

Leveraging FTAs for Exports:

Special Focus on Agriculture



NITI Aayog Export Preparedness Index 2022: Recommendations for States to Boost Exports

Based on the pillar-wise learnings and experiences of states, NITI Aayog's Export Preparedness Index makes the following recommendations for the alleviation of common issues across the states:



Location-specific Strategies to Boost Exports



Diversification of Export Markets



High Growth Sectors and Manufacturing Competitiveness



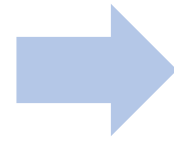
Leveraging Foreign Markets using FTAs



Improvement in Data Availability of Exports

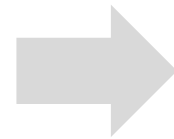
Advantages of a Free Trade Agreement

Increased Market Access and tariff certainty



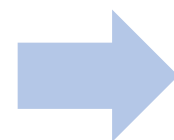
Increase in Market Access due to focused elimination of tariffs, enabling countries to leverage their comparative advantages. FTAs provide binding commitment on tariff elimination.

Intellectual Property Protection



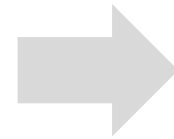
FTAs create a level playing field, improve market access, reduce trade costs for IP-intensive products, and create predictability for long-term investments

Greater Investment Inflows



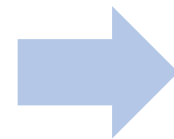
Lower tariffs and tariff certainty lead to deeper integration of goods and services economy within the GVCs

Neutralizing Competitive Disadvantage



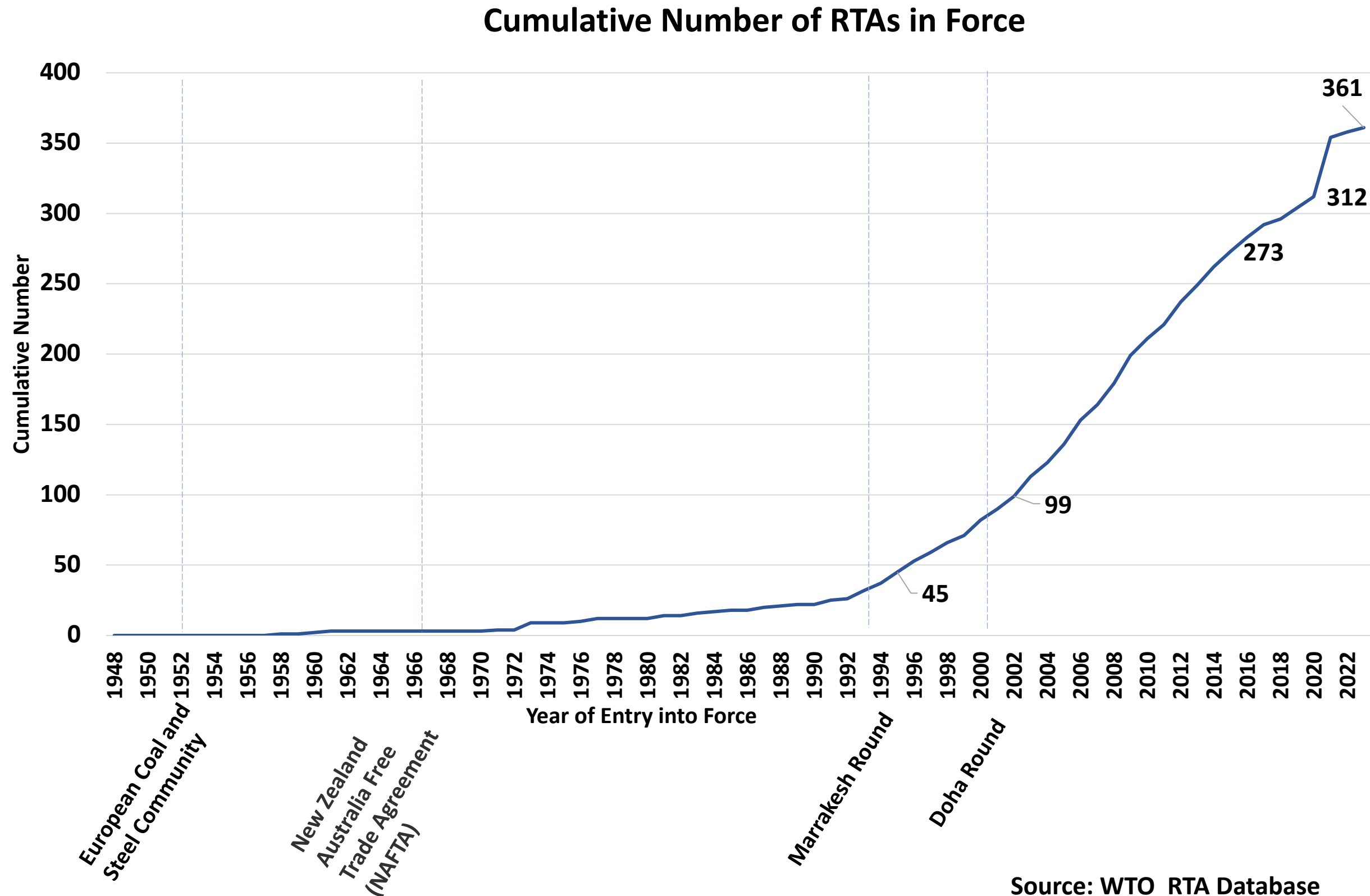
Neutralizing advantages of competitor country having preferential access

