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## **RCEP- Understanding India's Decision: Challenges and Prospects on the Textiles and Agricultural Sectors**

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**Abstract:** *Mega FTA's are majorly driven by a complex nexus of economic and political factors often reflecting protection of sale, a state-centric objective, which pays attention to local societal players. The consecutive pursuit of multilateral trade negotiations and agreements by a small group of economies has positively contributed to boosting the dynamics of international trade. Due to the diminishing economic importance of North America and protectionist sentiment rising in the European Union, economic integration and regional cooperation have been initiated among the East Asia and South East Asia region. Regional Comprehensive Economic Partnership (RCEP) is considered one of the largest economic integration in Asia, functional as a trade bloc. India opted out of the RCEP with raising concerns from certain sectors like agriculture, textile, and allied sectors, among other sectors. However, a question needs attention - Is the decision to retract from RCEP a smart move by India? The current paper aims to answer this question by sermonizing concerns raised by two crucial sectors, i.e., Agriculture and Textile. To achieve this objective, set for the particular study, parameters like Volume of Exports and Imports of India and RCEP, Exports and Imports between India and RCEP nations in fields of Agriculture and Textiles are considered.*

**Key Words:** *RCEP, Gravity Model, Free Trade Agreement, China, Trade*

### **1. Introduction**

With the rapidly growing contribution of the developing and emerging nations towards world GDP, international trade and investment flows are reflected through the gradual transmission of geopolitical and economic power. Even though developed countries continue to dominate production, trade, technology transfer, and sizable investments, the pattern of international trade flows persists in changing the equilibrium between demand and supply. In addition, the consecutive pursuit of multilateral trade negotiations and agreements by a small group of economies has positively contributed to boosting the dynamics of international trade. Thus, one of the perceptible features of the world economy currently is the shift in the paradigm from West to East (*Iulia Monica Oehler-Sincai, 2014*)<sup>1</sup>.

This shift in favor towards East and South East Asia is due to the diminishing economic importance of North America and protectionist sentiment rising in the European Union. As a result, developing countries in the Asian region outperformed in terms of GDP as against many developed countries in the European region. Because of many common factors in the East Asia and South East Asia region, a tight-knit integration started forming in the early 2000s between the nations of the Asian region, moving away and beyond the traditional focus on removing tariffs as a trade concern creating a global value chains (*Asia-Pacific RCEI Report, 2017*)<sup>2</sup>. Economic integration and regional cooperation have been initiated among the countries via the Association of South East

Asian Nations (ASEAN), the South Asian Association of Regional Cooperation (SAARC), and the latest Regional Comprehensive Economic Partnership.

The Regional Comprehensive Economic Partnership is a free trade agreement between the 10 ASEAN nations Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam with Australia, China, Japan, South Korea, and New Zealand to foster a comprehensive, modern and mutually beneficial economic partnership understanding to provide open access to markets of member countries by eliminating tariffs and facilitating increased supply chain across partner nations (*Chapter 20, Regional Comprehensive Economic Partnership - FTA, PRC*)<sup>3</sup>. RCEP is considered one of the largest economic integrations in Asia, functional as a trade bloc, with market size of 48% of the world's population and accounts for 32% of the world's export of goods and 28% of combined Gross Domestic Product (*Ram Upendra Das, 2017*)<sup>4</sup>.

India's move to withdraw from China-backed regional economic partnership has raised anguish among policymakers and economic analysts. While the decision was considered eleventh-hour by ASEAN+5 Countries, India's negotiations on trade and tariff-related issues with China have been a table topic for discussions for over a decade. However, there was no dialogue and resolution of the pending issues from China, considering it is the biggest trading partner of India (*Prabha Raghavan, 2020*)<sup>5</sup>. Being said that, India's participation in RCEP would ask for lowering or eliminating tariffs of up to 90 percent goods trading with ASEAN, South Korea, and Japan; and 74 percent on items traded between Australia, China, and New Zealand, which shall further increase trade deficit with these nations (*Niranjan Marjani, 2019*)<sup>6</sup>.

Mega FTA's are majorly driven by a complex nexus of economic and political factors often reflecting protection of sale, a state-centric objective, which pays attention to local societal players. In addition, ASEAN plus Six Countries is just a 'noodles bowl' or overlapping multiple bilateral agreements between the participating countries, which does not constitute an economic union. These agreements merely focus on reducing or removing the tariffs and trade restrictions for vertical trade purposes, particularly the industrial sector for intermediate and unfinished goods at different production stages (*John Ravenhill, 2017*)<sup>7</sup>. The growing economic clout of China in Southeast Asia, stance to push RCEP, in terms of compulsive craving for imports and investments initially started procuring raw materials and industrial components, among others from Southeast Asia nations, where the industrial components were exports to the US as finished goods from these nations. Later, these industrial components are exports from China as processed finished goods to the US, recording the highest trade exports between these two nations. Southeast Asian nations initially observed a surplus in trade with China, later realized that currencies of the nations are undervalued by China Renminbi(RNB) and their position in the global value chain (*Manu Bhaskaran, 2005*)<sup>8</sup>.

The core strategic objectives of China's foreign policy have an underpinning effect of establishing itself as a producer of global public goods and security fronts, adopting a punctilious proactive behavior by standing up to the Asian allies and US interest in the East-Asia and Asia-Pacific regions (*Elena Atanassova-Cornelis et al., 2017*)<sup>9</sup>. However, China enjoyed a trade surplus

with the US in imports and biting a sizable crunch into global trade. This move by China has affected the trade and investments of India from Southeast Asia and other developed nations. Beijing's shrewd run after RCEP adopted divide and rule policy or stick and carrot approach in East Asia, South Asia, and Asia-Pacific regions, which can be viewed in its pursuit towards Japan, Philippines, and South Korea tested in major events like the East China Sea and the South China Sea and also by putting India in a fix for opposing PRC's prestigious Silk Route Belt and Road Initiative (*Steven C Wong, 2015*)<sup>10</sup>. China may seek to rebuild the past supremacist glory via RCEP, adopting the 'sign first and negotiate later' approach to best suit China's hegemonic claim, while the US may view TPP as a centerpiece for 'pivot to Asia' and these mega-FTAs shall put forth a new status quo both regionally and globally, constituting the 'Asian Miracle' in the architecture of trade (*Vinod K Aggarwal, 2016*)<sup>11</sup>.

However, convincingly connoted that ASEAN centrality in RCEP is rather an official Chinese strategy to obliterate concerns of stakeholders that China would bully into East Asia economic integration, many scholars and bureaucrats of China believe that Beijing's support to RCEP is not a direct response to US interest in Asia-Pacific, however an economic and political strategy akin to the concept of foreign economic diplomacy as implied by various articles and reports published between 2010 to 2017, from two leading sources of Chinese Foreign Policy Think Tanks (FPTT), namely the China Institute of Contemporary International Relations (CICIR) and China Institute of International Studies (CIIS) which threw a divided view (*Juita Mohamad and Calvin Cheng, 2020*)<sup>12</sup> (*David Groten, 2017*)<sup>13</sup>. The RCEP-FTA process is complex and time-consuming as it has to address particular issues to facilitate trade, such as the rule of origin verification, intellectual property rights protection; security issues like nuclear safety, green growth strategies, energy security, and cyber terrorism; and integrated management of global value chain, which needs critical sustainable vision by China to declare its supremacy, while the tiff to compete for influence in the region would affect the US and China's relationship (*Choong Yong Ahn, 2018*)<sup>14</sup>.

