

## India has an untapped export potential of USD 57 billion dollars to EU

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India and European Union (EU) after a gap of 9 years in a joint event held on 17 June 2022 at Brussels, EU Headquarter formally re-launched the India- EU Free Trade Agreement (FTA) negotiations. Negotiation on two standalone agreements, Investment Protection Agreement (IPA) and a Geographical Indicators (GIs) Agreement, to be held concurrently were also launched. First round of the trade negotiations is schedule to take place on 27 June 2022 in New Delhi

### India- EU Trade

EU was India's second largest trading partner in FY 2021-22 with record highest ever trade of USD 116 billion accounting for over 11% of India's total international merchandise trade. Historically India enjoys a trade surplus while trading with EU countries. In FY 2021-22 India's export to EU stood at around USD 65 billion representing 15% of our total export. Whereas India imported around USD 51 billion worth goods from EU accounting for over 8% of total import. in FY 2021-22, Petroleum products, Iron and steel, Organic Chemicals. Electronic & Machinery equipments and Gems and Jewellery were the top exports from India to EU. Electronic and machinery appliances, Rough diamonds and precious stones, electrical equipments, Aircraft-spacecrafts and parts were Indi's major import from EU in FY 2021-22.

### India's untapped trade potential

EU is one of the most developed regions in the world. The total economy of EU is valued at around USD 15.29 trillion and it has the total population of around 448 million. With per capita income of around USD 34173 it's among the most prosperous region in the world. EU is the highest importing trade block in the world with total import of more than USD 6 trillion in 2021 representing around 1/3<sup>rd</sup> of world's total import

At present India's export of USD 65 billion to EU accounts for less than 1% of EU's total import. According to an analysis of MVRDC WTC , India has an untapped trade potential of USD 57 billion export across 426 commodities (HS 6 digit level) spanning across sector such as Metals and alloys products, Marine products, Textiles, Agro and Plant based products etc. India has a proven track record of exporting with more than 10% share of world exports in these commodities. Among these 426 goods, in 15 goods such as Aluminium, products of iron and steel, insecticides, broken rice, Animal and plant based products, India is a the dominant exporter in the world exporting more than USD 1 billion worth of each goods in FY 2021-22 but have less than 10% of share in EU total import of these 15 commodities

India has a share of 11% in EU total import of these commodities, in certain commodities such as Aluminium products, Groundnut and its products, Men and Women garments and other textiles, broken rice, Spices etc India's share is less than 10% implying huge untapped potential. India can increase its market share in these commodities if the proposed FTA provides duty free market access in these goods.

### Conclusion

It is a welcome that India and EU have restarted FTA negotiation after a gap of 9 years. We hope that these commodities are at the focus of negotiation as it would provide India potential to increase its share of 1% in EU total import and thus build up on the export growth momentum of the last financial year.

### Notifications

#### Press Information Bureau

##### Ministry of Commerce and Industries

PM inaugurates 'Vanijya Bhawan' and launches NIRYAT portal-

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1836516>

Government to create a separate category to recognize MSMEs in the Logistics Sector-

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1836626>

PM dedicates Pragati Maidan Integrated Transit Corridor project

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1835306>

#### CBIC

Exchange Rate Notification

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2022/cs-nt2022/csnt51-2022.pdf>

#### RBI

Developments in India's Balance of Payments during the Fourth Quarter (January-March) of 2021-22

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=53906](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53906)

Sources of Variation in Foreign Exchange Reserves in India during 2021-22

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=53907](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53907)