. Moreover, both are eager to strengthen bilateral ties and considerable progress has been made under the UK-India Joint Trade Review, where apart from the Government, there is active business involvement that focuses on strengthening trade ties between the two sides by addressing trade barriers.

While bilateral economic engagement enjoys adequate government support, several issues remain to be clarified. These include the movement of Indian professionals to the UK through the easing of migration rules, greater transparency and communication from UK's side on its global strategy, among others. Greater dialogue and trade negotiations must be promoted between the two sides for fast redressal of these issues.

The next section presents the identified Indian exports with high potential to the UK market. A favorable trade deal could further boost trade between India-UK as well as Indian exports to the UK.

## 5.2 Potential Exports

UK is the second largest market for India as per total export potential as well as untapped export potential according to ITC estimates. This paper has identified 31 products with high potential for this market.

Table below has listed top 5 products in each of the categories of top performers and products with high potential (See Annex for full list).

**Table 7: India-UK Potential Exports**

Product Code	Product Label	Classification	ES Index
7102	Diamonds, whether worked, but not mounted or set (excluding unmounted stones for pick-up ...	Top Performer	19.21
0306	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine, ...	Top Performer	17.12
7601	Unwrought aluminium	Top Performer	13.09
7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal ...	Top Performer	8.05
3808	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth ...	Top Performer	6.25
6302	Bedlinen, table linen, toilet linen and kitchen linen of all types of textile materials (excluding ...	High Potential	3.16
6205	Men's or boys' shirts (excluding knitted or crocheted, nightshirts, singlets and other vests)	High Potential	2.89
6206	Women's or girls' blouses, shirts and shirt-blouses (excluding knitted or crocheted and vests)	High Potential	2.54
7307	Tube or pipe fittings "e.g. couplings, elbows, sleeves", of iron or steel	High Potential	2.48
6105	Men's or boys' shirts, knitted or crocheted (excluding nightshirts, T-shirts, singlets and ...	High Potential	2.38

There are 6 products at the 6-digit level for the India-UK bilateral trade pair which are extra as compared to the combined EU list. The UK may benefit from India's exports of intermediate inputs in the categories of organic chemicals (HS 29); carpets and other textile floor coverings (HS 57); articles of apparel and clothing accessories, knitted or crocheted (HS 61); articles of apparel and clothing accessories, not knitted or crocheted (HS 62) and iron and steel (HS 72) from India in a cost-effective manner for their final production processes.

The expanded exports of the products with high potential identified in this paper could boost India-EU trade further.

In this context, the India-EU Broadbased Trade and Investment Agreement (BTIA) is discussed in the next section, negotiations on which came to a halt after the year 2013. The BTIA has the potential to boost exports further through the elimination of various tariffs and non-tariff barriers. However, a number of concerns raised by both sides have put a break on the negotiations and these are briefly outlined in the section below.

## 6. India-EU Broad-based Trade and Investment Agreement (BTIA)

India and the EU began negotiations on a broad-based trade and investment agreement (BTIA) at the eleventh India-EU summit in Brussels, Belgium on 28<sup>th</sup> June 2007, with the objective of expanding free trade of goods and services by removing barriers to trade and with the hope of concluding the negotiations by 2011. The talks also focused on collaborations in other areas such as security and defence, research and innovation, maritime transport, and statistics, among others (Chakraborty et. al, 2012).

However, despite growing collaboration between the India and the EU, the talks came to a standstill in 2013, after the two sides failed to mutually agree on several areas of concern including market access, non-tariff barriers, and movement of professionals, among others. India's recent termination of bilateral investment treaties with many EU member states has complicated matters further.

However, with the global environment significantly changing since then and with increased prospects of potential trade between the two sides, this might be an opportune time for restarting trade talks.

This section briefly outlines the areas of disagreement between the two sides. Issues from the two sides are presented separately.

### 6.1 EU's Concerns

**Lowering of import duties:** One of the primary issues that has stalled the trade talks so far has been in the area of automobiles. A long-standing demand from the EU has been with regard to lowering of Indian import duties on cars and car parts, which are currently in the range of 60-100%. By contrast, EU levies import duties of around 6.5% on Indian imported cars. Thus, EU has sought massive tariff cuts from the existing rates.

The EU has also sought for tariff cuts for wines, spirits and dairy products, on which India levies import duty in the range of 60-100% plus state taxes. Alcohol tariff is a significant source of revenue for the Indian Government. Moreover, local taxes in Indian states are applicable on alcohol, which is outside the purview of the Goods and Services Tax (GST).

**Intellectual Property Rights:** The EU has sought for strengthening the intellectual property regime in India. Evergreening of patents (extending patents that are about to expire, by making small changes to products) is not permitted under existing Indian laws as sought by the EU. Similarly, data exclusivity, which restricts certain EU chemicals and drugs from being sold in India, has been taken up by the bloc with India.

**Liberalization of India's services sector:** One of the EU's demands has been the liberalization of India's professional services sector, specifically the legal and accountancy services. However,

at present, fears of competition from overseas legal and accounting firms has prohibited India from taking this step. Notably, there are studies to suggest expected gains from services sector liberalization.

**Investor State Dispute Settlement:** The EU also wants detailed provisions on Investor State Dispute Settlement (ISDS) mechanism. The EU would like better security measures as they believe several measures under current Indian regulations go against investor interests.

**Restrictive Measures and Non-Tariff Barriers (NTBs):** The EU has expressed concerns with respect to restrictive measures facing exporters and seeks the abolition of NTBs in addition to traditional tariff reductions (Wouters et al. , 2014). It has voiced its concerns recently with the Government's decision on registration of 15 categories of IT and consumer electronic products from EU as also the requirement of mandatory in-country testing and certification of telecom network elements.

**Labour Standards:** Labour standards has again been a long-standing issue in the India-EU BTIA. Though India is a founding member of the International Labour Organization, at present, it is party to some but not all the principles. Currently, India is party to 47 conventions and 1 protocol.

**Environment:** In line with EU's long-standing environmental activism and its willingness to extract greater environmental responsibilities, it wants inclusion for the support of environmental protection and sustainable management of natural resources in its trade blocs for developing countries.

**Government Procurement:** The EU has urged India to liberalize its government procurement market that includes goods and services, including public utilities, at all levels including state, provincial and local levels. The EU has also expressed concerns with Indian procurement practices and has insisted upon greater transparency and non-discrimination (Khorana & Ashthana, 2014).

