

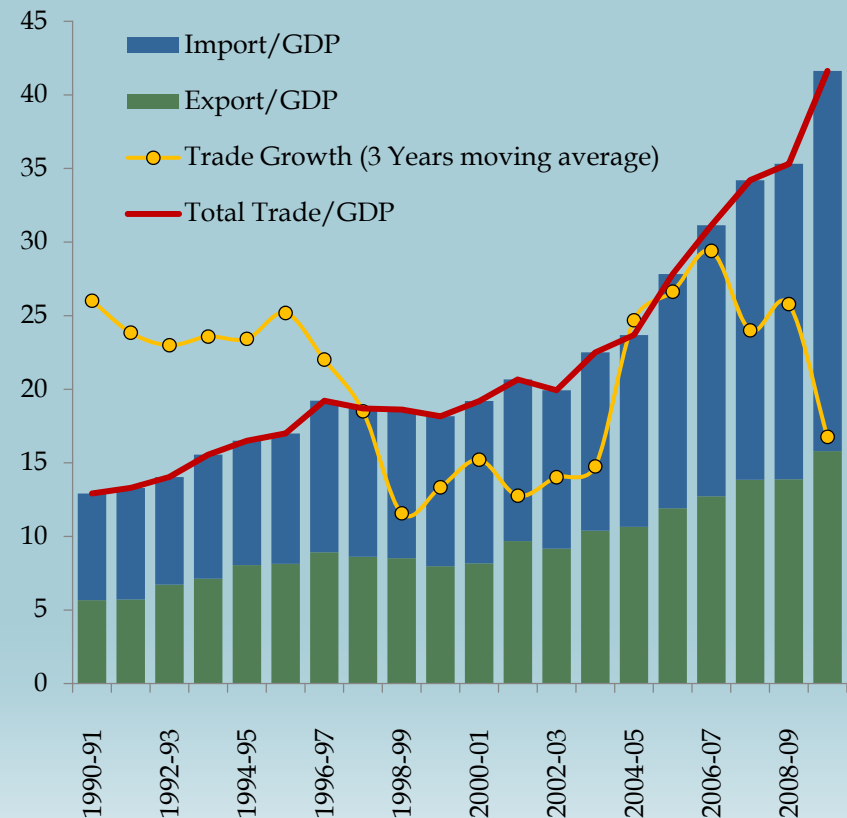
The background of the slide features a faded, historical-style map of Central America and the Caribbean region. The map includes labels for various countries and islands, such as 'MEXIQUE', 'CUBA', 'VENEZUELA', 'COLOMBIE', and 'AMER. CENTRALE'. It also shows geographical features like 'G. du Mexique' (Gulf of Mexico) and 'Mer des Antilles' (Caribbean Sea). The map is rendered in a light, textured style that serves as a backdrop for the title and author information.

INDIA'S CURRENT TRADE AND INVESTMENT SCENARIO AND FTA STANCE

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INDIA'S TRADE TRENDS

- ❑ India's trade has grown fourfold from 2003 to 2009, indicating its growing trade openness and integration with the world economy
- ❑ India's exports have grown three times from US\$59.4 billion in 2003 to 176.8 billion in 2009
- ❑ There has been a fourfold rise in export share in GDP. Between 1990 and 2008, India's exports as a share of GDP have risen from 6.4 percent to 20.3 percent, at a compounded annual growth rate (CAGR) of 20 percent
- ❑ India's imports have also seen almost a fourfold increase from US\$ 72.5 billion in 2003 to US\$ 266.4 billion in 2009



INDIA'S PRINCIPAL EXPORT AND IMPORT COMMODITIES

- ❑ The major export items in 2009 were precious metals and jewellery, Mineral fuels and oil, electrical machinery, garments, pharmaceutical products and vehicles other than railway or tramway rolling-stock.
- ❑ The top ten export items constitute 63 % of the total export share
- ❑ The highest export share was occupied by precious metals and jewellery at 19 % share, followed by mineral fuels and mineral oil at 14 %.
- ❑ The major import items were precious metals and jewellery, Mineral fuels and oil, electrical machinery, iron and steel, plastic and articles made of plastic, animal fat, fertilizers etc.
- ❑ The top 10 import items occupies 80 % of the total import share. The highest import share was occupied by mineral oil and fuels at 31 %, followed by precious metals and jewellery at 16 %.