Besides, global investors have seen India more likely to recover high returns on investments, especially in the services sector rather than manufacturing and construction sectors. Addressing this concern, India has adopted many policy changes to accommodate FDIs in the automobile and textile industries, resulting in increased efficiency and global producers relocating to India (*John Ravenhil, 2017*)<sup>15</sup>. Further witnessing a surge in investments in manufacturing areas like machine engineering, auto parts, and pharmaceuticals, India increasingly developed innovative measures to increase higher growth-output capacities. After realizing the benefit of efficiently integrating with India and China than competing, the study implied Southeast Asian nations initiated regional trade cooperation to enjoy greater economies of scale and more unified domestic markets for trade and investments (*Manu Bhaskaran, 2005*)<sup>16</sup> (*John Ravenhil, 2017*)<sup>17</sup>.

India opted out of the Regional Comprehensive Economic Partnership (RCEP) on November 4th, 2020, in 16th ASEAN-India Summit, 14th East Asia Summit, and 3rd RCEP Summit conducted in Bangkok, Thailand. Indian Prime Minister Modi expressed his decision as India's opinion, raising concerns from certain sectors like agriculture, textile, and allied sectors, among other sectors (*Niranjan Marjani, 2019*)<sup>18</sup>. Indian agriculture is predominantly marginal and beset by low degrees of advanced technology, processing, packaging, and storage facilities. Providing

access will increase market competition from much more advanced agriculture producers, prompting economic and social crises. That would have been the case even with sub-sectors like textiles, dairy, and food processing. Also, industrial sectors like steel, iron, and rubber manufacturing expressed their dismay towards the exchange agreement (*Rahul Mishra, 2019*)<sup>19</sup>. The Indian government's withdrawal decision from the China-led trading front protects vulnerable sections in the economy, medium and large scale enterprises, and foreign competition for the time being (*Prabhash K Dutta, 2019*)<sup>20</sup>.

India is an agriculture-based country, with nearly 50% of the population is dependent on agriculture. Agriculture is one of the crucial sectors of India, contributing nearly 18% towards GDP. India is the world's seventh-largest agricultural exporter and the sixth largest net exporter, serving 120 countries across the world, primarily to United States, Japan, Southeast Asia, European Union, and SAARC nations (*Agriculture in India, ICEF*)<sup>21</sup>. The majority of the Indians are directly or indirectly dependent on agricultural farming or allied services. However, the agriculture sector is as yet confronting issues, like the non-availability of reliable and convenient information needed by farmers on different issues in farming and the low level of business sector reconciliation and integration (*Madhusudhan, 2015*)<sup>22</sup>.

Likewise, the textile industry is the second-largest employment generating sector in India for skilled and unskilled laborers. The textiles industry of India contributed 7% to the industry output (by value), while the Indian textiles and apparel industry contributed 2% to the GDP, 12% to export earnings, and held 5% of the global trade in textiles and apparel in 2018-19 (*Indian Textile Industry Report, 2021*)<sup>23</sup>. India is the world's second-largest producer of fiber, and the Indian textile industry is majorly dependent on cotton. The close linkage of the textiles industry to agriculture for raw materials such as cotton and the ancient culture and traditions of the sub-continent in textiles makes it unique compared to global nations (*Textile Industry in India, Invest India*)<sup>24</sup>.

However, a question needs attention - Is the decision to retract from RCEP a smart move by India? The current paper aims to answer this question by addressing concerns raised by two crucial sectors, i.e., Agriculture and Textile.

India's trade deficit with three nations (Brunei, Japan, and Malaysia) increased marginally in 2018-19 compared to the previous fiscal year. The trade gap with Brunei, Japan, and Malaysia has expanded to \$0.5 billion, \$7.1 billion, and \$3.8 billion, respectively, in the last financial. It was \$0.4 billion, \$6.2 billion, and \$3.3 billion from 2017-18 (*PTI, 2019*)<sup>25</sup>.

Notwithstanding, the deficit with Australia, China, Indonesia, Korea, New Zealand, and Thailand narrowed in 2018-19 compared with the preceding fiscal year. With Australia, China, Indonesia, Korea, New Zealand, and Thailand, it limited to \$8.9 billion, \$50.2 billion, \$10.1 billion, \$11 billion, \$0.2 billion, and \$2.7 billion, separately, in 2018-19, contrasted with \$10 billion, \$63 billion, \$12.5 billion, \$11.9 billion, \$0.3 billion, and \$3.5 billion out of 2017-18. Strangely, the exchange surplus with Singapore (\$2.7 billion) in 2017-18 has transformed into a deficit of \$5.3 billion out of 2018-19. India had an exchange surplus with Cambodia (\$0.1 billion),

Myanmar (\$0.7 billion), and the Philippines (\$1 billion) in 2018-19. India did not do any exchange with Laos in the past year (PTI, 2019)<sup>26</sup>.

India has a free trade pact with the Association of South East Asian Nations (ASEAN), Japan, and South Korea, is also negotiating a similar agreement with Australia and New Zealand (*Trade Agreements, Dept. of Commerce, GoI*)<sup>27</sup>.

The research studies available on RCEP are abundant. However, very few studies suggest the impact of India's non-participation in the RCEP, especially in the case of two crucial sectors - Agriculture and Textiles. India has always been skeptical about growing threats if borders with neighboring nations are open for trade, especially from the growing hegemonic regime of China in the Asia-Pacific region. India being a peace-keeping nation, with a majority of the manufacturing sector still dependent on agricultural produce, could not play a greater role globally with unstable and insecure neighborhoods to adopt policies favoring the bullying nations in the region. Despite that, many studies on FTA have often shown that countries integrated into the world economy have experienced faster economic growth rates than those that have chosen the path of protectionism, while there is not much of choice to the Indian subcontinent with raising concerns over low-cost products entering into the country, thereby tolling the domestic markets.

The main objective of the present study is to address the decision to retract from RCEP, a smart move by India? The current paper aims to answer this question by sermonizing concerns raised by two crucial sectors, i.e., Agriculture and Textile. To achieve this objective, set for the particular study parameters like Volume of Exports and Imports of India and RCEP, Exports and Imports between India and RCEP nations in fields of Agriculture and Textiles are considered for making a case. So, for supporting the objectives, data has been collected from various valid and authentic sources accordingly. The data has been imbibed systematically to present the objective ideally for the convenience of the study.