Addressing Non-Tariff Measures



Framework for regulatory cooperation leading to lower compliance costs related to NTMs

RTAs in Force: 1948 to 2023

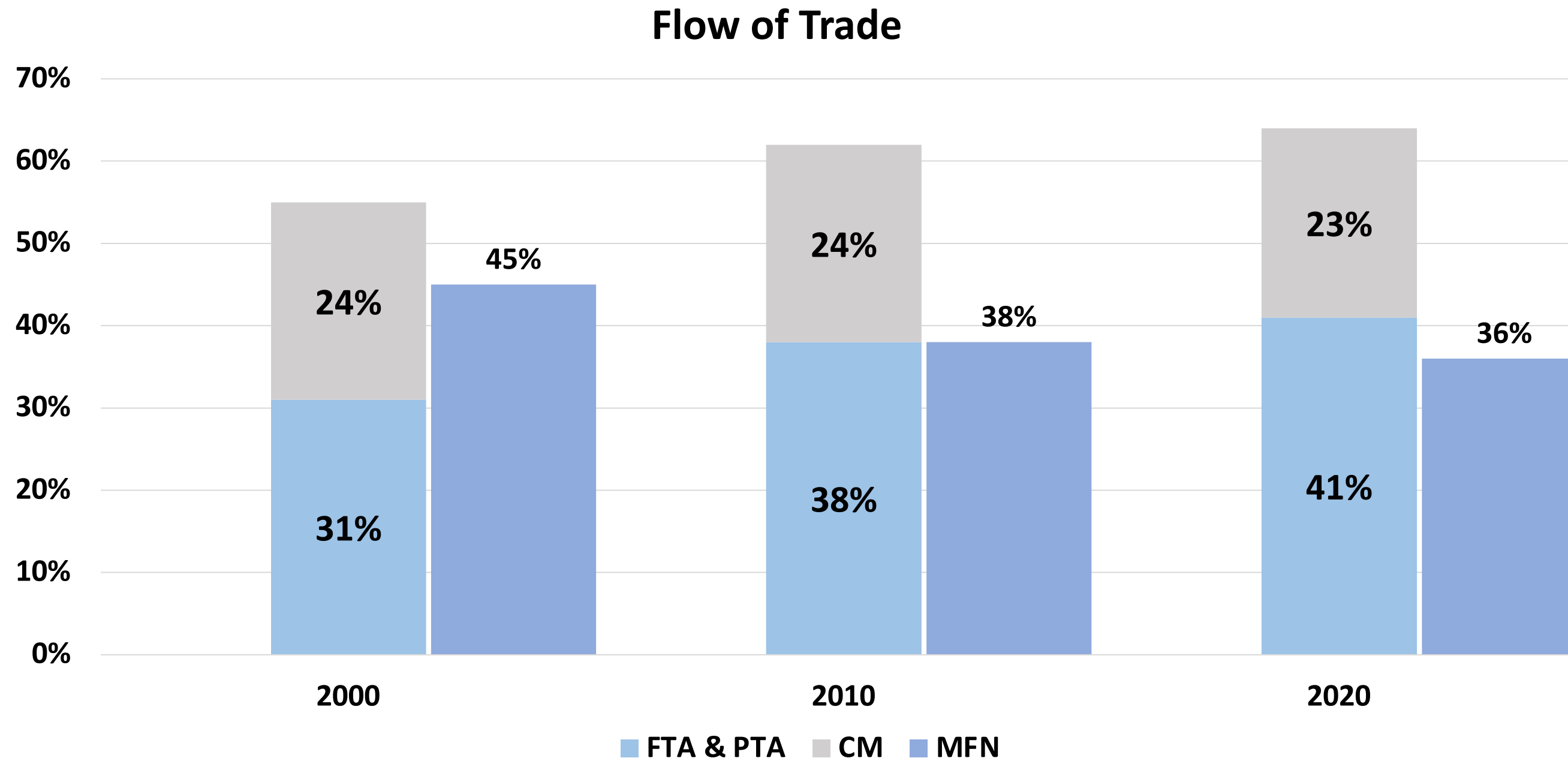


Source: WTO RTA Database

Country	No. of RTAs	No. of Partners	Share of RTA Partners in Total Trade
European Union	45	97	34.55%
United Kingdom	38	68	55.32%
Chile	33	73	95.08%
Singapore	27	61	84.97%
South Korea	22	67	73.87%
Japan	20	50	77.82%
Australia	19	30	68.87%
India	19	29	40.14%
China	18	28	41.64%
USA	14	20	39.69%
Brazil	9	27	22.03%
South Africa	7	51	40.57%

Source: WITS

Increasingly Higher Share of Trade is Flowing Through Preferential Lines



Source: Preferential Trade Agreements, Geopolitics, and the Fragmentation of World Trade
Authors Calculations based on UN Comtrade and NSF-Kellogg Institute