INDIA'S EXPORT MARKETS

2003			2009		
Rank	Partner Country	Export Share	Rank	Partner Country	Export Share
1	United States	18.8	1	United States	10.8
2	UAE	7.1	2	China	5.9
3	Hong Kong, China	5.8	3	Hong Kong, China	4.0
4	United Kingdom	4.7	4	Singapore	3.9
5	China	4.3	5	United Kingdom	3.7
6	Germany	4.0	6	Netherlands	3.7
7	Belgium	3.0	7	Germany	3.3
8	Japan	2.9	8	Saudi Arabia	2.2
9	Singapore	2.9	9	Korea, Rep	2.1
10	Bangladesh	2.8	10	Belgium	2.0

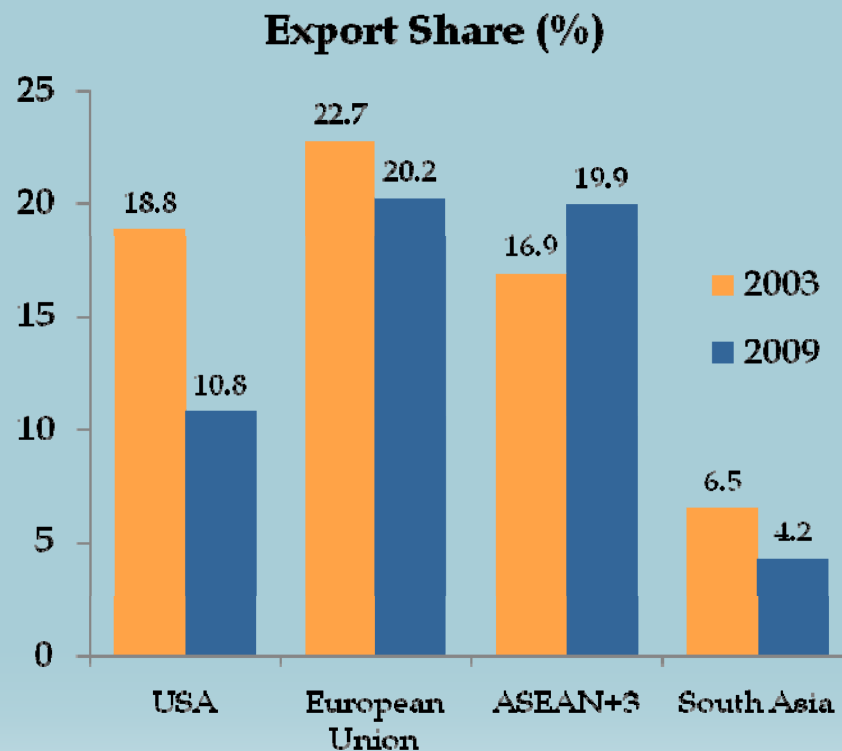
Source: UN Comtrade Database

INDIA'S IMPORT SOURCES

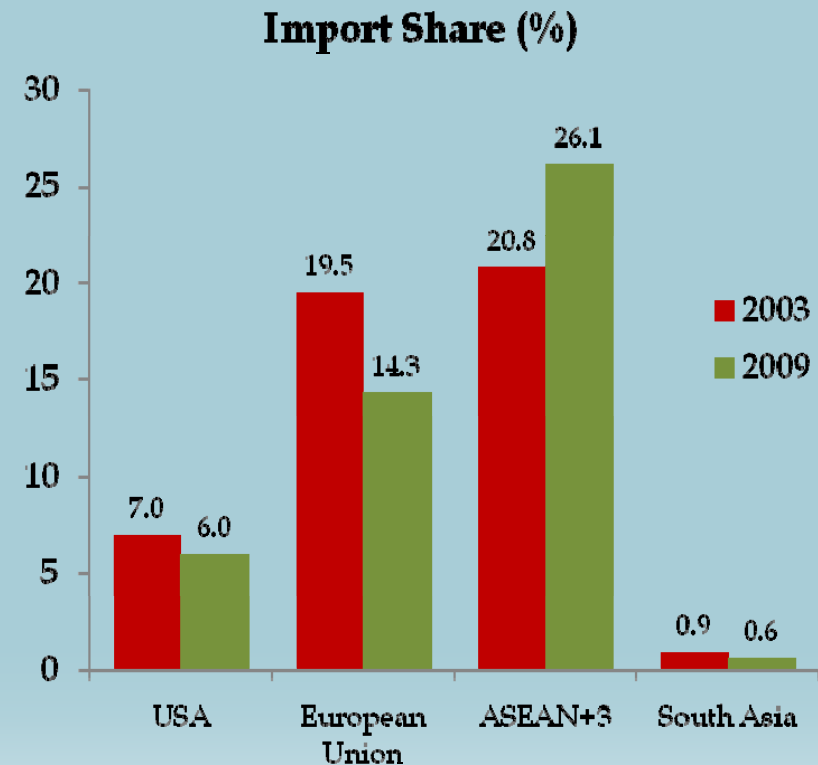
2003			2009		
Rank	Partner Country	Import Share	Rank	Partner Country	Import Share
1	United States	7	1	China	11.5
2	Belgium	5.3	2	UAE	7.4
3	China	5	3	United States	6
4	Switzerland	4.3	4	Saudi Arabia	5.4
5	United Kingdom	4.1	5	Australia	4.5
6	Germany	3.8	6	Germany	4.1
7	Korea, Rep.	3.3	7	Iran, Islamic Rep.	4
8	Japan	3.2	8	Switzerland	3.8
9	Australia	2.8	9	Korea, Rep.	3.1
10	South Africa	2.7	10	Kuwait	2.9

Source: UN Comtrade Database

TRADE WITH SELECTED SUB-REGION



□ The export figures bring to fore the important point that trade in goods with ASEAN+ 3 economies has been on the rise, while that with US it has declined and with EU it has remained stagnant during 2003-09.



□ The shares of the EU economies as well as the United States in India's imports have been declining steadily, while that of the ASEAN +3 economies has been rising in India's total imports.

INDIA'S TRADE IN SERVICES

- ❑ India occupied the 9th position in commercial service exports in 2008 (WTO-International Trade Statistics 2009).
- ❑ India's services exports have increased from US\$18.1 billion in 2002 to US\$ 102 billion in 2008 with a rise in its share from 1.1 percent to 2.7 percent during this period.
- ❑ India's services exports growth rate is the second highest at 17 percent with only China's growth rate being higher than that of India's .