## 6.2 India's Concerns

**Lowering of Import Duties:** India is reluctant to lower import duties on items identified by the EU due to domestic reasons such as job creation, tax revenues, or preserving livelihoods of farmers.

**Intellectual Property Rights:** India's current patent laws allow the generic medicines industry to create affordable versions of expensive drugs, originally made by multinational corporations. India, therefore, has argued that accepting EU's demand for IP provisions would prevent the Indian industry from selling such low-cost drugs to countries that need them, especially the developing ones.

**Agricultural Subsidies:** EU wishes to export wheat to India at zero duty. However, this is not an acceptable proposition to India given that huge subsidies are provided under Common Agricultural Policy (CAP). Further, subsidies under EU's Common Fisheries Programme (CFP) on marine fisheries are also substantial which can also adversely affect Indian fishermen (Chakraborty, Chaisse, & Kumar, 2012).

**Movement of Professionals:** More access with the movement of natural persons and skilled Indian professionals and the liberalization of the visa regime has also been one of India's long-standing demands. Greater access to EU's services market would significantly benefit Indian businesses. This issue continues to stay unresolved as work permits and visas fall under the individual EU member states.

A related issue is the difference in qualifications and professional standards between EU partners leading to restricted access for Indian professionals in the EU services market.

**Technical Barriers to Trade (TBT) and sanitary and phytosanitary measures (SPS):**

India has expressed concerns on market access as a result of a number of Technical Barriers to Trade (TBT) and sanitary and phytosanitary measures (SPS) measures imposed by the EU. These stringent measures enable EU to bar many Indian products from entering its markets. This has adversely impacted Indian exports, especially its agricultural and industrial products to EU.

**India's objective to be recognized as a data-secure country:** Under the current EU legislation and norms, India is not recognized as a data-secure country. India has been demanding status of a data-secure nation as this would reduce the compliance cost for Indian software providers and enable greater market access.

EU has been monitoring India's Data Protection Bill, 2018 to ensure that it complies with EU regulations for continuance of free data flows.

**Labour Standards:** India needs to take a call on whether it can sign all principles enshrined in the ILO's 1998 declaration of Fundamental Principles and Rights at work. Additionally, domestic labour reforms that may need to be enacted will also need to be reviewed, while keeping in mind India's growth and development targets.

**Environment:** EU's inclination for incorporating the inclusion of environment norms is a concern area for India. As the WTO does not cover matters relating to the environment, India is not willing to commit to include any WTO plus subject in its FTAs/RTAs (Chakraborty, Chaisse, & Kumar, 2012). There are apprehensions on incorporating environmental norms in trade agreements as these might constrain the country's growth prospects over time.

**Government Procurement:** Procurement policies are important for India as these are targeted to achieve social objectives such as protection of the marginalized sectors. Further, Indian companies wish to open up the procurement sector in the EU by entering through the services sector, for which EU needs to grant data-adequacy status to India (Khorana & Ashthana, 2014).

While many contentious issues exist, it is important to restart bilateral talks and initiate thorough discussions on these and other technical issues and ensure that they are concluded soon.

Various studies have assessed the impact of the proposed trade and investment agreement with varied results using a variety of techniques. Many studies find that India stands to gain through service liberalization, higher export growth in sectors such as wearing apparel, leather goods and

in general from possible reductions in trade barriers (Government of India, 2007; Decreux & Mitaritonna, 2015; Khorana & Narayanan, 2017).

However, it is important to bear in mind that the global trade situation as well as India's export profile have changed considerably since the negotiations stalled and the current environment and other factors such as increased bilateral trade, India's trade surplus with EU as well as India's urgent need to step up exports for bolstering growth prospects, need to be considered for analyzing the impacts of the proposed agreement. Not many recent studies exist on the topic and greater research is required on the matter at this critical juncture.

## 7. Expected Positive Outcomes and Way Forward

This paper identified exports with high potential to select EU economies as well as a common list of products for the EU trade bloc. These products therefore must be promoted with targeted strategies in these markets while domestic production of the identified products must be encouraged by providing incentives. With India-EU trade significantly expanding over the last few years, India's rising trade surplus with the EU and the official exit of UK from the EU, this could be an opportune time for India to restart trade talks and think about signing trade deals and agreements, with both the EU as well as the UK.

Recently, the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy adopted a Joint Communication that sets out the EU's vision for an ambitious strategy on India over the next 10-15 years focused on strengthening cooperation and partnership. One of the objectives of the strategy is also to realize the untapped potential of the trade and investment relationship between the two, by working towards comprehensive and balanced agreements with India wherein the key interests of both sides are addressed (European Commission, 2018).

This section outlines the expected positive outcomes that a potential trade deals holds between India and the select EU economies and suggests a way forward through some proposed actions, for the same.

### 7.1 Expected Positive Outcomes

**India's development needs:** Given India's developmental needs and its ambitious growth targets, the India-EU FTA if concluded successfully could significantly benefit India and impact many sectors positively. Thus, it is important for India to negotiate and pursue trade negotiations, while presenting balanced interests of greater market access and calls for reducing restrictive measures, while also creating a space for its domestic industries to develop and compete. (Cote & Jena, 2015).

The FTA has the potential to give heft to India's flagship campaigns such as Make in India and its ambition of becoming a global manufacturing hub. Further, the FTA will support India's ambition to rise as a global economic power.

**Boost Trade and investment Flows:** From an economic perspective, a well negotiated, comprehensive trade agreement will boost trade and investment flows for both sides, raising growth prospects. India would also positively gain from the EU on several other fronts from a favorable FTA, including technology transfer, higher income levels and reduced poverty (ECORYS, International, & Centad, 2009).

For Europe, the FTA would be beneficial in terms of providing opportunities and market access to a market with over a billion people and its agenda of strengthening global trade governance.

**Boost Employment:** Many studies have estimated positive outcomes for India in terms of employment, increases in real wages and opportunities from potential FTAs with the EU and the UK.

An impact assessment report on the India-EU FTA estimated that there would be significant increases in the wages of skilled as well as unskilled workers in India. In the short run, the increase in real wages was estimated at 1.7% and for the long run, the estimate stood at 1.6% (ECORYS, International, & Centad, 2009).

A Government of India Report (2017) also estimated the potential benefits of India's FTAs with EU and the UK in terms of employment and higher exports across sectors such as apparel, leather goods and footwear. The study estimated that the combined impact of these FTAs would create around 1,45,532 new jobs and US\$ 3 billion worth exports across these sectors (Sachdeva, 2019; GOI, 2016-17).