NTMs under Agriculture Till 2023

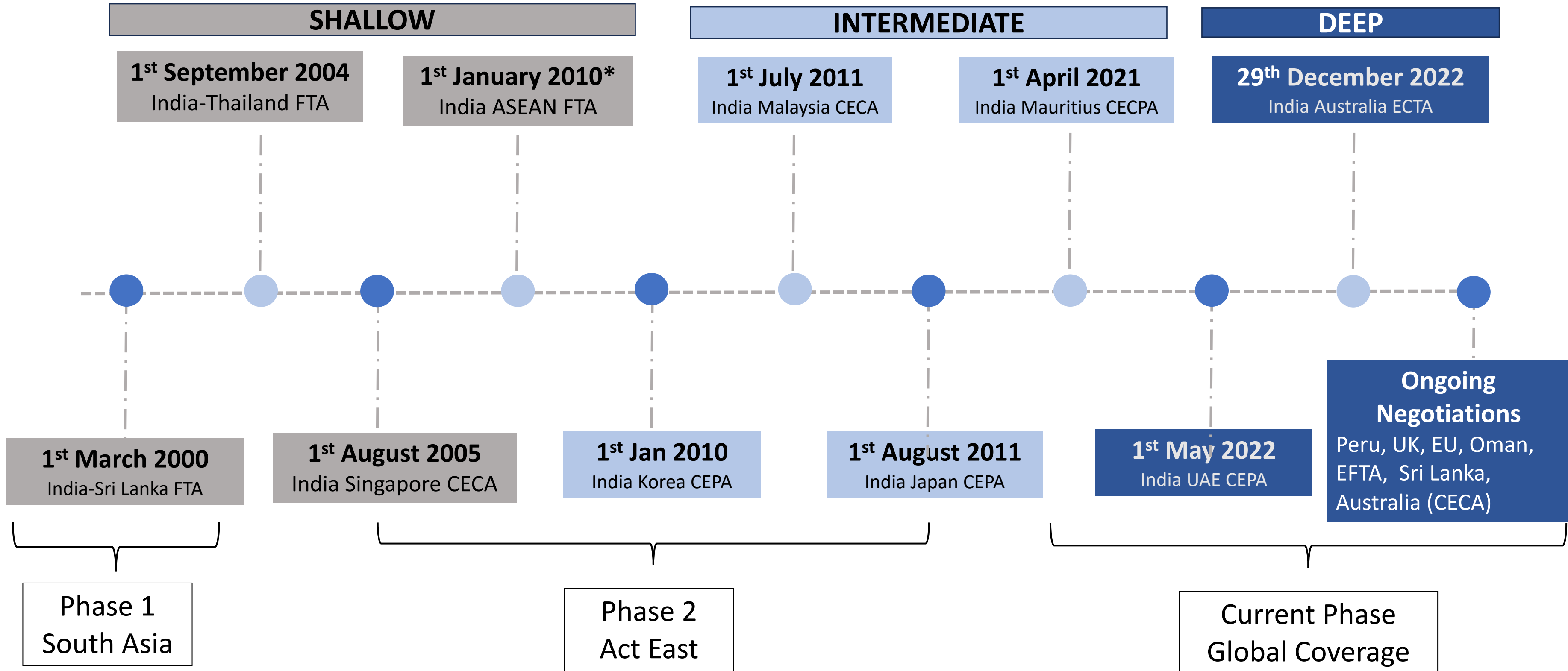
	SPS & TBT Notifications	Agri-related Notifications	Notifications related to Quality under Agriculture
Total Number	55338	20560	13792
Percentage		37.15%	67.08%

Data Source: WTO ITIP

Over the past two decades, NTMs have grown in popularity as tools of Trade Policy in Regional and Global Trade tensions. Trade Costs associated with NTMs are estimated to be double that of tariffs; thus negotiating FTAs provide a platform to enable regulatory co-operation leading to lower compliance costs associated with NTMs.

India's FTA Journey

India has negotiated **13 Free Trade Agreements, 6 Preferential Trade Agreements** so far. Negotiations are underway for **5 Free Trade Agreements**