The prospects of the trade relation of RCEP member nations with India parameters like Volume of Exports and Imports of India and RCEP, Exports and Imports between India and RCEP nations in Agriculture, i.e., Animal Husbandary; Vegetables and Food Products; Raw Material; Wood/Timber and Rubber/Plastic, and Textiles are considered. As the study is confined only to secondary data, data from 2010 to 2018 has been considered to formulate a proper understanding of the need to study the prospects of the relation of RCEP Countries with India regarding Agriculture and Textile sectors, presented hereunder.

## **2. Imports - as an economic indicator:**

*Imports* are essential for an economy to exchange currency and meet the needs of the resources. Imports help in significant exposure for any country for their currency's increased demand and attract more investors to set up their venues. Table – 1 hereunder shows the volume of goods and services as a percent change according to the change in quantity demand.

**Table – 1: Volume of Imports of Good & Services (% Change)**

<b>Country/ Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
India	15.822	10.422	1.703	-3.391	6.227	1.316	4.301	13.159	4.048	-4.193
Australia	15.507	11.013	5.544	-2.008	-1.369	1.962	0.157	7.885	4.033	-1.004
Brunei Darussalam	-0.311	33.703	20.594	14.531	-30.903	-11.711	2.717	1.286	28.072	13.766
Cambodia	5.471	15.542	11.146	18.368	14.693	21.517	13.577	6.707	13.539	17.853
China	23.094	13.422	6.591	10.647	7.774	-0.438	4.388	7.613	6.676	-3.217
Indonesia	17.635	18.281	15.831	1.081	0.011	-7.433	1.226	10.357	14.144	-9.258
Japan	11.285	5.728	5.453	3.169	8.125	0.44	-1.175	3.307	3.814	-0.409
Korea	17.51	14.512	2.568	1.64	1.263	2.113	5.175	8.857	1.713	-0.635
Lao P.D.R.	13.412	16.694	29.806	15.26	15.349	-0.199	-16.968	6.572	-1.182	-3.886
Malaysia	12.117	5.6	-0.607	1.826	3.801	1.693	1.55	8.464	2.329	-1.991
Myanmar	-45.255	83.235	5.087	20.568	43.788	9.971	4.257	16.165	5.564	-10.241
Philippines	18.487	-0.026	11.588	-0.224	15.861	7.722	18.173	17.114	9.734	0.573
Singapore	16.307	5.688	2.582	6.513	2.769	3.381	0.05	7.767	7.472	0.211
Thailand	22.956	12.4	5.629	1.681	-5.298	0.004	-0.992	6.227	8.274	-5.167
Vietnam	4.404	-2.91	9.134	17.119	12.328	15.426	12.83	18.393	9.24	5.571

*Source: World Integrated Trade Solutions, World Bank.*

*Note: Percent change of volume of imports refers to the aggregate change in the quantities of total imports whose characteristics are unchanged. The goods and services and their prices are constant; therefore, changes are only due to changes in quantities. [Export and Import Price Index Manual: Theory and Practice, Glossary]*

From the table-1, it is evident that there is a fluctuation in the volume of imports as a percentage of world imports for 2010-18. However, many experts believe that continuous rise or fall in imports is not ideal for any country; there must be a balance in terms of year-on-year volume of imports. Except for Cambodia and Singapore, no country from RCEP and India reported consecutive positive percentage changes of volume of imports, indicating their dependence on imported goods.

### **3. Exports - as an economic indicator:**

If any country registers higher *Exports*, it implies that the country has better industries and policies to support the trade for their respective domestic player, meaning better employment and investment facilities. Table – 2 shows the volume of exports of goods and services of the RCEP Countries and India as a percentage change concerning change in demanded quantities.

**Table – 2: Volume of Exports of Good & Services (% Change)**

Country/Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
India	27.53 2	12.82 4	-0.015	4.7	4.007	-4.999	6.759	9.948	4.79	-2.051
Australia	5.717	-0.144	5.414	5.825	6.941	6.533	6.889	3.433	5.115	3.313
Brunei Darussalam	11.87 4	-3	1.213	-5.677	0.862	-10.806	-1.891	-5.336	5.705	14.88 1
Cambodia	31.69 5	24.58 6	12.81 1	22.65 2	15.05 6	14.975	13.02 5	9.887	14.66 5	13.92 5
China	28.46 1	10.96 4	5.882	8.76	4.295	-2.156	0.679	7.928	3.72	0.77
Indonesia	6.978	14.36 3	2.293	1.768	-0.27	-3.798	-0.765	12.55 6	6.187	-6.743
Japan	24.86 1	-0.12	0.146	0.81	9.342	3.211	1.618	6.619	3.76	-1.426
Korea	13.02 8	15.41 7	5.793	3.82	2.096	0.234	2.372	2.48	3.976	1.718

Lao P.D.R.	16.73 1	21.66 7	6.685	10.55 2	22.15 5	-4.798	17.82 3	4.48	1.278	14.20 1
Malaysia	3.622	6.257	-6.492	0.074	6.502	4.05	3.89	7.26	2.125	-1.065
Myanmar	-4.974	5.662	4.669	21.95 8	18.43 1	18.055	-9.748	2.096	18.18 7	-3.608
Philippines	17.97 6	4.454	15.78	0.225	13.69 5	2.966	9.623	20.45	8.036	8.319
Singapore	17.78 8	7.691	1.397	6.14	3.62	4.968	-0.105	7.097	7.714	0.15
Thailand	14.22	9.509	3.662	2.514	0.345	1.25	2.696	5.181	3.351	-2.954
Vietnam	6.577	3.338	15.59 4	16.93 8	11.03 2	9.713	10.87	16.77 7	12.22 2	6.707

*Source: World Integrated Trade Solutions, World Bank.*

*Note: Percent change of volume of exports refers to the aggregate change in the quantities of total exports whose characteristics are unchanged. The goods and services and their prices are constant; therefore, changes are only due to changes in quantities. [Export and Import Price Index Manual: Theory and Practice, Glossary]*

Exports increase sales and profits if the goods create new markets or expand existing ones. Table-2 shows the percentage change of volume of exports of India and RCEP for the period 2010-2018. No country has reported consecutive positive exports for the period except for Cambodia, indicating a trade surplus.

#### **4. Imports and Exports of Agriculture based products:**

Agriculture-based products can be broadly classified into – a) Agro Crops Based; b) Animal Husbandry Based; c) Horticulture Based and d) Forestry Based. Imports and Exports of each of these classifications shall be analyzed hereafter.

- a) *Agro Crop Based Products:* This includes crop-based agricultural products like Cereals, Millets, Pulses, Oilseeds, and cash crops, which are brought together under Raw Materials for trading purposes. Imports and Exports of Raw Materials between India and RCEP nations are presented hereunder.