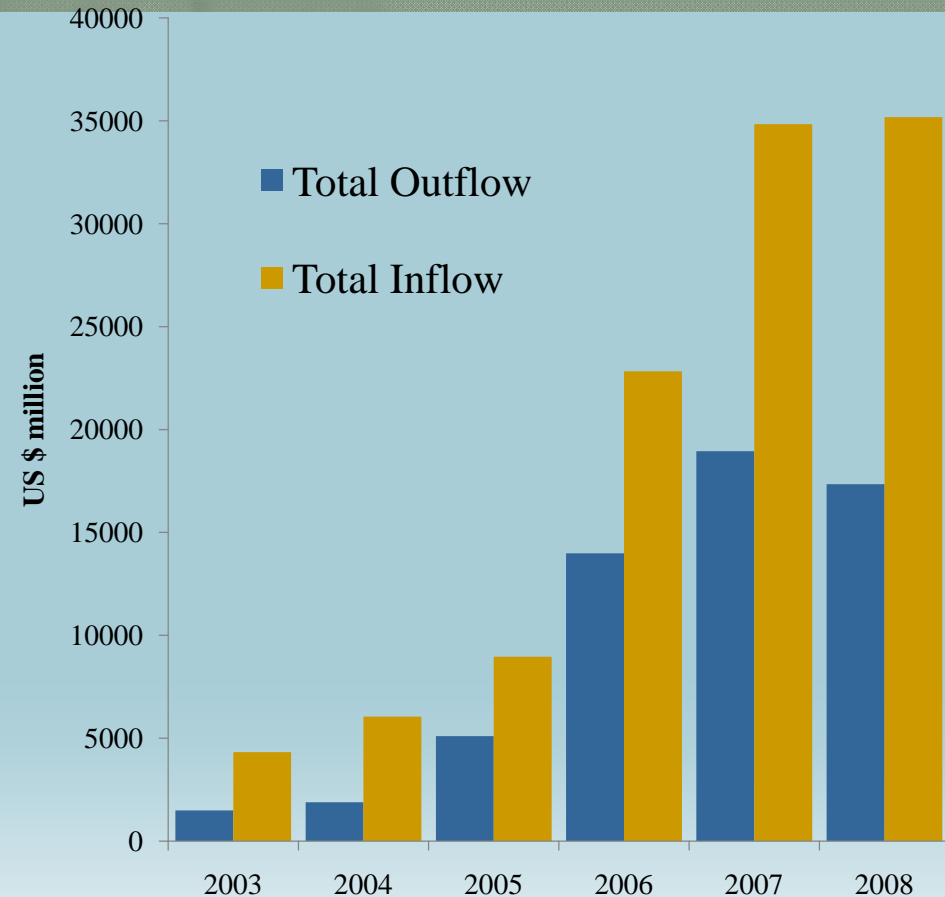
Source: WTO International Trade Statistics, 2009

INDIA'S TRADE IN SERVICES (CONTD.)

- ❑ Information technology and related services is a potential area of co-operation between India and the Asian economies, particularly the South East and East Asian economies.
- ❑ The total ITeS-BPO exports is estimated to have risen from US\$ 1.5 billion in 2001 to US\$ 12.7 billion in 2008. BPO now accounts for about 27 per cent of total exports.
- ❑ India's global competitiveness in the outsourcing business has led to its establishment as the hub of outsourcing services, particularly BPO. However its business within the Asia region still occupies less than 10 percent of its overall outsourcing revenue.
- ❑ Thus there is tremendous scope for multinationals from the developed Asian economies to outsource their services to India.
- ❑ Similarly India's partnership with ASEAN economies could help India develop expertise in the telecom and the hardware industries.
- ❑ With improved Air connectivity between India and the ASEAN Economies, the tourism sector can also play an important role in the economic development of the region.

INDIA'S INVESTMENT TRENDS

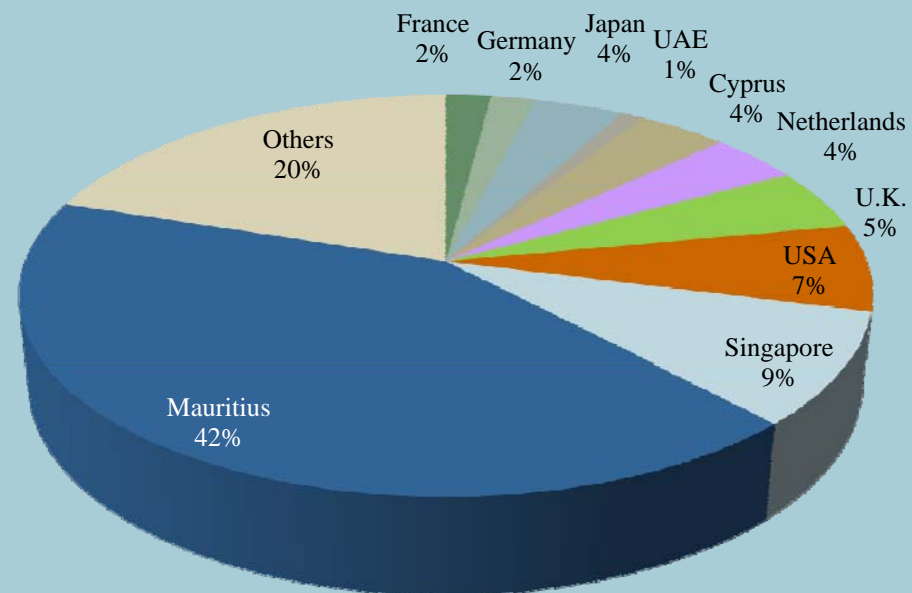
- ❑ India has been ranked as the third most attractive destination for international investors during 2010-11 (UNCTAD)
- ❑ India's FDI inflows have grown nearly 6 times from US\$ 6051 million in 2004-05 to US\$ 35180 million in 2008-09
- ❑ The outbound FDI flows have also increased almost nine times from US\$ 1895 million in 2004-05 to US\$17344 million in 2008-09.