**Investment Flows and Technical Cooperation:** The India-EU FTA could also benefit India in terms of technological knowhow and greater investment flows. With EU's assistance, India could boost and step up its plan to develop 100 smart cities (Khorana, 2015) along with other technology and developmental initiatives.

Greater technology transfer from EU in turn could also yield significant environmental gains for India (ECORYS, International, & Centad, 2009), which might help to counter some of the issues and concerns raised by the EU.

## 7.2 Proposed Actions

**Holding regular summits to restart trade talks:** India-EU trade cannot increase substantially without a renewed push to the BTIA agreement. Post 2013, the India-EU trade negotiations reached a roadblock and even with attempts to meet several times, no successful negotiations have taken place as a result of disagreements on some areas. While there are several issues that need to be sorted, it is crucial that the India-EU trade talks must be started at the earliest and regular summits must be convened for the same. The visit of PM Modi to Brussels in March 2020 was expected to give an impetus to possible future talks but unfortunately this visit got cancelled because of the outbreak of Covid-19 pandemic.

Both sides need to take stock of core concern areas where negotiations are stuck and must think of possible solutions, the way forward and delineate future road maps. The focus must be brought back to trade negotiations for creating a space for dialogue, ensuring that the basics are laid out before deeper issues are debated.

**Addressing Tariff Barriers:** Reaching a consensus on issues related to duty cuts in sectors such as automobiles, wines and spirits, and dairy, have been a long standing one. While a mutual agreement on such issues in the near term might be unlikely because of various concerns raised

by both sides, regular negotiations between the two sides must be started at the earliest to arrive at mutually acceptable duty cuts, which can benefit both sides.

**Addressing non-tariff barriers (NTBs):** As the global environment has changed significantly with new standards being introduced in the top global markets, regulatory concerns and pricing pressures are adversely impacting Indian exports. Thus, there is a need to identify non-tariff barriers in these markets, which must then be taken up with the respective Governments. Greater cooperation on TBT and SPS measures and detailed analysis of other non-tariff barriers (NTB) to trade faced by both Indian and EU exporters are required for eliminating barriers to trade.

Indian exporters face a large number of NTBs when trading with the EU. Nearly 25% of Indian exports to EU face NTB's as opposed to only 12% that is imposed on world exports (Mehata, 2005). WTO data on non-tariff measures between EU and India reveals that Indian exporters face many challenges especially with respect to TBT and SPS measures, the most frequently imposed restrictive measures by the EU. For the former, there are 712 measures impacting Indian exports as opposed to 190 measures impacting EU exports to India and for the latter, there are around 1196 measures impacting Indian exports to EU as opposed to 102 measures impacting EU exports to India (Singh, Sharma, & Tandon, 2018).

Thus, to boost Indian exports to EU, India needs to take proactive measures and actively pursue talks to reduce such NTBs and work towards concluding FTAs with both EU and the UK in favorable terms. Assistance in terms of meeting standards and easing of other restrictions is also required from the EU and the UK.

**Mini trade deals with the EU:** It is proposed that mini trade agreements can be signed between India and the EU, focussing on separate issues, addressing short- and medium-term concerns. These in turn will help both sides to constantly engage with each other and prioritize existing issues and concerns in a focussed and mutually beneficial manner.

The mini trade deals could be prepared by taking significant inputs from industry that address problems faced by exporters and other trade related aspects. The primary objective of these mini trade deals should be to eliminate trade and market access barriers on both sides which will lead to mutual trust building. Such mini trade deals would foster confidence and pave the way for future long-term negotiations.

**Post-Brexit trade deal with UK:** Several potential opportunities have emerged for India in the UK the post-Brexit scenario and a post-Brexit trade deal can prove to be mutually beneficial. With India's high potential and existing exports to UK comprising primarily of apparel, clothing accessories, footwear among others, greater cooperation between the two sides can significantly boost India's Make in India campaign as well. UK could be a great partner for India in reinventing technology driven manufacturing with British knowhow. Thus, greater cooperation between the two sides must be facilitated.

**Separate investment agreements with the EU:** In 2015, India replaced the investor-centric 2003 Model Bilateral Investment Treaty (BIT) with a State-centric model. Following the adoption of new model BIT, India terminated BITs with 58 countries in 2017 including 22 countries from the

EU block. While the EU-India BTIA negotiation was already stuck, India's decision to discontinue BIT added another knot to an effort to resume the formal negotiations.

The EU requested for extension of the termination notice period pending the finalisation of the India-EU BTIA. However, India has not agreed to this. When India had contacted EU countries individually for a new BIT in 2017, it was advised that all new deals would be negotiated by the 28-member bloc as one single unit as the mandate to negotiate investment agreements rests with Brussels.

However, in a recent development what has changed is that while, earlier, the EU wanted the BIPA to be part of the BTIA with India, it now wants it separate, as a precedent has already been set with Singapore and Vietnam. India is yet to respond to this proposal. These might help in promoting dialogue and reaching common grounds for resolving issues such as ISDS. An agreement between the two sides for better investor protection would help restore investor confidence in India and spur greater trade and investments.

**Market Promotion:** The identified exports with potential must be promoted in the select markets with dedicated market promotion strategies. Brand building initiatives and effecting market strategies such as buyer seller meets, seminars, trade fairs, exhibitions, etc. must be adopted for expanding the market share of the identified products and sectors.

Dedicated export marketing centres on the lines of UK trade and Investment (UKTI), Buy USA etc, must be set up in these markets that are engaged in promotion of exports, organization of business meets and linking Indian exporters with local buyers.

**Identify Champion Sectors:** The identified products and the sectors thereby could be promoted with the help of appropriate policy incentives. This in turn will strengthen domestic manufacturing and boost India's Make in India campaign.

Tailormade strategies for the sectors must be designed to address bottlenecks faced by these sectors. Separate working groups can be created for each of these sectors with select stakeholders comprising of policymakers, regulators, senior corporate leaders and representatives for each sector.

For example, many of the identified potential exports from India to the EU are in the categories of apparel and clothing (HS 61; HS 62). However, in these categories, India faces competition from countries such as Bangladesh, Sri Lanka, and Pakistan, among others, which enjoy preferential or duty-free market access to the EU under the EU's Generalised Scheme of Preferences (GSP).