**Table – 3a<sup>1</sup>: India's Imports of Raw Material to RCEP Nations (in Thousand Tonne)**

Country/ Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
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*RCEP- Understanding India's Decision: Challenges and Prospects on the Textiles and Agricultural Sectors*

Australia	6,712,9 20.43	9,118,9 80.69	8,309,9 11.80	7,764,3 17.88	7,317,9 19.89	6,677,2 33.02	6,474,0 04.11	10,124,0 91.26	13,832,2 66.85
Brunei	206,806 .87	701,806 .21	933,537 .77	718,052 .71	935,213 .47	603,347 .43	461,586 .91	594,321. 66	589,263. 27
Cambodia	718.64	2,465.0 9	4,407.8 8	3,056.9 8	3,847.1 3	27,534. 74	22,261. 93	12,652.5 4	18,850.1 1
China	662,259 .90	1,566,9 56.54	1,290,7 39.54	552,248 .11	592,098 .52	552,069 .40	568,138 .85	785,748. 87	740,661. 08
Indonesia	4,025,4 31.30	6,512,2 54.72	6,441,8 77.38	7,858,9 36.11	8,516,8 16.26	6,726,1 00.88	5,690,4 32.19	7,370,99 9.17	9,753,35 5.60
Japan	48,609. 64	121,889 .56	52,495. 50	31,085. 40	29,789. 73	156,062 .20	47,289. 91	49,507.0 3	97,957.1 8
Korea	206.19	---	--	481.28	1,520.2 0	1,457.0 8	1,184.1 7	1,812.81	--
Lao P.D.R.	19,945. 99	69,705. 71	143,088 .66	111,174 .47	56,631. 93	109,139 .90	46,761. 24	76,991.3 1	1,356.02
Malaysia	1,848,4 54.93	2,700,0 14.87	2,847,0 30.80	2,821,7 12.66	3,318,4 65.89	2,233,8 80.39	2,330,1 68.44	2,136,55 0.03	3,586,73 3.19
Myanmar	435,560 .50	607,750 .77	679,964 .63	733,937 .33	556,264 .73	39,218. 25	34,989. 40	17,907.8 2	26,135.8 0
Philippine s	39,855. 69	25,453. 57	28,206. 29	34,563. 58	42,901. 56	30,978. 27	23,478. 19	54,649.3 6	99,928.7 3
Singapore	116,050 .32	144,684 .70	194,907 .09	185,881 .02	399,870 .74	297,065 .58	407,073 .67	430,117. 27	1,673,37 8.23
Thailand	423,311 .40	505,360 .12	555,935 .60	601,198 .37	501,241 .72	437,511 .72	360,461 .96	386,796. 49	513,134. 75
Vietnam	228,806 .06	278,419 .90	392,938 .54	430,020 .49	372,433 .57	336,736 .01	373,776 .48	426,916. 00	684,722. 58

*Source: APEDA*

From table – 3a<sup>1</sup>, it is observed that imports from ASEAN plus Five nations is in increasing trend, showing the rising dependency on the imports from these countries, thereby depreciating the exchange value of Indian Rupee. Indonesia, Malaysia and Singapore are the top three countries importing raw materials to India. The Exports of Raw Materials from India to RCEP nations is presented in the table – 3a<sup>2</sup> hereunder.

**Table – 3a<sup>2</sup>: India's Exports of Raw Material to RCEP Nations (in Thousand Tonne)**

Country/ Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Australia	71,326.78	103,162.76	171,402.68	91,517.40	90,161.98	71,174.22	61,039.05	70,852.99	70,385.08
Brunei	7,543.09	11,843.34	14,364.39	18,611.84	16,736.65	14,376.17	11,052.70	17,252.57	16,448.01
Cambodia	185.65	335.70	443.40	486.19	1,646.88	6,944.45	1,338.70	542.53	1,836.04
China	8,875,086.83	7,964,666.26	6,434,409.71	5,862,608.73	3,103,180.42	1,657,311.53	2,213,710.56	2,590,042.84	2,738,198.02
Indonesia	409,135.79	895,075.17	838,835.66	932,006.14	721,073.79	354,978.09	585,675.50	555,954.99	673,937.40
Japan	654,772.89	769,856.84	794,049.09	916,662.12	877,344.19	648,532.42	595,232.47	821,068.61	748,141.37
Korea	2,976.10	12,459.41	33,007.87	28,392.95	14,876.92	12,416.40	6,999.46	7,807.15	15,504.49
Lao P.D.R.	-	-	10,311.78	16,837.81	24,448.08	17,163.05	1,816.01	1,422.37	1,027.43
Malaysia	656,970.80	937,703.33	938,284.74	1,157,485.59	841,777.58	779,635.63	657,349.80	693,366.02	713,932.42
Myanmar	67,840.59	31,671.21	10,987.04	20,532.59	22,318.72	22,374.03	38,406.12	38,734.37	147,496.47
Philippines	203,551.15	237,054.54	291,319.30	304,000.47	299,436.40	244,891.04	255,008.06	227,153.95	279,724.51
Singapore	101,947.22	124,587.70	112,499.27	165,572.04	117,903.34	142,789.18	275,336.15	322,996.81	302,664.24
Thailand	198,077.78	314,391.64	546,281.94	617,673.00	545,338.49	477,872.32	341,698.80	318,067.76	343,496.64
Vietnam	717,214.81	1,747,329.50	2,130,018.37	3,522,611.82	4,163,379.61	3,216,043.56	3,506,999.08	4,619,825.17	3,446,139.67

*Source: World Integrated Trade Solutions, World Bank.*

Table – 3a<sup>2</sup> portrays that exports from India are in a downward trend year-on-year with RCEP member nations. A decrease in exports creates a trade deficit with the partner nations. From both

the tables, it is clear that India has incomparable trade deficits in raw materials with the ASEAN plus Five nations.

*b) Animal Husbandry Based Products:* This includes raw materials and processed products of Dairy, Sea Food, Meat, and Eggs, which are brought together under Animal-Based Products for trading purposes. Imports and Exports of Animal-Based Products between India and RCEP nations are presented hereunder.

**Table – 3b<sup>1</sup>: India's Imports of Animal Husbandry Products to RCEP (In Thousand Tonne)**

Country/ Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Australia	41,276.83	36,031.67	251.88	905.12	853.38	469.37	1,216.05	875.13	3,434.68
Brunei	--	--	0.08	--	--	--	--	0.08	--
Cambodia	--	0.04	--	--	--	--	--	--	--
China	10,912.97	30,050.66	18,455.12	10,624.11	11,796.91	9,362.12	5,061.11	3,214.91	3,623.31
Indonesia	409.36	1,477.32	388.56	808.19	1,750.01	1,450.32	2,327.75	1,748.19	2,239.57
Japan	751.34	2,461.79	1,233.01	763.35	1,008.93	826.43	730.49	1,368.13	1,746.30
Korea	--	--	--	--	1.81	--	--	--	--
Lao P.D.R.	--	--	--	--	--	--	--	--	--
Malaysia	97.79	1,227.22	1,637.91	38.95	54.99	36.93	871.74	1,408.02	1,367.17
Myanmar	12,551.90	6,356.52	1,822.81	2,521.47	4,777.45	4,856.14	4,088.25	6,466.09	5,327.48
Philippines	12.69	0.19	44.44	40.18	80.18	31.70	48.87	43.28	253.79
Singapore	1,245.82	4,649.38	1,931.89	1,787.47	1,562.65	1,914.71	3,810.01	4,058.66	4,122.70
Thailand	3,214.29	3,083.06	2,914.09	1,785.69	827.99	1,538.61	1,451.52	1,884.58	1,215.67

Vietnam	2,927.2 1	11,625. 84	17,086. 31	16,017. 77	15,462. 42	17,018. 14	16,741. 66	16,795. 21	29,696. 99
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*Source: APEDA*

From Table – 3b<sup>1</sup>, it can be observed that Vietnam is the biggest importer of Animal Husbandry products to India, followed by Myanmar and Singapore. It is noticeable that India did not trade imports from Cambodia, South Korea, and Laos between 2015 and 2018. The Exports of Animal Husbandry products from India to RCEP nations are presented in Table 3b2.