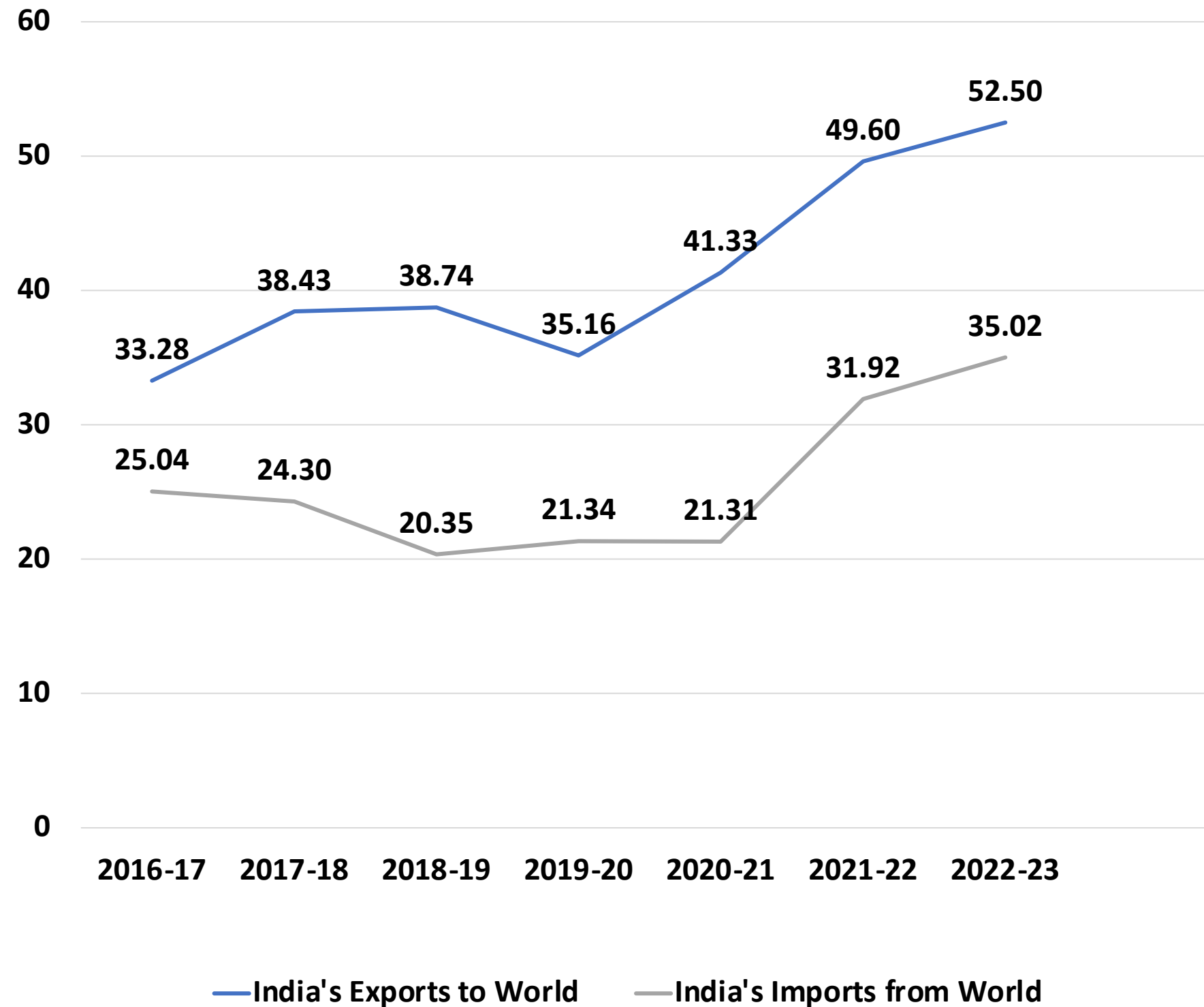


Preferential Tariff Lines under Agriculture and Labour-Intensive Sectors in India's FTAs

	Agreement	Agriculture	Leather	Textiles	Gems and Jewellery
	India- Japan	57%	87%	99%	100%
	India-South Korea	55%	100%	99%	100%
INDIA-ASEAN	India-Malaysia	92%	100%	94%	100%
	India-Cambodia	96%	100%	99%	100%
	India-Philippines	58%	95%	94%	100%
	India-Vietnam	96%	75%	98%	97%
	India-Indonesia	78%	95%	75%	100%
	India-Thailand	81%	71%	97%	100%
	Modern FTAs	India-UAE	91%	95%	100%
India-Australia		100%	100%	100%	100%

Commodity Profile: Agricultural Products

Values in Billion USD



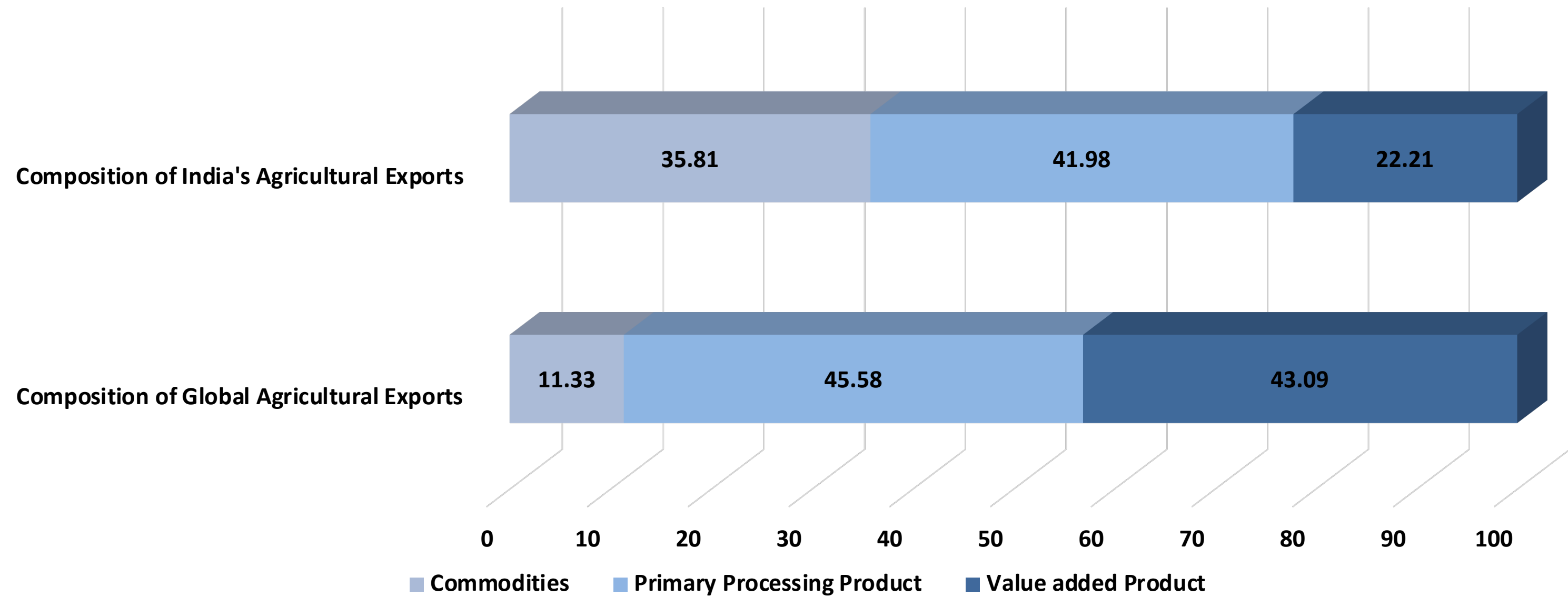
Source: DGCI&S

Values in Billion USD

	World Agriculture Exports	India's Agri Exports	India's Processed Foods Exports out of India's Agri Exports
Value	1809.38	52.67	14.39
Percentage		2.91%	27.32%

