Policy Framework for a Business-Friendly Environment, Inclusive Trade Liberalization, & Maximizing Benefits from FTAs: the Case of India

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India's Future Trade Strategy

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Building on an analysis of the trade deficit by category (intermediate and finished goods), India's deficit is estimated to be less severe with ASEAN countries, primarily due to a higher proportion of imports of intermediate goods (deficit of $35 billion in 2023 compared to $147 billion with RCEP countries) rather than finished goods, in which India maintains a trade surplus of $7 billion. Furthermore, considering that the trade deficit is manageable with other East Asian nations like Japan and South Korea ($2-3 billion in case of finished goods and $11 billion in intermediate goods), compared to the existing elevated deficit with China ($106 billion in 2023), this article examines whether India should join the RCEP or the CPTPP, along with a brief look at free trade agreements (FTAs) with the EU and the United Kingdom. We use WITS SMART simulation results to assess the effect on India's overall exports and imports if it joins the RCEP, the CPTPP, and other proposed FTAs/RTAs.

The SMART simulations, in this paper, assume a scenario in which all import tariffs are eliminated if India joins the agreements (zero-duty scenario). In this model, the "importers column" can take only one country at a time. Results of India's imports from the RCEP and the CPTPP are thus obtained for the grouping as a whole. Exports to the RCEP and the CPTPP are calculated as the sum of India's exports to each member country, which will be the same irrespective of RTAs. Despite these limitations, the estimated change in the exports for India, if it joins any of the proposed agreements, can provide some insights. The simulation model, conducted in 2024, utilizes WITS data available until 2021, which was the latest data available at that time.

The simulation model estimates the total trade effect (TTE) in addition to existing imports or exports. TTE is equal to the sum of trade creation (TC) and trade diversion (TD). Note that TC refers to new imports from RTA partners, while TD is the case when imports would be diverted from other countries and imported from FTA partners (who are now considered as the cheaper source of imports for India).

The key findings are that in the case of the RCEP, more new trade (i.e., new imports) would be added for India *(Table 1)*. That is, RCEP membership could lead to a substantial rise in India's imports, with China being the primary beneficiary *(Table 2a, Chart 1)*. Over 75% of

TABLE 1

WITS SMART simulation summary results: effect on India's imports & exports if it joins proposed mega-RTAs

If India Joins:	*Simulation results for India's imports from RTA/FTA members: values in US$ billion*					Change in India's Imports (%)
	India's Imports from Members	Total Trade Effect (TC+TD)	*Trade Creation (TC)*	*Trade Diversion (TD)*	Estimated Imports of India after Entering into FTA/RTA	
RCEP	199.3	32.0	*28.2*	*3.8*	231.3	16.0
CPTPP	78.4	6.9	*4.6*	*2.3*	85.3	8.8
India-UK FTA	6.7	3.2	*0.0*	*2.5*	9.9	47.4
India-EU FTA	45.9	16.4	*12.5*	*3.9*	62.3	35.7
If India Joins:	***Simulation results for India's exports to RTA/FTA members: values in US$ billion***					**Change in India's Exports (%)**
	India's Exports to Members	Total Trade Effect (TC+TD)	*Trade Creation (TC)*	*Trade Diversion (TD)*	Estimated Exports of India after Entering into FTA/RTA	
*RCEP**	87.0	5.3	*3.5*	*1.8*	92.3	6.1
*CPTPP**	46.6	3.6	*2.3*	*1.3*	50.3	7.8
India-UK FTA	10.4	0.4	*0.20*	*0.22*	10.8	4.0
India-EU FTA	59.0	3.0	*1.46*	*1.49*	61.9	5.0

Source: Author estimates

TABLE 2

India's existing & estimated imports from each RCEP member, post-joining RCEP

RCEP Members	Values in USD Billion		Change in India's Imports (%)
	India's Imports in 2021	Estimated Imports of India after Joining RCEP	
China	87.54	112.27	28.3
Singapore	18.20	18.75	3.0
South Korea	17.08	17.90	4.8
Indonesia	16.72	18.04	7.9
Australia	15.10	16.18	7.1
Japan	14.41	15.06	4.5
Malaysia	12.09	13.08	8.2
Thailand	8.67	9.91	14.3
Vietnam	7.08	7.54	6.6
Myanmar	0.80	0.81	1.4
Philippines	0.73	0.75	2.6
Brunei	0.47	0.50	5.4
New Zealand	0.37	0.46	24.0
Cambodia	0.076	0.076	0.3
Laos	0.000853	0.000845	-0.9
ASEAN Countries	*64.84*	*69.45*	7.10
RCEP (excl. China)	*111.80*	*119.05*	6.48