**Table – 3b<sup>2</sup>: India's Exports of Animal Husbandry Products to RCEP (In Thousand Tonne)**

Country/ Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Australia	4,864. 64	7,943. 18	11,373 .87	13,331 .58	15,438 .95	6,808. 36	4,595. 62	6,859. 20	8,325. 23
Brunei	3,913. 51	6,153. 97	7,197. 39	8,214. 21	9,196. 47	9,793. 40	6,873. 43	12,806 .29	10,852 .18
Cambodia	13.34			7.48	76.72	225.89	178.11	171.30	1,226. 98
China	273,6 20.76	315,27 1.29	239,54 4.18	257,04 0.04	175,35 6.83	169,15 6.76	154,13 2.38	136,93 3.25	567,66 6.30
Indonesia	14,14 3.15	28,030 .68	27,586 .55	21,304 .86	12,337 .74	12,333 .21	213,31 0.47	106,38 5.20	294,34 3.42
Japan	314,2 24.68	412,49 1.43	359,94 1.96	441,59 0.62	464,13 3.39	413,56 4.88	397,96 5.96	449,25 0.44	429,03 4.82
Korea	165.1 6	2,366. 42	3,286. 08	13,381 .71	3,680. 46	3,582. 26	2,014. 97	1,335. 91	934.57
Lao P.D.R.	--	--	10,311 .78	16,837 .76	24,437 .06	17,158 .41	1,752. 90	1,250. 46	978.86
Malaysia	227,6 44.94	323,41 3.24	362,67 7.24	501,99 1.20	460,27 8.60	460,12 5.12	399,23 2.45	442,43 0.31	434,90 5.82
Myanmar	68,33 9.47	32,554 .50	7,474. 87	13,263 .07	9,697. 68	14,657 .49	29,562 .83	29,072 .40	136,31 7.80

Philippines	118,253.42	123,857.70	117,844.74	140,323.28	131,796.70	115,428.57	110,063.97	124,139.80	126,198.88
Singapore	36,566.24	50,556.24	56,040.31	67,437.86	57,586.59	49,084.70	53,374.13	40,032.51	33,290.09
Thailand	109,127.56	197,936.21	335,766.35	499,686.30	422,092.44	354,003.00	257,760.38	277,005.53	341,381.13
Vietnam	360,018.82	1,215,728.71	1,308,552.39	2,888,803.66	3,418,263.33	2,891,619.95	3,180,148.55	4,179,355.55	2,974,329.94

*Source: World Integrated Trade Solutions, World Bank.*

Table – 3b<sup>2</sup> shows the exports of India to RCEP nations. It is noticeable that, despite fluctuating exports, when compared against the imports, India has a trade surplus in the case of Animal Husbandry Based Products. Incidentally, Vietnam is the biggest country to which these exports are made, followed by China, Malaysia, and Japan.

- c) *Horticulture Based Products*: This includes Vegetables, Spices, Plantation, and other Food Products. All the items are clubbed into Vegetables, Food Products, and Rubber or Plastic. Imports and Exports of Horticulture Based Products between India and RCEP nations are presented hereunder.

**Table – 3c<sup>1</sup>: India's Imports of Vegetables to RCEP Nations (in Thousand Tonne)**

Country/Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Australia	265,764.61	193,612.13	413,077.42	500,837.10	335,691.75	684,385.80	941,629.69	2,085,253.19	320,193.19
Brunei	--	--	--	--	--	--	--	--	--
Cambodia	6,799.02	5,654.21	876.83	112.42	328.76	783.97	1,142.76	8,402.89	5,965.25
China	191,219.40	414,139.37	379,298.00	243,016.00	235,820.02	186,978.25	267,179.65	300,265.83	225,340.45
Indonesia	4,065,113.62	5,391,398.55	5,632,624.55	5,349,280.96	4,414,968.79	4,031,180.63	4,124,582.06	5,750,770.47	5,370,979.57
Japan	2,814.79	44,852.74	24,650.58	3,094.21	2,481.12	5,481.84	4,413.63	3,151.80	14,173.14
Korea	6.60	--	--	--	3.82	37.57	14.99	19.02	--

**Dr. M. Karthik**  
**Raja Emani**

Lao P.D.R.	104.79	125.60	1.75	61.11	27.05	48.06	64.43	2,106.38	960.26
Malaysia	887,003.56	1,690,634.10	2,729,297.62	2,029,069.04	2,726,415.64	2,529,259.79	2,135,013.73	1,701,972.67	2,097,208.04
Myanmar	668,385.84	592,149.83	604,540.59	622,847.01	818,959.39	887,517.80	862,923.99	545,507.36	330,222.31
Philippines	5,308.47	7,055.35	3,828.96	15,648.52	34,304.14	21,145.02	20,864.98	21,807.52	23,397.14
Singapore	10,665.07	26,197.29	13,784.59	7,069.87	19,574.95	5,222.89	9,404.66	3,615.85	391,391.59
Thailand	68,128.70	111,102.76	104,300.84	256,758.74	156,315.69	64,358.19	56,652.19	193,992.67	466,243.08
Vietnam	87,695.93	127,676.88	151,531.94	163,643.81	253,268.10	237,415.12	259,468.44	274,559.45	360,886.58

**Source: APEDA**

It is apparent from the table – 3c<sup>1</sup> that Imports of Vegetable from RCEP is in upward trend and Indonesia is the biggest importer of the vegetable followed by Thailand, Singapore and Myanmar. Noticeably, there are not imports from Brunei for the period 2010-2018. The Exports of Vegetables from India to RCEP nations is presented in the table – 3c<sup>2</sup> hereunder.