Source: ITC Trade Map

Global Vs India's Comparative Export Analysis of Commodity and Value added Products for 2022



Source : www.trademap.org

* Statistics – Calendar Year

Focus Areas for State Governments to Boost Agricultural Exports

Leveraging Unique Advantages

- Development of cropping patterns according to Agro-climatic zones for better resilience and productivity
- Export-centric cropping systems in potential products

Quality control and Compliance

- Promoting quality management in entire production and post-production value chain
- Skill development and capacity building

Consistency & Traceability

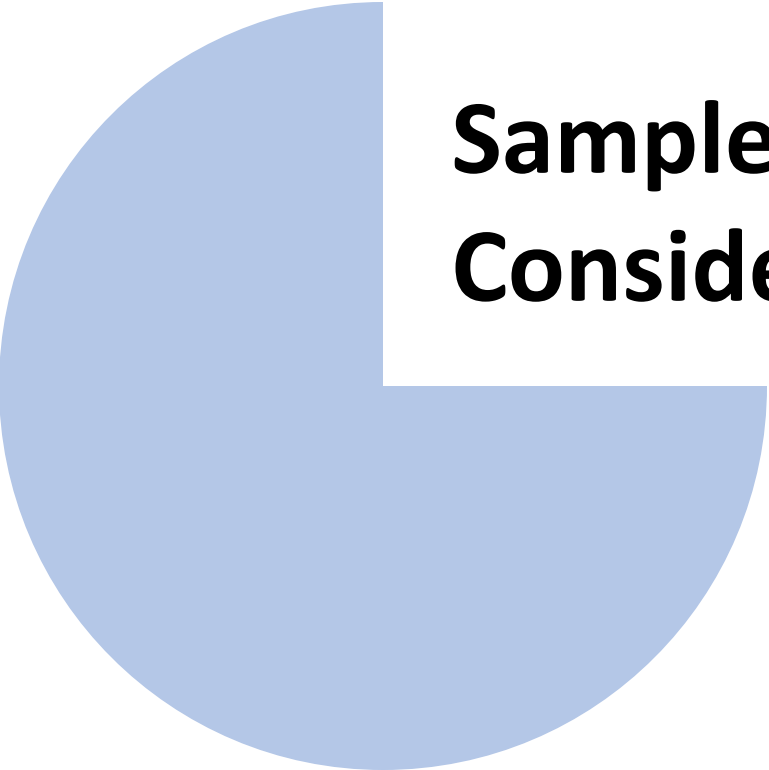
- Maintaining Exportable Surplus by improving yields and post-harvest management through better technology, training and inputs
- Work towards end to end traceability of agricultural food chains

Supply Chain Management

- Mitigating the freight disadvantage for export of Agricultural Products
- Development of Integrated Cold chains
- Pre and Post-harvest handling facilities, and inland transportation links