Under GSP, the EU removes import duties from products coming from vulnerable developing countries. Countries such as Pakistan and Sri Lanka enjoy 0% tariffs under GSP+, the special incentive arrangement for lower and middle income countries, while countries such as Bangladesh and Afghanistan<sup>15</sup> under the EU's everything but arms (EBA) offer for least

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<sup>15</sup> [https://trade.ec.europa.eu/doclib/docs/2019/may/tradoc\\_157889.pdf](https://trade.ec.europa.eu/doclib/docs/2019/may/tradoc_157889.pdf)

developed countries, enjoy duty and quota free access for all products except arms and ammunitions<sup>16</sup>.

While India continues to get GSP benefits for certain products, India's graduation from the GSP regime for textiles led to ceasing of benefits for preferential access<sup>17</sup>. Currently, textiles and garments exports face a duty of up to 9.6% as compared to LDCs which attract nil tariffs. Thus, greater benefits to LDCs under the new GSP regime has made Indian products, especially apparel exports less competitive in the EU market.

Even though India enjoys high comparative advantage in these products, this duty disadvantage has put pressure on Indian apparel and garment exports to EU and made them less competitive compared to other countries, Additionally, Indian exports in these categories also face higher trade barriers in relation to the other countries.

As EU is a big importer of apparel exports and India has high potential in these categories, the signing of the India-EU FTA could mutually benefit both sides by lowering tariffs and import duties for Indian products. This would enable EU to procure high quality and cost-effective products from India to meet their import needs.

**Efficient Trade Negotiations and Transparency:** Transparency and openness in trade negotiations is critical for the efficient and smooth conduct of trade talks that ensure active participation. While certain trade negotiations contain sensitive and confidential information, access to accurate and complete information is essential, that will also encourage greater participation from civil society (Wouters et al.,2014).

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<sup>16</sup> <https://ec.europa.eu/trade/policy/countries-and-regions/development/generalised-scheme-of-preferences/>

<sup>17</sup> [https://www.business-standard.com/article/economy-policy/textiles-graduate-from-gsp-105062701075\\_1.html](https://www.business-standard.com/article/economy-policy/textiles-graduate-from-gsp-105062701075_1.html)

## 8. Greater Integration into GVCs

Greater participation and integration into global value chains (GVCs) are key for higher export growth as well as economic prospects. India's participation in GVCs is relatively low. As per World Trade Organization's 'Trade in Value Added and Global Value Chains'<sup>18</sup>, India's total GVC participation<sup>19</sup> stood at only 34% in 2015, much below the developing economies average of 41.4%. An integrated value-chain approach is imperative for establishing global linkages that require multi-faceted interventions (CII, 2019).

This paper focussed on identifying high potential Indian exports to the EU trade bloc. An analysis of some of the unique products (separate from the common list identified for India-EU) for the individual EU countries revealed that both sides can also benefit significantly from greater participation in GVCs. Greater investments from EU countries into potential Indian sectors, particularly those producing intermediate inputs as already identified earlier would in turn enable EU partners import cost effective intermediate inputs from India, which can be used in their final production processes.

For the involvement of developing countries in GVCs, geography clearly matters. The world seems to have three interconnected production hubs for the extensive trade in parts and components: one centered on the United States, one on Asia (China, Japan, Republic of Korea), and one on Europe (especially Germany). For India, USA and EU are major trading partners; simultaneously, it has been trying to integrate with the East Asia value chains by following the FTA route.

As EU is part of one of the major interconnected production hubs, this in turn will strengthen participation and integration of both sides into GVCs, leading to greater trade and investment prospects.

India also faces strong competition from other European countries such as Germany, Italy, and Belgium along with China and the US for GVC identified products. Therefore, India should focus on building competencies in the specific GVC identified categories to reduce competition from both regional GVCs as well as other major production hubs.

In certain intermediate input categories, for example, such as amine function compounds (HS 2921) to Germany and heterocyclic compounds with nitrogen hetero atoms (HS 2933) to UK, India features as one of the top ten supplying markets to these destinations. On the other hand, as an importer, in the categories of plates, sheets, film foil etc., (HS 3920) to Germany and flat rolled products of alloy or non-alloy steel of a width  $\geq$  600 mm (HS 7208) to France, India does not feature as a top ten supplier and faces competition from Belgium and Italy, among others. Thus, strong trade facilitation measures would be required, for example, reducing logistical and

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<sup>18</sup> [https://www.wto.org/english/res\\_e/statis\\_e/miwi\\_e/IN\\_e.pdf](https://www.wto.org/english/res_e/statis_e/miwi_e/IN_e.pdf)

<sup>19</sup> GVC Participation Index measured as % share in total gross exports

freight costs and other costs and measures in the movement of these goods across borders, to build competencies in these sectors.

Recent FTAs focus on Global Value Chains (GVCs), which are an important part of the growth in international trade. FTAs focus on creating conditions to promote GVCs, particularly GVCs among the nations which are party to the FTA. They cover many policy areas in this context and have deeper levels of liberalization as well as coherence and collaboration, with a major focus on tariff elimination/major reduction, reducing the trade related costs of non-tariff measures, and trade facilitation. For example, areas such as reduction in tariffs for India's apparel exports holds great prospects for both sides. India's comprehensive FTA with Japan and Korea and the one which is being negotiated with the EU are aimed to facilitate its integration into the GVCs.

There are a few successful examples of GVCs and India. Automobile industry, which constitutes almost half of India's manufacturing GDP, is often perceived as a success story. India's automobile industry has achieved a global footprint as the exports of both finished car and components are rising. While most global original equipment manufacturers (OEMs) and component majors have their establishments in India, local automobile majors such as Tata Motors, Mahindra and Mahindra, Hero, Bajaj and TVS Motors, and components suppliers such as Bharat Forge and Sundaram Fastners, have a significant global presence. Many OEMs perceive India as a significant global sourcing hub for auto components as well as specific products such as small cars. The increase in the IT-embeddedness of automobile components and India's established capacity in IT-enabled services and design has led to companies in India further strengthening their position within component design and manufacture segment of automobile industry value chain.

India also offers a powerful example of the benefits of greater participation services sector in manufacturing value chains. The services sector in India has gone through extensive reforms and transformation resulting in their global recognition. Reforms in the 1990s, and thereafter, visibly transformed services sectors, with greater openness and improved regulation leading to dramatic growth in domestic and foreign investment into India. Currently, a large percentage of FDI inflow into India comes from services sector like IT, banking and finance, telecommunications, etc. Indian manufacturing firms were no longer at the mercy of inefficient public monopolies but could now source services from a wide range of domestic and foreign providers operating in an increasingly competitive environment. As a result, they had access to better, newer, more reliable, and more diverse business services.