**Table – 3c<sup>2</sup>: India's Exports of Vegetables to RCEP Nations (in Thousand Tonne)**

Country/Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Australia	95,418.82	146,911.55	239,943.74	163,278.58	168,238.42	161,965.34	149,216.12	166,667.09	175,049.31
Brunei	3,901.19	4,660.31	5,740.15	6,293.41	9,117.16	6,266.12	5,129.82	5,239.61	5,226.59
Cambodia	77.19	1,076.39	2,138.23	6,556.85	5,145.13	12,347.39	4,670.68	2,706.30	2,884.51
China	407,679.36	638,829.59	832,339.69	786,865.04	581,980.99	485,528.01	460,726.05	580,009.56	645,575.32
Indonesia	276,959.41	796,004.66	905,159.93	857,378.47	705,936.60	336,503.76	348,288.60	362,921.66	466,056.00

*RCEP- Understanding India's Decision: Challenges and Prospects on the Textiles and Agricultural Sectors*

Japan	162,668 .88	226,079 .46	225,439 .14	262,447 .00	269,409 .75	261,984 .73	227,019 .51	262,441 .13	251,590 .47
Korea	2,863.9 9	10,473. 11	29,630. 44	11,938. 46	9,498.6 5	6,692.2 7	3,822.2 6	1,224.8 9	1,262.0 4
Lao P.D.R.		14.05	3.12		11.02		63.09	172.57	81.30
Malaysia	522,330 .32	668,869 .70	675,434 .71	697,976 .40	520,437 .39	523,140 .35	394,215 .53	362,869 .08	339,283 .96
Myanmar	957.65	3,151.1 3	7,073.9 6	18,927. 63	15,050. 26	12,417. 42	11,266. 30	13,053. 16	16,884. 65
Philippines	67,767. 09	101,394 .24	189,830 .52	136,300 .38	142,706 .10	118,906 .03	115,058 .25	102,240 .63	159,525 .46
Singapore	70,462. 26	139,611 .02	141,666 .14	192,393 .70	190,266 .09	164,246 .81	135,865 .99	135,420 .31	129,157 .23
Thailand	66,549. 06	167,333 .54	279,130 .36	203,736 .35	224,578 .42	237,407 .04	241,256 .09	238,941 .73	200,086 .04
Vietnam	222,680 .77	551,689 .35	871,818 .71	623,547 .36	730,506 .82	386,430 .77	525,751 .56	686,988 .14	554,847 .43

*Source: World Integrated Trade Solutions, World Bank.*

From Table – 3c<sup>2</sup>, it is noticeable that exports to these nations are often fluctuating and show a downward trend. When compared exports against imports, India has a trade deficit with RCEP nations except for Brunei, China, and Vietnam. Table – 3c<sup>3</sup> present the imports of Food Products between India and RCEP nations.

**Table – 3c<sup>3</sup>: India's Imports of Food Products to RCEP Nations (in Thousand Tonne)**

Country/ Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Australia	7,004.29	7,013.86	7,555.3 2	8,206.7 2	9,489.5 1	7,009.4 4	7,862.3 6	7,712.0 1	13,294.5 6
Brunei	--	--	25.46	--	--	--	--	--	--
Cambodia	--	--	1.20	--	3.67	--	778.68	1,566.1 9	1,358.19
China	62,284.2 4	98,679.0 5	87,260. 42	64,068. 24	72,828. 70	83,217. 39	81,431. 17	99,961. 97	141,593. 19

**Dr. M. Karthik**  
**Raja Emani**

Indonesia	25,452.0 0	39,471.5 9	50,413. 93	38,742. 40	69,352. 35	80,481. 47	83,774. 34	87,563. 14	150,912. 64
Japan	2,342.71	6,782.30	6,212.1 4	3,016.2 4	3,319.7 9	2,952.3 1	3,173.8 6	3,384.6 4	5,016.47
Korea	33.24	24.03	--	--	0.52	17.27	--	22.85	--
Lao P.D.R.	41.39	39.05	--	--	0.48	--	0.78	40.05	75.72
Malaysia	43,945.1 5	42,779.2 3	59,287. 67	33,346. 91	53,095. 82	35,057. 83	36,209. 19	39,001. 77	55,009.5 0
Myanmar	2,202.86	470.92	435.13	--	--	22.22	13.84	72.44	198.57
Philippines	5,286.73	3,427.33	5,999.9 8	6,040.4 9	9,974.5 5	16,071. 28	21,654. 25	27,369. 33	37,333.4 0
Singapore	36,284.1 5	47,822.4 3	52,397. 15	58,301. 39	61,584. 80	59,018. 73	55,971. 56	67,572. 00	191,091. 74
Thailand	138,804. 31	43,577.0 4	50,752. 26	57,341. 75	72,710. 63	76,571. 14	73,111. 22	82,218. 99	131,504. 64
Vietnam	4,805.73	9,849.28	17,338. 23	19,849. 61	23,581. 16	34,393. 82	45,412. 61	60,640. 35	95,880.2 4

*Source: APEDA*

It is evident from Table – 3c<sup>3</sup> that imports from RCEP nations are increasing, showing our dependency on food products. It is noticeable that India has recorded nil or fewer imports from countries like Brunei, Cambodia, South Korea, Laos, and Myanmar. Having said that, imports from China, Indonesia, Malaysia, the Philippines, Singapore, and Thailand have taken a big leap from 2017 to 2018. Table – 3c<sup>4</sup> shows the exports of food products between India and RCEP.

**Table – 3c<sup>4</sup>: India's Exports of Food Products to RCEP Nations (in Thousand Tonne)**

Country/ Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Australia	39,243. 57	44,875. 88	45,556. 94	51,764. 47	50,913. 66	50,597. 19	55,400. 64	71,499. 53	76,773. 25
Brunei	837.69	948.32	1,193.3 7	1,714.8 6	1,134.0 2	1,114.2 0	777.97	1,461.2 1	1,436.9 0
Cambodia	12,785. 91	13,448. 63	13,413. 91	16,831. 56	16,102. 14	10,202. 68	2,973.0 5	5,906.4 8	8,757.9 6



*RCEP- Understanding India's Decision: Challenges and Prospects on the Textiles and Agricultural Sectors*

China	199,706 .33	235,234 .66	26,871. 12	47,595. 18	42,091. 16	52,384. 72	27,186. 15	57,505. 02	53,603. 93
Indonesia	156,421 .28	243,554 .80	188,954 .17	185,115 .53	136,404 .84	57,392. 94	39,753. 36	70,606. 76	89,290. 22
Japan	365,619 .42	557,369 .83	363,273 .63	320,972 .37	68,633. 40	65,310. 18	75,812. 12	116,276 .19	102,784 .28
Korea	31,715. 09	35,407. 12	27,008. 32	2,910.8 5	689.15	2,786.5 3	3,553.2 6	2,153.2 6	1,173.1 5
Lao P.D.R.	80.65	14.29		566.45	5,252.0 9	4,961.1 5	1,355.4 3	402.16	644.83
Malaysia	64,093. 54	160,565 .87	168,123 .93	75,351. 64	87,045. 29	75,730. 67	95,606. 43	84,440. 25	92,627. 53
Myanmar	23,193. 43	43,807. 59	46,043. 12	96,082. 17	75,340. 10	262,272 .43	537,573 .95	274,022 .90	189,783 .39
Philippines	370.67	1,346.9 9	3,159.8 0	3,092.8 1	3,041.8 1	3,637.2 8	2,293.4 8	3,226.3 5	4,889.5 0
Singapore	9,373.5 4	8,428.5 5	9,845.8 8	13,628. 81	17,522. 60	14,189. 23	28,520. 45	9,841.6 7	5,642.0 3
Thailand	140,083 .13	169,640 .43	289,143 .65	365,176 .90	152,575 .42	67,692. 59	52,493. 86	85,712. 26	143,997 .52
Vietnam	462,650 .33	481,867 .91	297,295 .47	383,052 .92	203,116 .67	175,704 .97	185,077 .54	277,098 .71	314,748 .61

*Source: World Integrated Trade Solutions, World Bank.*

Table – 3c<sup>4</sup> presents exports of India with ASEAN plus Five nations. It is noticeable that, when compared against imports, India has a trade surplus with countries like Australia, Brunei, Cambodia, Japan, South Korea, Laos, Malaysia, the Philippines, and Vietnam, showing their dependency on India for these products. Table – 3c<sup>5</sup> presents imports of Rubber/Plastic products between India and RCEP nations.