TOP INVESTING COUNTRIES IN INDIA

❑ Mauritius with 42.2 percent share accounted for the highest share of FDI inflow into India in 2009, followed by Singapore with 9.47 percent and USA with 7.52 percent.

❑ Japan, Korea, Indonesia and Hong Kong are the other Asian economies that are among the top twenty investing countries in India.



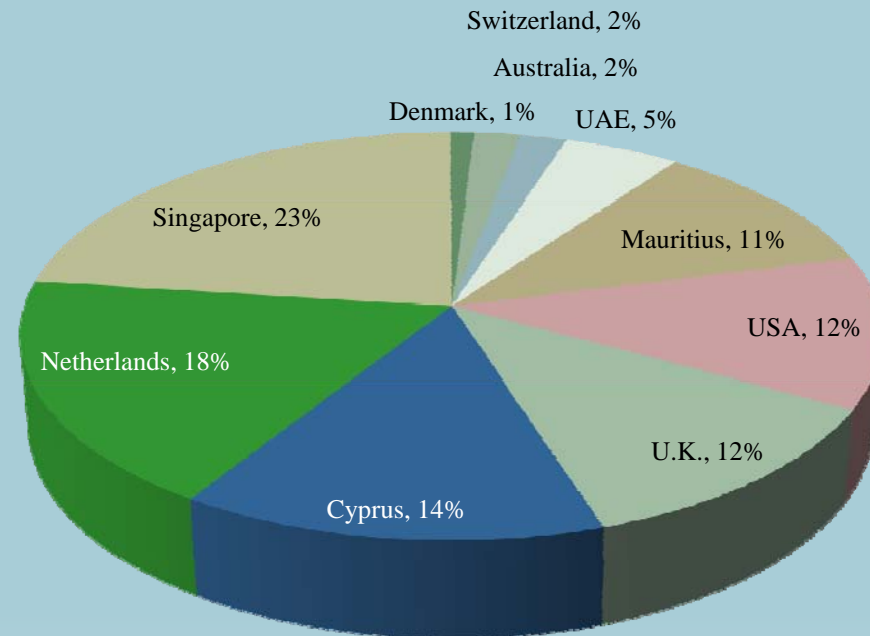
Source: Dept. of Industrial Policy and Promotion, Ministry of Commerce and Industry

INDIA'S OUTBOUND FDI

□ India's highest FDI investments were in Singapore accounting for US\$ 4284 million during 2008-09, followed by Netherlands (US\$ 3544 million).

□ Sectors attracting highest FDI inflow:

- Services sector (21 %),
- Computer Software and Hardware (9%)
- Telecommunication (8%).
- Sectors like Housing and Real-estate, Construction, Power, Automobiles, Petroleum and Natural Gas are included among the top ten sectors attracting FDI.