Greater cooperation and collaboration through mega-regional trade agreements and initiatives can foster participation in and creation of global value chains in which production can be split across countries that leads to better exploitation of each nation's comparative advantage, while driving down and raising standards (Khorana, 2015). At present, India is hardly integrated into the value chains of European companies (Khorana, 2015) and therefore resuming India-EU trade negotiations along with trade talks with the select European economies is the need of the hour.

## Conclusion

Free trade agreements shape global trade with the objective of promoting free flow of goods and services by eliminating tariffs and non-tariff barriers among member countries. If concluded on favorable terms, FTAs could significantly enhance bilateral ties, greater cooperation and benefit exporters, including those representing small and medium sized enterprises.

The case for an India-EU agreement is all the more compelling as the Coronavirus pandemic has underscored in recent weeks. This paper identified Indian exports to the EU, and some select EU economies that have the potential to boost India-EU trade. The methodology adopted in this paper identified products based on several filters, including competitiveness indices. The Export Specialization (ES) index employed in this paper allowed for the selection of market specific products, over and above the RCA index, which only takes into account world export shares.

As some of these identified exports belong to labour intensive sectors such as articles of apparels and clothing accessories, this in turn is likely to generate employment opportunities in these sectors. Thus, efforts to restart talks on the India-EU FTA, which stopped after 2013, must be undertaken at the earliest. While it is recognized that both sides have some sound and credible concerns that must be addressed, there is a need to promote dialogue and continued interactions between the two sides, focusing on outcomes that will mutually foster sustainable growth prospects for both.

The paper also presents several suggestions to take forward India-EU trade. Promotion of the identified products in EU markets with the help of targeted strategies is recommended, along with drawing up of mini trade agreements with the select markets. This is a favorable time for India as well as the EU economies to benefit from such mini trade agreements that can focus on current and existing issues. These separate agreements can pave the way for deeper cooperation in the future.

Given the current global context and the recently concluded Brexit, this might be the right time to give a new direction to the India-EU partnership.

# Appendix Tables

## India – France Potential Exports

Product Code	Product Label	India's Exports to France (in mln)	France's Imports from the World (in mln)	Indian Exports to the World (in mln)	RCA	ES	India's Global Share
7102	Diamonds, whether or not worked, but not mounted or set (excluding unmounted stones for pick-up ...)	71.84	1,023.64	25,637.56	11.29	51.09	18.85
1006	Rice	16.99	522.54	7,399.16	17.32	28.88	28.92
2902	Cyclic hydrocarbons	14.38	1,046.70	4,299.84	4.93	8.38	8.23
7202	Ferro-alloys	1.84	573.35	2,187.91	4.31	7.78	7.20
0306	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine, ...	54.84	1,181.10	4,469.78	9.21	7.72	15.38
7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal ...	67.16	4,759.16	12,395.14	6.69	5.31	11.17
2710	Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations containing ...	565.29	24,292.78	46,789.29	3.59	3.93	5.99
6205	Men's or boys' shirts (excluding knitted or crocheted, nightshirts, singlets and other vests)	30.43	634.65	1,088.59	4.37	3.50	7.30
6211	Tracksuits, ski suits, swimwear and other garments, n.e.s. (excluding knitted or crocheted)	55.63	711.05	1,188.49	5.34	3.41	8.92
3301	Essential oils, whether or not terpene less, incl. concretes and absolutes; resinoids; extracted ...	52.14	515.08	859.42	8.62	3.40	14.40
6111	Babies' garments and clothing accessories, knitted or crocheted (excluding hats)	53.17	528.32	845.77	6.42	3.27	10.72

Product Code	Product Label	India's Exports to France (in mln)	France's Imports from the World (in mln)	Indian Exports to the World (in mln)	RCA	ES	India's Global Share
6302	Bedlinen, table linen, toilet linen and kitchen linen of all types of textile materials (excluding ...	17.75	1,082.68	1,582.72	4.57	2.98	7.63
0307	Molluscs, fit for human consumption, even smoked, whether in shell or not, live, fresh, chilled, ...	21.27	529.20	766.90	3.29	2.96	5.49
4203	Articles of apparel and clothing accessories, of leather or composition leather (excluding ...	67.50	580.27	822.00	6.34	2.89	10.59
3808	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth ...	114.02	2,107.35	2,964.87	4.85	2.87	8.11
6206	Women's or girls' blouses, shirts and shirt-blouses (excluding knitted or crocheted and vests)	65.73	954.26	1,255.73	5.37	2.68	8.97
2933	Heterocyclic compounds with nitrogen hetero-atom[s] only	29.45	1,850.73	2,351.16	1.87	2.59	3.12
8711	Motorcycles, incl. mopeds, and cycles fitted with an auxiliary motor, with or without side-cars; ...	6.06	1,732.62	2,140.15	4.54	2.52	7.59
7307	Tube or pipe fittings "e.g. couplings, elbows, sleeves", of iron or steel	10.31	577.65	676.03	2.10	2.39	3.51
2941	Antibiotics	7.40	805.76	854.42	4.87	2.16	8.13
6109	T-shirts, singlets and other vests, knitted or crocheted	152.94	2,459.89	2,458.41	3.15	2.04	5.27
7208	Flat-rolled products of iron or non-alloy steel, of a width $\geq$ 600 mm, hot-rolled, not clad, ...	6.80	1,762.47	1,760.18	1.99	2.04	3.32
6108	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, négligés, bathrobes, ...	22.56	616.65	568.24	2.61	1.88	4.36

Product Code	Product Label	India's Exports to France (in mln)	France's Imports from the World (in mln)	Indian Exports to the World (in mln)	RCA	ES	India's Global Share
2934	Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...	6.19	613.19	549.36	1.94	1.83	3.24
3004	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	179.74	15,458.48	12,766.41	2.15	1.68	3.60
6307	Made-up articles of textile materials, incl. dress patterns, n.e.s.	8.85	651.28	528.10	2.13	1.65	3.55
2304	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ...	86.45	1,156.74	884.35	1.99	1.56	3.32
3907	Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, ...	9.11	2,121.15	1,530.52	1.44	1.47	2.41
8714	Parts and accessories for motorcycles and bicycles and for carriages for disabled persons, ...	8.99	832.38	587.14	1.76	1.44	2.94
6204	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, ...	114.92	3,594.71	2,352.34	2.07	1.33	3.45
7306	Tubes, pipes and hollow profiles "e.g., open seam or welded, riveted or similarly closed", ...	16.86	1,042.75	571.45	1.35	1.12	2.25
8538	Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537, ...	38.30	1,250.85	669.13	1.06	1.09	1.77
8483	Transmission shafts, incl. camshafts and crankshafts, and cranks; bearing housings and plain ...	20.77	2,190.37	1,145.98	1.12	1.07	1.87