**Table – 3c<sup>5</sup>: India's Imports of Rubber/Plastic to RCEP Nations (in Thousand Tonne)**

Country/ Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Australia	17,897.0 7	19,402.3 1	24,291.9 4	12,130.0 2	11,204.8 0	10,965.1 9	13,699.9 4	17,590.9 5	37,927.8 6

**Dr. M. Karthik**  
**Raja Emani**

Brunei	0.53	16.42	51.02	--	5.07	--	--	1.00	1.99
Cambodia	421.87	1,541.27	4,150.64	2,737.29	2,187.21	5,324.55	8,571.98	10,268.18	14,256.11
China	1,130,810.39	1,673,447.63	1,607,109.37	1,496,849.79	1,990,341.24	1,973,233.25	2,238,997.09	2,474,308.71	3,658,861.73
Indonesia	343,324.33	307,446.93	382,391.65	448,350.89	476,028.42	391,010.26	391,867.75	531,984.47	625,456.79
Japan	495,203.63	603,745.74	731,625.40	676,227.86	690,845.76	818,048.02	903,200.54	1,059,513.84	1,425,947.59
Korea	11,706.01	991.73	--	5,248.31	3,068.57	5,554.59	2,516.48	2,473.46	210.91
Lao P.D.R.	--	--	3.72	155.32	70.49	--	270.44	335.37	--
Malaysia	223,703.00	249,503.77	242,948.38	245,462.99	352,542.59	292,922.46	279,928.12	288,039.32	443,568.70
Myanmar	1,898.22	6,520.23	5,172.14	164.17	442.55	191.69	862.89	957.25	7,066.57
Philippines	11,141.02	9,872.00	8,648.91	12,481.34	16,949.52	12,369.41	8,921.48	10,131.48	14,889.22
Singapore	351,673.16	408,173.74	480,854.07	613,439.21	891,648.80	813,557.57	769,000.06	914,942.89	1,682,630.07
Thailand	759,725.77	847,630.95	979,463.44	976,149.74	1,086,117.99	1,025,119.10	1,021,217.92	1,228,849.49	1,660,462.52
Vietnam	88,004.95	117,446.25	236,750.08	281,425.57	218,960.37	200,103.37	192,558.42	177,902.92	361,720.50

*Source: APEDA*

It is apparent from the table – 3c<sup>5</sup> that, India is majorly dependent on China, Singapore, Thailand and Japan for Rubber/Plastic imports, followed by Indonesia, Malaysia and Vietnam. The table – 3c<sup>6</sup> shows exports of Rubber/Plastic products between India and RCEP nations.

**Table – 3c<sup>6</sup>: India's Exports of Rubber to RCEP Nations (in Thousand Tonne)**

Country/ Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Australia	84,566. 36	102,486 .66	111,734 .40	109,157 .96	99,063. 12	99,713. 03	100,307 .55	111,938 .20	129,050. 46
Brunei	144.63	365.96	267.77	248.03	339.17	102.36	268.73	445.58	2,044.65
Cambodia	883.57	1,057.1 1	4,799.2 5	4,086.9 1	10,880. 72	4,733.0 9	3,661.1 8	3,184.3 7	3,945.17
China	391,675 .33	691,798 .69	636,925 .53	735,533 .92	438,277 .61	348,382 .09	292,445 .76	483,562 .34	1,126,84 0.01
Indonesia	115,734 .33	156,052 .63	222,701 .46	196,890 .17	189,850 .21	142,273 .03	152,521 .36	124,922 .32	234,440. 43
Japan	19,739. 51	41,659. 24	40,151. 57	57,148. 27	49,314. 39	49,934. 79	51,531. 60	70,617. 98	156,784. 19
Korea	464.98	1,911.9 8	1,415.5 0	6,304.2 8	1,685.1 8	3,259.0 3	790.96	1,936.6 4	580.89
Lao P.D.R.	283.74	21.33	1,444.9 2	613.29	344.86	353.35	293.46	201.79	313.81
Malaysia	37,224. 82	82,121. 58	47,484. 40	76,194. 84	43,163. 04	42,817. 32	41,799. 93	67,200. 67	75,694.2 8
Myanmar	16,047. 11	18,230. 03	17,995. 27	20,770. 26	18,682. 52	20,962. 28	18,009. 80	21,185. 12	26,560.2 8
Philippines	95,291. 04	107,404 .06	131,983 .89	164,805 .74	124,515 .21	96,686. 23	96,104. 41	95,792. 24	96,348.7 0
Singapore	55,966. 92	145,924 .54	136,665 .35	73,150. 73	53,039. 82	48,343. 12	45,525. 05	51,830. 51	53,164.2 4
Thailand	50,694. 64	76,472. 62	82,458. 84	83,931. 69	92,821. 51	98,361. 25	105,490 .82	126,639 .54	145,590. 07
Vietnam	87,015. 03	157,879 .17	156,277 .14	209,957 .58	182,084 .17	111,988 .66	104,361 .71	125,762 .30	223,254. 56

*Source: World Integrated Trade Solutions, World Bank.*

Despite rising exports to RCEP as seen in the Table – 3c<sup>6</sup>, when compared against imports, there is a considerable trade deficit, except for countries like Australia, Brunei, South Korea, Laos, Myanmar, and the Philippines, showing a positive trade balance.

The tables depicting Imports and Exports of Textile and Clothing based products between India and RCEP nations are presented hereunder.

### 5. Imports and Exports of Textile and Clothing Based Products:

The textile and clothing industries produce a variety of merchandise, some of which are offered to the consumers directly, while others are sold as inputs to the manufacturing of different items. Natural and synthetic fibers produced using cotton, silk, and other materials are utilized to deliver threads and yarns—which might be woven, weaved, or pressed, or in any case, reinforced into textures. Fabrics are used to make numerous items, including awnings, tents, rugs, and mats, just as an assortment of a variety of linens - curtains, towels, and sheets. Nonetheless, the chief utilization of fabric is to make apparel. Organizations in the apparel manufacturing industry produce many weaved/knitted clothing items, like hosiery and socks, shirts, sweaters, and other clothing. They additionally produce many cut-and-sew clothing things like dresses, suits, shirts, and trousers. Table – 4a and Table – 4b presents the imports and exports of Textile and Clothing based products.