Source: Dept. of Economic Affairs, Ministry of Finance

SECTORS FACING FDI PROHIBITION

FDI is prohibited in the following activities/sectors:

- (a) Retail Trading (**except single brand product retailing**)
- (b) Lottery Business including Government /private lottery, online lotteries,etc.
- (c) Gambling and Betting including casinos etc.
- (d) Business of chit fund
- (e) Nidhi company
- (f) Trading in Transferable Development Rights (TDRs)
- (g) Real Estate Business or Construction of Farm Houses
- (h) Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
- (i) Activities / sectors not opened to private sector investment including Atomic Energy and Railway Transport (other than Mass Rapid Transport Systems).

INDIA'S FTA STANCE

- ❑ India has traditionally favoured multilateralism over regionalism
- ❑ However over the last decade, geo-political and economic considerations have led India to seek regional integration initially with South Asian countries and later with the economies of South East and East Asian countries.
- ❑ Most of the Agreements in force are with Asian economies, though negotiations are ongoing for an agreement with EU.
- ❑ There is growing recognition on India's part regarding the need to enter into services trade agreements and also use these agreements to facilitate and promote investments and related issues

INDIA'S FTA STANCE (CONTD.)

India's Concluded Free Trade Agreements (FTAs)/Preferential Trade Agreements (PTAs)

FTAs/PTAs	Date of Sign	Date of Enforcement	Area Covered
Pacific Trade Agreement (APTA)	1975	June 1976	Goods
India-Chile PTA	November 2005	September 2007	Goods
India-Sri Lanka FTA	December 1998	March 2000	Goods
India-Nepal (Revised) FTA	October 2009	-	Goods
India-Afghanistan PTA	March 2003	-	Goods
India-Bhutan Trade Agreements	28 July 2006	29 July 2006	Goods
India-ASEAN FTA	August 2009	January 2010	Goods
Free Trade Area (SAFTA) FTA	January 2004	January 2006	Goods
India-Mercosur PTA	2004	June 2009	Goods
India-Finland (Economic Cooperation)	March 2010		Goods, Investments
India-Singapore (Comprehensive Economic Cooperation Agreement (CECA))	Jun 2005	August 2005	Goods, services, investments
India-Korea (Comprehensive Economic Partnership Agreement (CEPA))	August 2009	January 2010	Goods, services, investments, trade facilitation

India's Ongoing FTAs/PTAs Negotiations

FTAs/PTAs	Launch of negotiations	Status	Area Covered
India-Japan (CEPA)	January 2007	Negotiations completed. It will be signed soon.	Goods, services, investments
India-EU Broad based Trade and Investment Agreement (BTIA)	June 2007	Government plans to sign it by the end of 2010.	Goods, services, investments, government procurement, etc.
India-Gulf Cooperation Council (GCC)- Customs Union of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE	2004	First round of negotiations held in March 2006. No Progress till now.	
India-Malaysia (CECA)	February 2008	Negotiations completed. It will be signed soon.	Goods, services, investments, etc.
India-Mauritius (Comprehensive Economic Cooperation and Partnership Agreement (CECPA))	August 2005	Negotiations on trade in goods concluded and MoU signed on a PTA, services and investments negotiations are ongoing.	Goods, services, investment, etc.
India-European Free Trade Association (EETA) FTA	January 2008	Five rounds of negotiations held (Fifth round was in 20 August 2010)	Goods, services, investment, etc.
SAARC Agreement on Trade in Services (SATIS)	November 2008	Text agreement was signed in April 2010. Schedule negotiations will start soon.	Services, investment, etc.
India-Thailand CECA	November 2003	17 rounds of negotiations have been completed.	Goods, services, investment, etc
India-New Zealand (CECA)	April 2007	First round of negotiations held in April 2010.	Goods, services, investment, etc.

KEY ISSUES IN INDIA'S FTA STANCE

- Large size of the Negative Lists
- Stringent Rules of Origin
- Despite lowering of tariff rates, FTAs have not been effective in some cases due to proliferation of NTBs
- Some Integration efforts may not yield adequate results

THANK YOU

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