Product Code	Product Label	India's Exports to France (in mln)	France's Imports from the World (in mln)	Indian Exports to the World (in mln)	RCA	ES	India's Global Share
6403	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of ...	146.11	3,830.16	1,948.54	2.10	1.04	3.50
7326	Articles of iron or steel, n.e.s. (excluding cast articles)	43.26	2,299.69	1127.73	1.27	1.00	2.12

Source: CII calculations based on ITC data

### India-Germany Potential Exports

Product Code	Product Label	India's Exports to Germany (in mln)	Germany's Imports from the World (in mln)	Indian Exports to the World (in mln)	RCA	ES	India's Global Share
7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal ...	42.29	1,669.16	12,395.14	6.70	29.59	11.19
2902	Cyclic hydrocarbons	8.32	1,442.85	4,299.84	4.93	11.87	8.23
3204	Synthetic organic colouring matter, whether or not chemically defined; preparations based on ...	101.61	1,026.29	2,469.66	10.84	9.59	18.11
6211	Tracksuits, ski suits, swimwear and other garments, n.e.s. (excluding knitted or crocheted)	54.14	623.28	1,188.49	5.34	7.60	8.92
3808	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth ...	43.77	1,662.73	2,964.87	4.85	7.10	8.11
5407	Woven fabrics of synthetic filament yarn, incl. monofilament of $\geq 67$ decitex and with a cross ...	5.44	501.98	893.15	1.99	7.09	3.33

Product Code	Product Label	India's Exports to Germany (in mln)	Germany's Imports from the World (in mln)	Indian Exports to the World (in mln)	RCA	ES	India's Global Share
1302	Vegetable saps and extracts; pectic substances, pectinates and pectates; agar-agar and other ...	43.57	585.60	995.81	8.47	6.78	14.14
6111	Babies' garments and clothing accessories, knitted or crocheted (excluding hats)	54.90	529.12	845.77	6.42	6.37	10.72
7325	Articles of iron or steel, cast, n.e.s.	129.63	704.05	1,119.38	9.03	6.33	15.08
5402	Synthetic filament yarn, incl. synthetic monofilaments of < 67 decitex (excluding sewing thread ...	10.18	873.50	1,267.49	4.18	5.78	6.97
6907	Unglazed ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and ...	2.26	806.18	1,013.03	3.39	5.01	5.65
4203	Articles of apparel and clothing accessories, of leather or composition leather (excluding ...	130.53	655.45	822.00	6.34	5.00	10.59
0801	Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled	17.34	613.67	758.50	4.85	4.92	8.10
8711	Motorcycles, incl. mopeds, and cycles fitted with an auxiliary motor, with or without side-cars; ...	18.27	2,029.79	2,140.15	4.54	4.20	7.59
6105	Men's or boys' shirts, knitted or crocheted (excluding nightshirts, T-shirts, singlets and ...	34.28	614.86	636.61	4.38	4.13	7.31
6302	Bedlinen, table linen, toilet linen and kitchen linen of all types of textile materials (excluding ...	73.64	1,560.86	1,582.72	4.57	4.04	7.63

Product Code	Product Label	India's Exports to Germany (in mln)	Germany's Imports from the World (in mln)	Indian Exports to the World (in mln)	RCA	ES	India's Global Share
6205	Men's or boys' shirts (excluding knitted or crocheted, nightshirts, singlets and other vests)	67.99	1,108.52	1,088.59	4.37	3.91	7.30
5703	Carpets and other textile floor coverings, tufted "needle punched", whether or not made up	27.53	579.85	560.69	4.45	3.85	7.43
2941	Antibiotics	19.02	922.77	854.42	4.87	3.69	8.13
2304	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ...	51.85	1,027.96	884.35	1.99	3.43	3.32
6206	Women's or girls' blouses, shirts and shirt-blouses (excluding knitted or crocheted and vests)	144.08	1,507.70	1,255.73	5.37	3.32	8.97
7222	Other bars and rods of stainless steel; angles, shapes and sections of stainless steel, n.e.s.	112.26	1,029.05	825.44	7.63	3.20	12.74
6108	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, négligés, bathrobes, ...	52.44	821.98	568.24	2.61	2.75	4.36
2401	Unmanufactured tobacco; tobacco refuse	16.41	882.73	589.38	3.16	2.66	5.28
7323	Table, kitchen or other household articles, and parts thereof, of iron or steel; iron or steel ...	16.90	799.35	522.26	2.55	2.60	4.25
6114	Special garments for professional, sporting or other purposes, n.e.s., knitted or crocheted	77.76	1,074.89	636.99	4.40	2.36	7.34
6109	T-shirts, singlets and other vests, knitted or crocheted	217.91	4,352.52	2,458.41	3.15	2.25	5.27
2915	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; ...	21.18	1,224.28	675.00	2.72	2.20	4.54

Product Code	Product Label	India's Exports to Germany (in mln)	Germany's Imports from the World (in mln)	Indian Exports to the World (in mln)	RCA	ES	India's Global Share
7307	Tube or pipe fittings "e.g. couplings, elbows, sleeves", of iron or steel	30.18	1,252.12	676.03	2.10	2.15	3.51
6204	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, ...	136.26	4,692.69	2,352.34	2.07	2.00	3.45
3004	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	182.36	28,575.89	12,766.41	2.15	1.78	3.59
2921	Amine-function compounds	35.80	1,221.54	535.06	3.42	1.75	5.71
6307	Made-up articles of textile materials, incl. dress patterns, n.e.s.	10.82	1,215.26	528.10	2.13	1.73	3.55
2924	Carboxamide-function compounds; amide-function compounds of carbonic acid	16.55	1,236.14	501.88	3.93	1.62	6.57
4202	Trunks, suitcases, vanity cases, executive-cases, briefcases, school satchels, spectacle cases, ...	168.94	3,640.68	1,438.11	1.21	1.57	2.02
2934	Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...	40.80	1,427.21	549.36	1.94	1.53	3.24
6403	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of ...	249.92	5,302.75	1,948.54	2.10	1.46	3.50
3907	Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, ...	30.13	4,457.36	1,530.52	1.44	1.37	2.41
8411	Turbojets, turbopropellers and other gas turbines	702.75	12,195.98	3,508.01	1.56	1.15	2.61