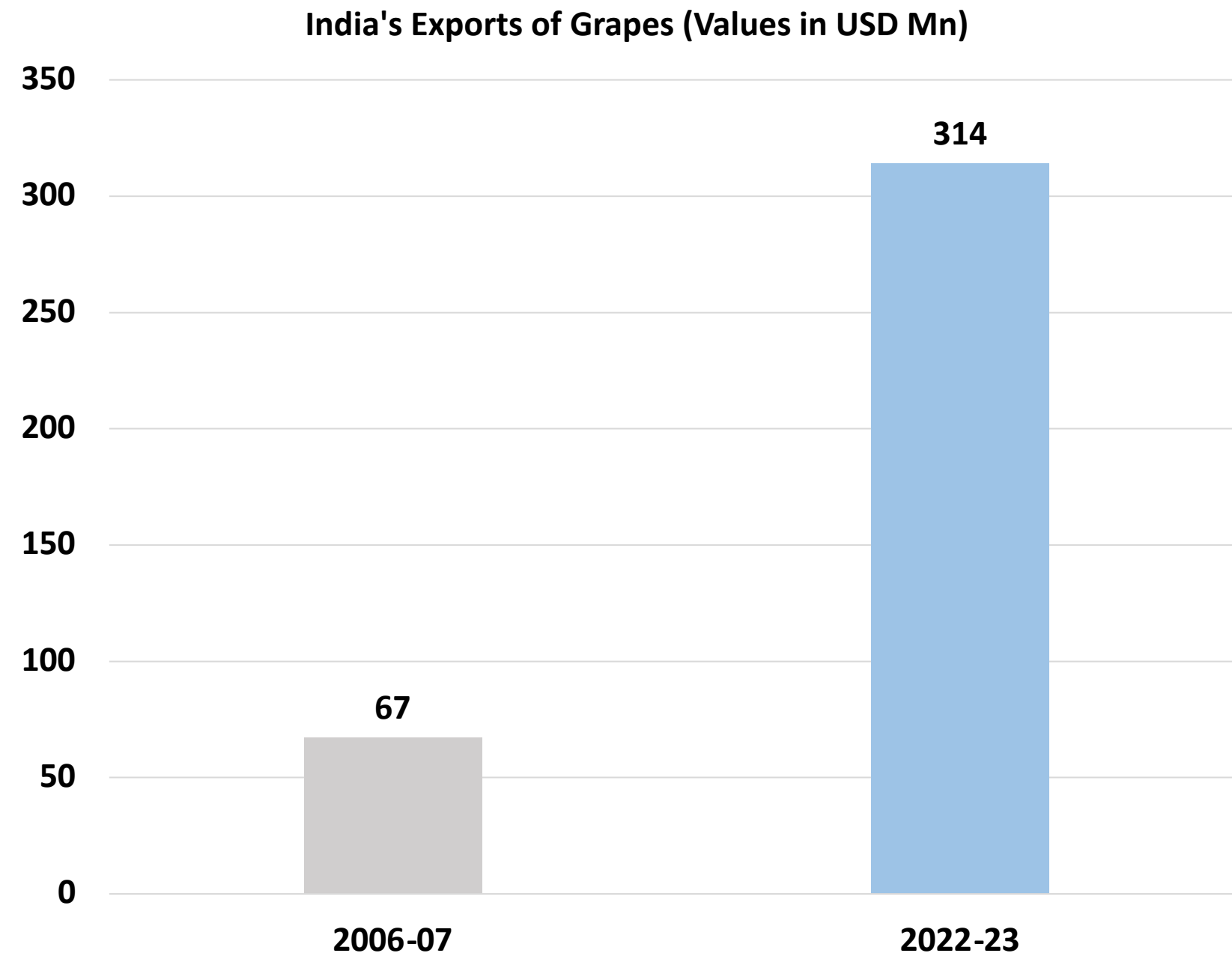
Product Development

- Promotion of Indigenous, GI, Organic, ODOP and Ethnic Traditional Agri Exports in International Fairs and Exhibitions
- R&D for improved varieties, value addition and packaging