**Table – 4a: India's Imports of Textiles & Clothing to RCEP Nations**

Country/ Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Australia	154,978.45	204,492.03	208,016.27	189,900.45	239,985.31	189,788.17	451,363.53	324,789.10	305,521.90
Brunei	--	--	48.81	--	--	--	--	--	--
Cambodia	172.52	618.03	3,483.33	6,568.03	7,154.48	9,157.98	12,854.46	16,016.25	21,968.64
China	1,724,902.24	2,189,644.62	2,165,042.68	2,444,144.19	2,526,136.41	2,559,107.84	2,376,703.82	2,689,993.75	3,461,891.80
Indonesia	85,398.94	106,084.92	91,983.48	87,436.52	120,990.22	156,281.62	133,565.34	143,165.21	282,670.36
Japan	90,723.66	100,800.79	122,030.05	128,509.54	142,615.50	128,037.24	123,665.63	128,779.68	172,617.48
Korea	970.71	38.74	--	721.86	1,372.26	1,262.52	1,115.64	485.46	64.32
Lao P.D.R.	2.11	--	7.40	80.96	43.17	23.36	177.11	12.63	--

**RCEP- Understanding India's Decision: Challenges and Prospects on the Textiles and Agricultural Sectors**

Malaysia	43,714.00	52,357.25	57,925.22	64,914.52	76,163.06	77,897.69	79,360.70	71,353.23	82,620.21
Myanmar	240.71	1,060.23	778.38	1.01	1.54	105.07	167.44	1,383.19	4,223.29
Philippines	2,637.83	2,841.26	4,675.16	3,332.71	5,377.80	5,931.94	6,878.84	6,995.65	7,171.56
Singapore	22,600.89	30,102.88	26,094.72	21,715.75	26,385.67	24,484.38	28,507.59	29,449.16	67,405.74
Thailand	117,490.49	151,432.68	130,935.37	134,128.09	142,800.57	160,280.78	125,655.23	150,320.09	215,768.08
Vietnam	37,308.33	48,540.73	59,300.87	88,227.39	108,314.87	155,875.40	158,628.03	239,415.39	362,579.97

*Source: APEDA*

Despite India being one of the largest producers of Textile and clothing goods producers, raw materials and intermediate or semi-finished material are imported to make them into final goods. China is the largest importer of Textile and Clothing materials, followed by Vietnam and Indonesia. Incidentally, imports from Brunei and Laos are low or nil for the period 2010-2018. Table – 4b shows the exports of textile and clothing products between India and RCEP nations.

**India's Export of Textiles & Clothing to RCEP Nations**

Country/Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Australia	204,664.85	290,562.11	310,778.61	343,948.88	352,481.10	413,036.34	385,724.81	429,794.55	437,075.27
Brunei	1,380.36	1,236.40	1,819.32	2,097.22	1,896.96	1,757.12	7,944.38	7,599.51	1,636.50
Cambodia	14,436.52	32,482.58	39,144.94	40,190.02	36,551.28	40,862.81	24,394.62	31,841.21	30,876.42
China	2,307,050.08	3,040,983.62	3,833,654.53	5,087,708.92	3,114,101.56	2,261,121.20	1,576,730.33	1,519,768.91	1,837,912.91
Indonesia	226,574.51	216,343.02	220,855.81	283,988.64	246,540.02	201,151.75	216,569.75	255,325.02	262,765.09
Japan	260,586.99	409,616.64	398,636.90	445,363.80	423,256.72	370,896.08	372,702.83	364,840.14	406,756.67
Korea	8,803.84	6,200.47	11,931.68	7,569.09	6,072.79	6,587.08	8,033.70	9,302.64	4,171.44

Lao P.D.R.	1,115.35	52.41	119.10	269.81	750.29	403.92	309.38	304.09	379.41
Malaysia	277,309.56	291,348.81	255,924.82	319,470.47	295,629.56	274,134.87	212,574.20	211,112.23	291,537.64
Myanmar	12,612.07	15,107.94	21,860.94	65,865.51	85,787.66	82,291.06	71,394.23	78,871.85	87,119.34
Philippines	43,123.52	47,458.30	48,659.18	60,240.03	63,626.12	46,526.20	47,805.37	59,895.38	94,787.53
Singapore	192,035.50	189,575.17	127,801.04	169,976.57	125,388.65	110,587.61	92,577.37	98,210.61	67,923.39
Thailand	109,169.88	149,923.47	195,596.07	224,432.94	157,086.24	161,151.21	178,536.85	217,937.57	263,862.84
Vietnam	236,521.52	206,745.94	233,895.83	454,397.69	577,930.29	393,444.98	351,450.31	511,322.32	633,279.99

*Source: World Integrated Trade Solutions, World Bank.*

It is noticeable from the Table – 4b that exports from India to ASEAN plus Five nations are in an upward trend, and when compared with imports, except for China and Indonesia, India has a trade surplus with RCEP nations.

### **Conclusion**

India has decided to keep out of RECP by taking into account the current global trade scenario and assessing the fairness and balance of the agreement. India, while taking the decision, was fully aware of the pros and cons of the agreement. It was not an easy decision to make either, as RCEP accounts for half of the world's population in its ambit. Many speculate that India opted out of this because China was the initiator of RCEP. China is often considered a shrewd player in the field of global trade. Right from its entry into the WTO to initiating RCEP, India knows how China strategically plans every move to put China on top in the global trade. India's trade deficits with the RCEP countries have been vast and ever-increasing. India's trade deficit with RECP nations has gone up from 7 billion US\$ in 2012 to 105 billion US\$ in 2018 and nearly half of it with China. Duty reduction on 80 – 90 % of goods would mean a significant advantage for China; however, it would have been disastrous for India in many sectors, specifically in the textile and agricultural sectors.

India could hurt its manufacturers in the textiles sector as the manufacturers are already struggling to compete with their neighbors ever since the removal of the quota system. In the marine sector, smaller fishers competing with the big trollers would have become quite marginalized. In the field of chemicals, pharma, and plastic China would have given the extreme

competition in terms of price, and Chinese invasion in the pharma sector is not good news for India. China is already flooding the world markets with its steel, iron, ore, and non-ferrous metals.

The growth of the Indian Dairy sector has happened largely because of partnering farmers in the mainstream business and because India judiciously managed imports. India does not want to ruin the dairy market, which it had built gradually over the last 30 years. Milk is one of the important commodities for India in the Agricultural sector, as this is probably the only commodity that ensures liquidity for farmers. India is self-sufficient in its milk production, and the home market size is so large that India consumes the majority of its produce, whereas countries such as Australia and New Zealand are large milk-producing nations. Their domestic demand is very less compared to their production - both Australia and New Zealand export almost 85% of their milk and milk products to other countries.

India's primary intention to look away is to avoid any Dumping, especially from China. Thus, India's decision to keep out of RCEP, for the time being, is absolutely in the interest of its trade and commerce. Though India's stand may be viewed as protectionist, every country has a right to weigh all the available options to the best of its advantage, and that is what India has done in the case of RCEP.

Had India signed the agreement, the impact would have been far greater in almost all the sectors. A re-negotiation is on the cards, and India's decision can change, provided the other member nations of RCEP are willing to consider the terms and conditions put forward by India.

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