Product Code	Product Label	India's Exports to Germany (in mln)	Germany's Imports from the World (in mln)	Indian Exports to the World (in mln)	RCA	ES	India's Global Share
3920	Plates, sheets, film, foil and strip, of non-cellular plastics, not reinforced, laminated, ...	54.98	3,662.17	1,013.97	1.01	1.10	1.68
7308	Structures and parts of structures "e.g., bridges and bridge-sections, lock-gates, towers, ...	33.08	3,520.56	969.86	1.16	1.10	1.94
3902	Polymers of propylene or of other olefins, in primary forms	1.04	3,275.10	901.86	1.14	1.10	1.91
8538	Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537, ...	75.87	2,623.03	669.13	1.06	1.02	1.77
8714	Parts and accessories for motorcycles and bicycles and for carriages for disabled persons, ...	7.61	2,306.80	587.14	1.76	1.01	2.94
7306	Tubes, pipes and hollow profiles "e.g., open seam or welded, riveted or similarly closed", ...	13.67	2,277.92	571.45	1.35	1.00	2.25
4011	New pneumatic tyres, of rubber	126.06	7,265.69	1,821.34	1.35	1.00	2.25

Source: CII calculations based on ITC data

## India-Italy Potential Exports

Product Code	Product Label	India's exports to Italy (in mln)	Italy's Imports from the World (in mln)	Indian Exports to the World (in mln)	RCA	ES	India's Global Share
7102	Diamonds, whether or not worked, but not mounted or set (excluding unmounted stones for pick-up ...	76.40	646.69	25,637.56	11.28	61.28	18.84
7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal ...	41.65	2,041.99	12,395.14	6.70	9.38	11.19
0306	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine, ...	32.17	854.73	4,469.78	9.21	8.08	15.38
2710	Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations containing ...	117.61	9,997.05	46,789.29	3.59	7.23	5.99
3204	Synthetic organic colouring matter, whether or not chemically defined; preparations based on ...	116.40	553.81	2,469.66	10.84	6.89	18.11
3808	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth ...	22.92	939.41	2,964.87	4.85	4.88	8.11
6302	Bedlinen, table linen, toilet linen and kitchen linen of all types of textile materials (excluding ...	12.02	517.71	1,582.72	4.57	4.73	7.63
6205	Men's or boys' shirts (excluding knitted or crocheted, nightshirts, singlets and other vests)	18.37	532.96	1,088.59	4.37	3.16	7.30
8545	Carbon electrodes, carbon brushes, lamp carbons, battery carbons and other articles of graphite ...	13.38	546.45	1,078.66	5.70	3.05	9.52
7202	Ferro-alloys	85.40	1,259.77	2,187.91	4.31	2.68	7.20

Product Code	Product Label	India's exports to Italy (in mln)	Italy's Imports from the World (in mln)	Indian Exports to the World (in mln)	RCA	ES	India's Global Share
5402	Synthetic filament yarn, incl. synthetic monofilaments of < 67 decitex (excluding sewing thread ...	1.72	742.67	1,267.49	4.18	2.64	6.97
6109	T-shirts, singlets and other vests, knitted or crocheted	6.91	1,745.74	2,458.41	3.15	2.18	5.27
6204	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, ...	18.37	1,811.44	2,352.34	2.07	2.01	3.45
7601	Unwrought aluminium	201.43	3,120.21	3,776.12	4.14	1.87	6.91
2922	Oxygen-function amino-compounds	12.08	545.43	619.92	2.00	1.76	3.34
2915	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; ...	29.63	611.84	675.00	2.72	1.71	4.54
7326	Articles of iron or steel, n.e.s. (excluding cast articles)	17.56	1,108.13	1,127.73	1.27	1.57	2.12
2934	Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...	13.06	703.90	549.36	1.94	1.21	3.24
4011	New pneumatic tyres, of rubber	58.20	2,418.56	1,821.34	1.35	1.16	2.25
8714	Parts and accessories for motorcycles and bicycles and for carriages for disabled persons, ...	20.07	872.62	587.14	1.76	1.04	2.94

Source: CII calculations based on ITC data

## India-Netherlands Potential Exports

Product Code	Product Code	Netherlands's Imports from the World (in mln)	Indian Exports to the World (in mln)	India's Exports to Netherlands (in mln)	RCA	ES	India's Global Share
0306	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine, ...	534.35	4,469.78	97.92	9.21	13.50	15.38
3808	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth ...	647.54	2,964.87	75.46	4.85	7.39	8.11
6302	Bedlinen, table linen, toilet linen and kitchen linen of all types of textile materials (excluding ...	524.30	1,582.72	27.25	4.57	4.87	7.63
2902	Cyclic hydrocarbons	1,776.33	4,299.84	105.79	4.93	3.91	8.23
7202	Ferro-alloys	962.82	2,187.91	54.70	4.31	3.67	7.20
6109	T-shirts, singlets and other vests, knitted or crocheted	1,508.45	2,458.41	86.10	3.15	2.63	5.27
8803	Parts of aircraft and spacecraft of heading 8801 or 8802, n.e.s.	1,122.47	1,797.13	10.53	1.16	2.58	1.93
2710	Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations containing ...	32,087.49	46,789.29	4,266.38	3.59	2.35	5.99
6204	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, ...	1,768.40	2,352.34	59.90	2.07	2.15	3.45
7601	Unwrought aluminium	2,842.48	3,776.12	105.86	4.14	2.14	6.91
3004	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	9,758.73	12,766.41	103.55	2.15	2.11	3.59

Product Code	Product Code	Netherlands's Imports from the World (in mln)	Indian Exports to the World (in mln)	India's Exports to Netherlands (in mln)	RCA	ES	India's Global Share
8483	Transmission shafts, incl. camshafts and crankshafts, and cranks; bearing housings and plain ...	882.67	1,145.98	5.50	1.12	2.10	1.87
8538	Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537, ...	528.38	669.13	4.43	1.06	2.04	1.77
2922	Oxygen-function amino-compounds	504.61	619.92	16.22	2.00	1.98	3.34
7307	Tube or pipe fittings "e.g. couplings, elbows, sleeves", of iron or steel	583.45	676.03	35.13	2.10	1.87	3.51
8411	Turbojets, turbopropellers and other gas turbines	3,151.47	3,508.01	3.32	1.56	1.80	2.61
7326	Articles of iron or steel, n.e.s. (excluding cast articles)	1,143.38	1,127.73	31.67	1.27	1.59	2.12
2915	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; ...	740.67	675.00	41.97	2.72	1.47	4.54
8408	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine"	978.46	852.11	7.22	1.01	1.41	1.68
2921	Amine-function compounds	617.65	535.06	25.46	3.42	1.40	5.71
6403	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of ...	2,283.88	1,948.54	89.32	2.10	1.38	3.50
7308	Structures and parts of structures "e.g., bridges and bridge-sections, lock-gates, towers, ...	1,168.48	969.86	7.81	1.16	1.34	1.94