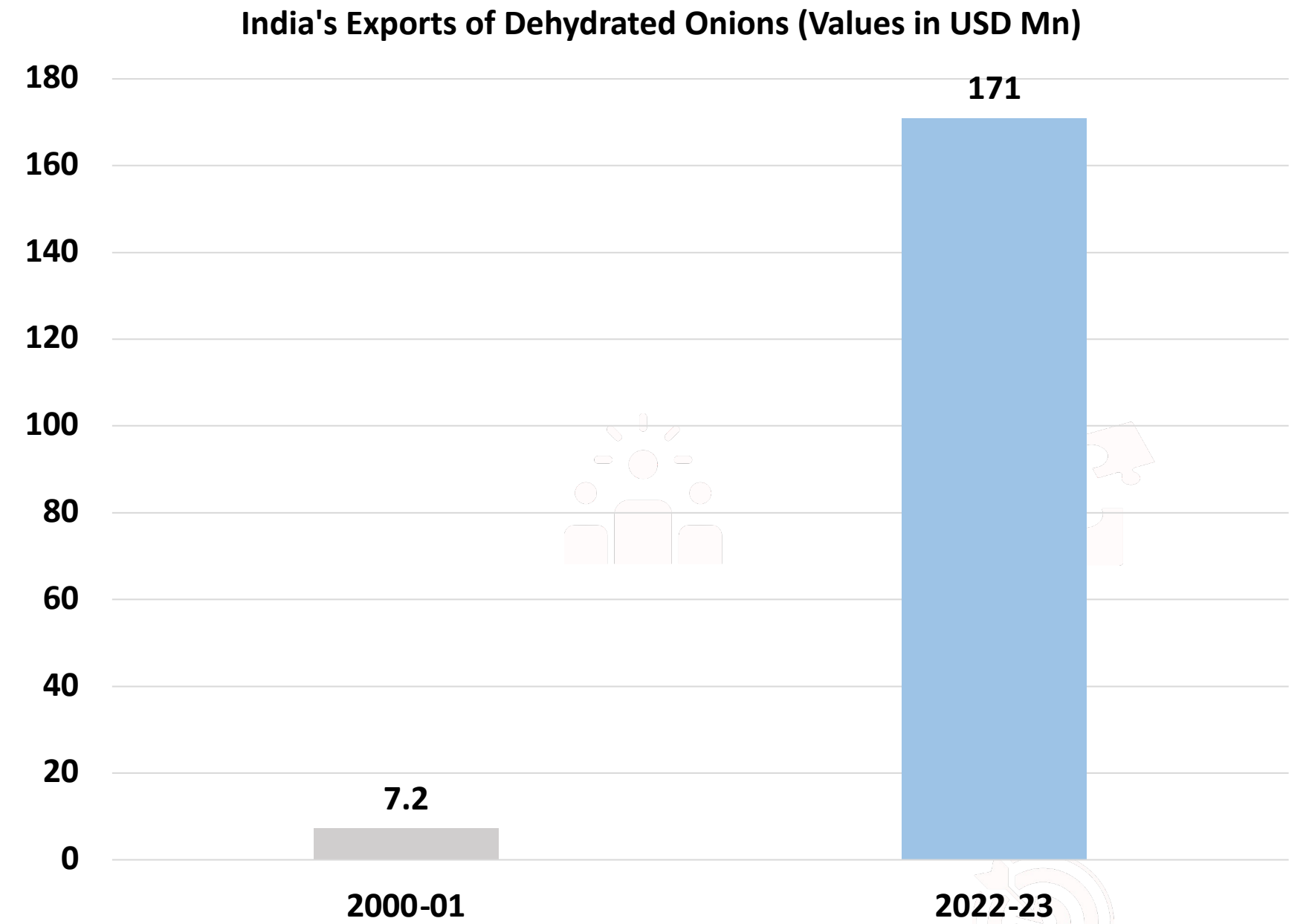


Sample Case Studies For Consideration

Success Stories of Increase in Exports: Grapes, Dehydrated Vegetables



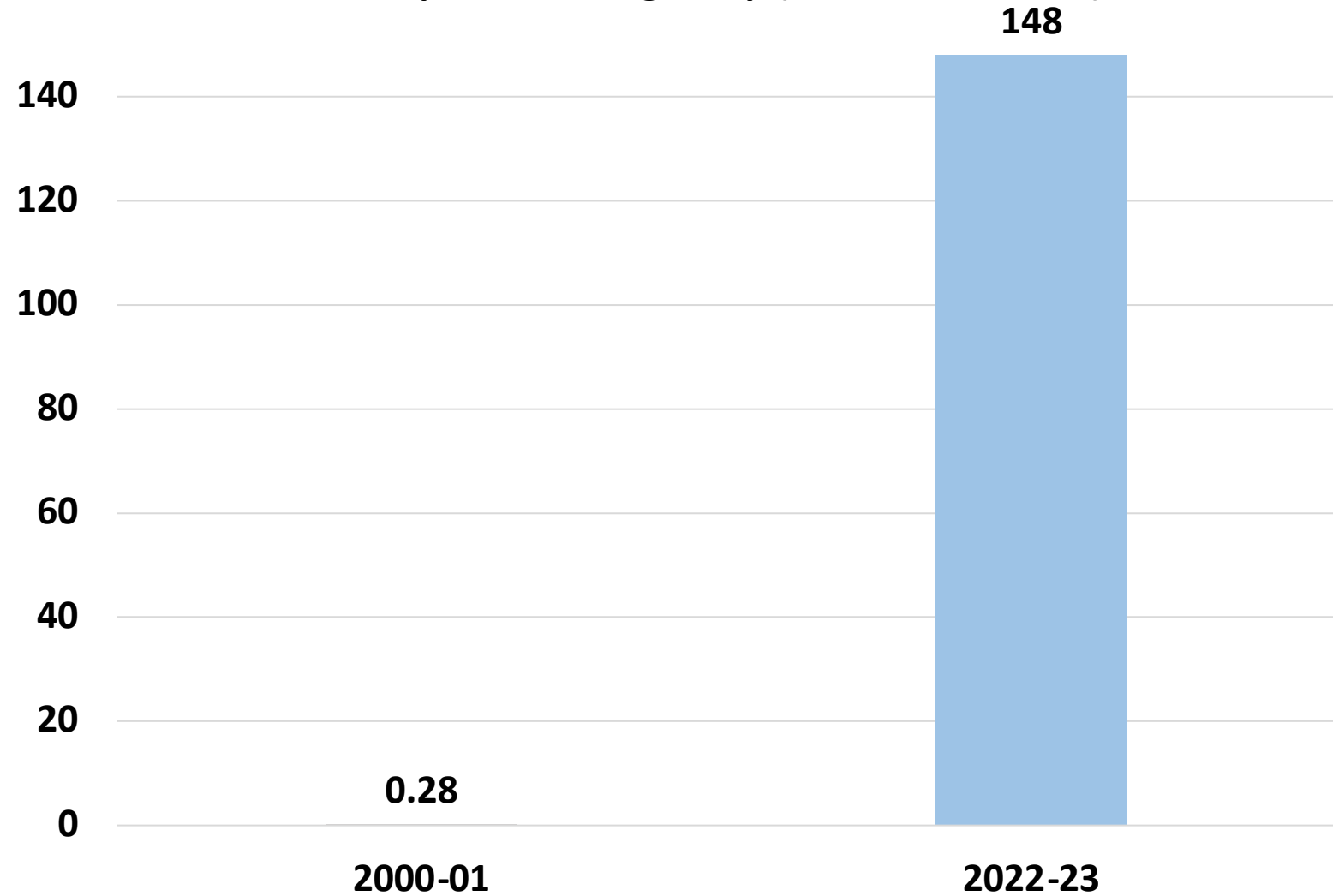
Expansion of Market access from 34 countries in 2006-07 to 55 destinations in 2022-23



Expansion of Market access for Dehydrated Vegetables from 40 countries in 2000-01 to 108 destinations in 2022-23