Product Code	Product Code	Netherlands's Imports from the World (in mln)	Indian Exports to the World (in mln)	India's Exports to Netherlands (in mln)	RCA	ES	India's Global Share
4202	Trunks, suitcases, vanity cases, executive-cases, briefcases, school satchels, spectacle cases, ...	1,766.65	1,438.11	68.85	1.21	1.31	2.02
8409	Parts suitable for use solely or principally with internal combustion piston engine of heading ...	1,477.78	1,188.59	29.38	1.01	1.30	1.68
7306	Tubes, pipes and hollow profiles "e.g., open seam or welded, riveted or similarly closed", ...	728.05	571.45	8.00	1.35	1.27	2.25
2304	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ...	1,135.14	884.35	11.09	1.99	1.26	3.32
3920	Plates, sheets, film, foil and strip, of non-cellular plastics, not reinforced, laminated, ...	1,441.97	1,013.97	14.83	1.01	1.14	1.68
4011	New pneumatic tyres, of rubber	2,674.00	1,821.34	60.90	1.35	1.10	2.25
6203	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches ...	1,622.67	1,034.03	50.09	1.19	1.03	2.00

Source: CII calculations based on ITC data

## India-UK Potential Exports

Product code	Product label	India's exports to United Kingdom	UK's Imports from World (in million)	India's exports to world (in mn)	RCA	ES	India's global Share
7102	Diamonds, whether worked, but not mounted or set (excluding unmounted stones for pick-up ...	134.03	2,766.45	25,637.56	11.28	19.21	18.84
0306	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine, ...	115.28	541.33	4,469.78	9.21	17.12	15.38
7601	Unwrought aluminium	38.29	597.93	3,776.12	4.14	13.09	6.91
7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal ...	533.64	3,192.51	12,395.14	6.70	8.05	11.19
3808	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth ...	35.11	983.77	2,964.87	4.85	6.25	8.11
8711	Motorcycles, incl. mopeds, and cycles fitted with an auxiliary motor, with or without side-cars; ...	5.23	825.87	2,140.15	4.54	5.37	7.59
7208	Flat-rolled products of iron or non-alloy steel, of a width >= 600 mm, hot-rolled, not clad, ...	9.81	818.01	1,760.18	1.99	4.46	3.32
6211	Tracksuits, ski suits, swimwear and other garments, n.e.s. (excluding knitted or crocheted)	144.29	559.41	1,188.49	5.34	4.40	8.92
2710	Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations containing ...	485.31	22,100.89	46,789.29	3.59	4.39	5.99
6111	Babies' garments and clothing accessories, knitted or crocheted (excluding hats)	173.87	552.72	845.77	6.42	3.17	10.72
6302	Bedlinen, table linen, toilet linen and kitchen linen of all types of textile materials (excluding ...	76.73	1,039.09	1,582.72	4.57	3.16	7.63

Product code	Product label	India's exports to United Kingdom	UK's Imports from World (in million)	India's exports to world (in mln)	RCA	ES	India's global Share
6205	Men's or boys' shirts (excluding knitted or crocheted, nightshirts, singlets and other vests)	92.38	781.43	1,088.59	4.37	2.89	7.30
6206	Women's or girls' blouses, shirts and shirt-blouses (excluding knitted or crocheted and vests)	135.01	1,023.55	1,255.73	5.37	2.54	8.97
7307	Tube or pipe fittings "e.g. couplings, elbows, sleeves", of iron or steel	20.29	563.97	676.03	2.10	2.48	3.51
6105	Men's or boys' shirts, knitted or crocheted (excluding nightshirts, T-shirts, singlets and ...	41.01	555.13	636.61	4.38	2.38	7.31
3907	Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, ...	3.11	1,422.48	1,530.52	1.44	2.23	2.41
8714	Parts and accessories for motorcycles and bicycles and for carriages for disabled persons, ...	2.44	551.69	587.14	1.76	2.21	2.94
2304	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ...	3.67	849.92	884.35	1.99	2.16	3.32
8538	Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537, ...	48.59	677.32	669.13	1.06	2.05	1.77
6109	T-shirts, singlets and other vests, knitted or crocheted	174.85	2,690.27	2,458.41	3.15	1.89	5.27
2933	Heterocyclic compounds with nitrogen hetero-atom[s] only	60.06	2,649.15	2,351.16	1.87	1.84	3.12
6108	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, négligés, bathrobes, ...	108.40	716.60	568.24	2.61	1.64	4.36

Product code	Product label	India's exports to United Kingdom	UK's Imports from World (in million)	India's exports to world (in mln)	RCA	ES	India's global Share
7306	Tubes, pipes and hollow profiles "e.g., open seam or welded, riveted or similarly closed", ...	18.96	724.46	571.45	1.35	1.64	2.25
7210	Flat-rolled products of iron or non-alloy steel, of a width >= 600 mm, hot-rolled or cold-rolled ...	29.58	1,439.57	1,125.67	1.25	1.62	2.08
3004	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	518.42	16,659.45	12,766.41	2.15	1.59	3.59
5703	Carpets and other textile floor coverings, tufted "needle punched", whether or not made up	44.15	812.11	560.69	4.45	1.43	7.43
6403	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of ...	342.61	2,978.58	1,948.54	2.10	1.36	3.50
6204	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, ...	292.61	3,799.69	2,352.34	2.07	1.28	3.45
4011	New pneumatic tyres, of rubber	56.59	2,945.11	1,821.34	1.35	1.28	2.25
8483	Transmission shafts, incl. camshafts and crankshafts, and cranks; bearing housings and plain ...	77.93	1,904.79	1,145.98	1.12	1.25	1.87
6203	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches ...	72.33	2,125.87	1,034.03	1.19	1.01	2.00

Source: CII calculations based on ITC data

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