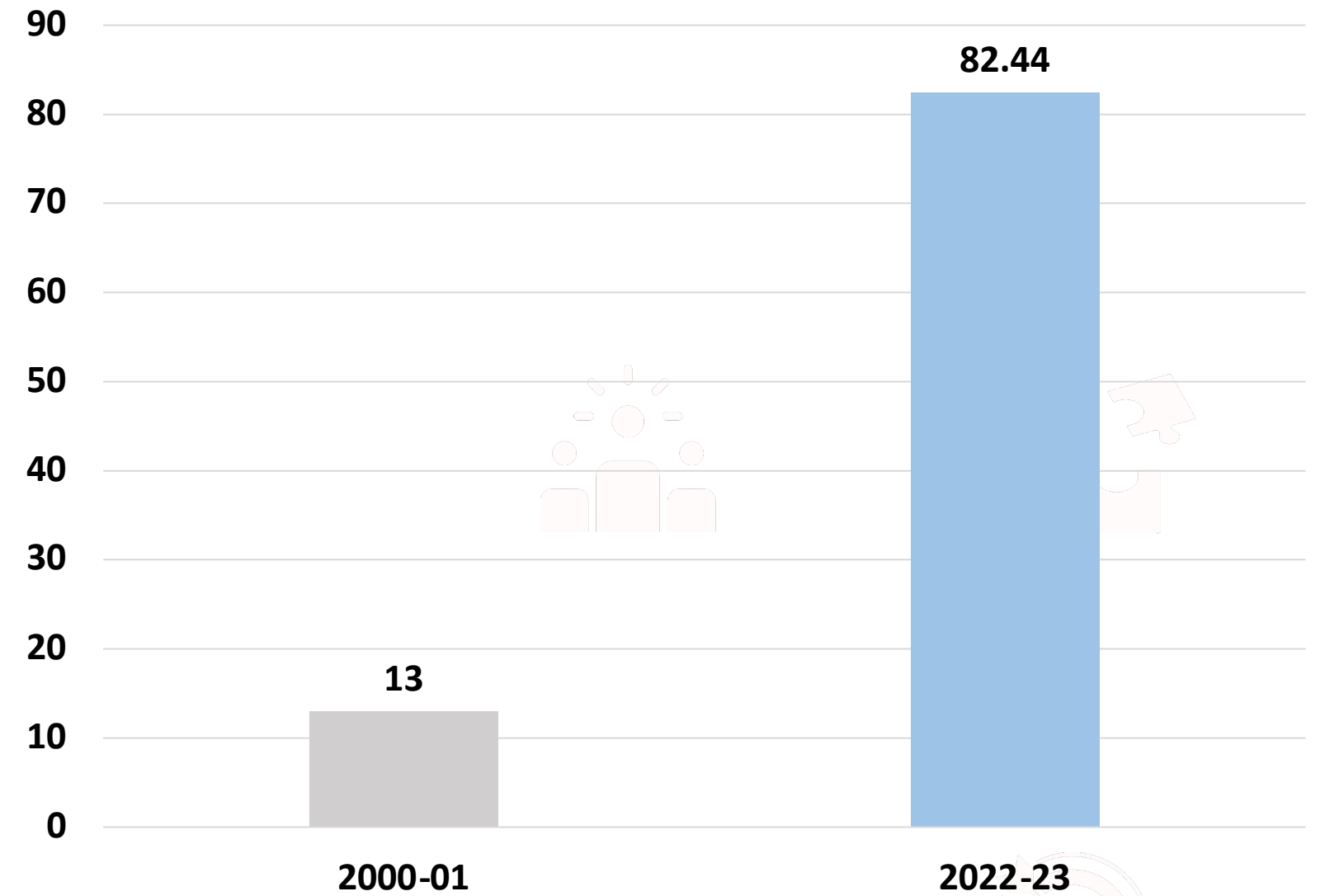
Success Stories of Increase in Exports: Mango Pulp and Gherkins

India's Exports of Mango Pulp (Values in USD Mn)



Expansion of global reach from one destination country in 2000-01 to 89 export destinations in 2022-23

India's Exports of Gherkins (Values in USD Mn)



Expansion of global reach from 37 countries in 2000-01 to 63 export destinations in 2022-23

Enhancing Exports of Alcoholic Beverages: Recommendations

- **World Exports of Alcoholic Beverages in 2022 were USD 114 Billion, whereas India's Exports were USD 328 Million**
- **India's CAGR between 2017-2022 was 0.75%, whereas the World CAGR was 4.72%**
- **Value Addition: From Grain to Bottle ranges between 2000%-5000%**

Key Recommendations:

Rationalization of State taxes and duties on Alcoholic Beverages meant for exports, to make them more competitive and promote growth – Zero rating

Need to review the labelling or bottling requirements to enable meet international requirements

Separate norms of regulation for export-oriented production as compared to that for domestic markets

Growth In Exports of Organic Products

As of FY22, Global Trade of Organic Products is USD 135 Bn, while India's Exports were USD 708 Mn

Challenges in Organic Production and Exports

- Maintenance of Integrity in Value Chains
- Lack of ecosystem support
- Difficulties in the transition from Non-organic to organic farming
- Maintaining Productivity Levels

Interventions by State Government

- Capacity Building and Skill Development
- Availability of Inputs such as seeds
- Handholding of farmers during the transition period
- Onboarding, Monitoring, and Evaluation of Value Chains on Traceability Platforms

Quality in Production

Detection of agrochemicals in consignments exceeding the MRL

- Indiscriminate application
- Non-adherence to recommended dosage and frequency of application
- Application of banned pesticides

Detection of Mycotoxins in consignments above set level due to:

- Increased moisture content,
- Improper storage and handling condition

Detection of other contaminants in consignments due to:

- Application of unapproved fumigants
- Sourcing of raw material from heavy metal prone region

Action Required

- Sensitization / Capacity Building programme for farmers and FPOs on judicious application of agrochemicals
- Quality with reference to graded produce as per the requirement of the importer needs to be ensured
- Making available good quality and internationally approved fumigants at reasonable costs

Enhancing Marine Exports : Suggestions for States

In 2022, Global Exports of Marine Products was USD 168 Billion, whereas India's Exports were USD 7.7 Billion India's CAGR during 2017-2022 was 1.72% whereas World CAGR was 5.64%



Coordination among various Departments within States for survey, mapping, and zonation of potential lands for promoting aqua farming and bringing out long-term land leasing policy to increase production.



Framework for a suitable leasing policy is required for Inland water bodies/reservoirs to support cage farming of species like Seabass, Tilapia, Pangasius and other species.



Need to sensitize their fishermen/aquafarmers not to use antibiotics like Chloramphenicol and Nitrofurans compounds which are already banned in aquaculture sector.



Need to work jointly with Coastal Aquaculture Authority (CAA) in completing the registration process of all aqua farms in CAA jurisdiction, to address traceability requirements of the exported products

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Thank You