Source: Author estimates

TABLE 2b

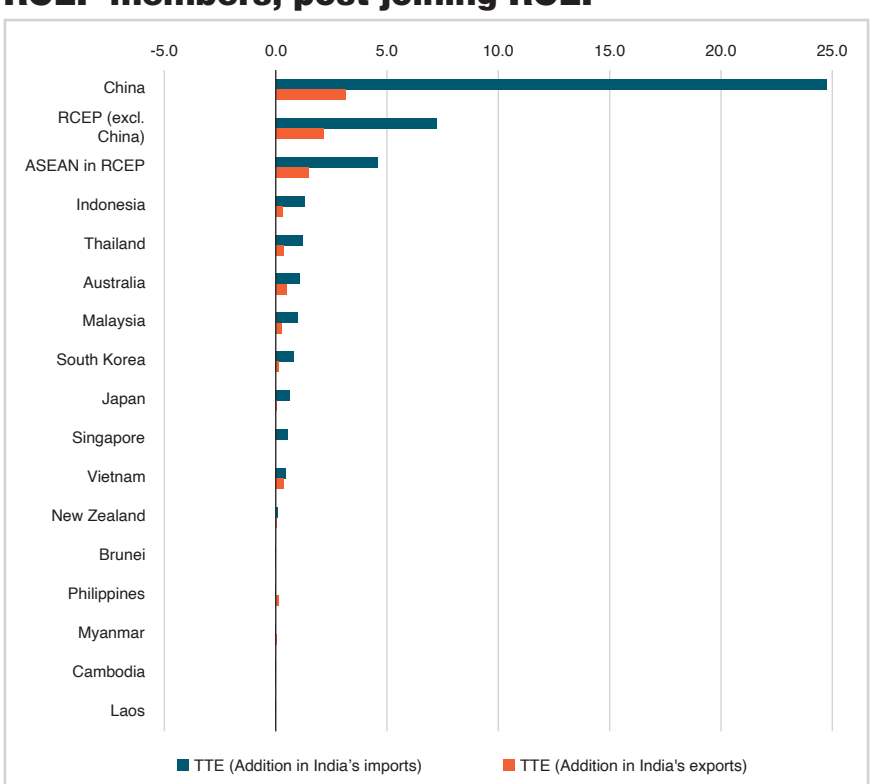
India's existing & estimated exports to each RCEP member, post-joining RCEP

RCEP Members	Values in USD Billion		Change in India's Exports (%)
	India's Exports in 2021	Estimated Exports of India after Joining RCEP	
China	28.12	31.26	11.16
Singapore* (No change)	7.36	7.36	0.00
South Korea	8.06	8.21	1.89
Indonesia	7.67	7.98	4.03
Australia	6.37	6.85	7.61
Japan	6.15	6.19	0.69
Malaysia	5.92	6.17	4.14
Thailand	6.41	6.77	5.59
Vietnam	6.95	7.29	4.97
Myanmar	0.57	0.65	12.86
Philippines	2.39	2.51	5.04
Brunei	0.06	0.06	0.03
New Zealand	0.70	0.75	6.46
Cambodia	0.19	0.19	1.34
Laos	0.04	0.042	3.21
ASEAN Countries	*37.56*	*39.02*	3.90
RCEP (excl. China)	*58.84*	*61.02*	3.71

Source: Author estimates

CHART 1

Addition to India's imports from & exports to RCEP members, post-joining RCEP



Source: Author estimates

the new imports (roughly $25 billion) are likely to originate in China, followed by 14% from ASEAN ($5 billion). Conversely, India's export gains are projected to be much lower, with a modest increase expected for both China ($3 billion) and ASEAN ($1.46 billion). Nonetheless, China would still be able to capture nearly 60% of India's overall export increase under the RCEP, as per the simulation results.

The results suggest that India's new exports to RCEP members are likely to be significantly lower than the import increase, creating a significant trade gap for India, with imports far outpacing potential exports. The same result holds even if we exclude China from the simulation.

Further disaggregation of the results shows that India's imports are projected to be roughly 60% more in intermediate goods, with China being the source for over 70% of these *(Table 3 & Chart 2)*, while the remaining 40% of the import increase in finished goods will also be dominated by China (over 85% share). China's preoccupation looms large for India's trade engagement with or

TABLE 3

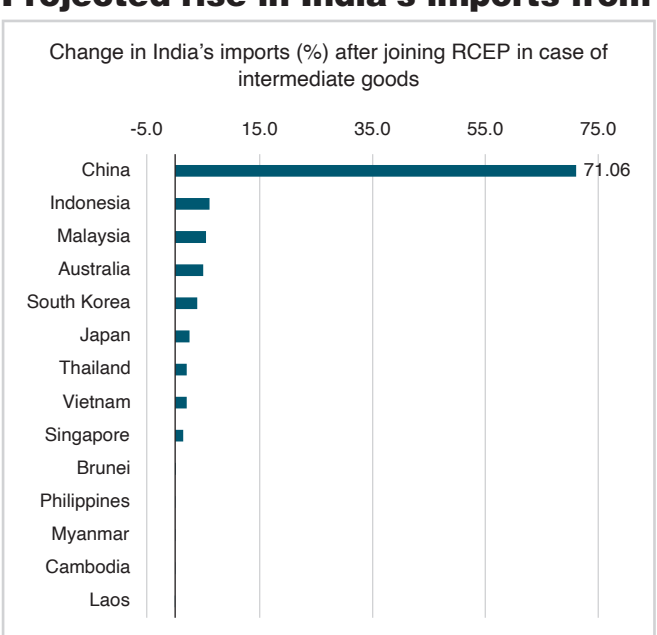
Addition to India's imports from & exports to RCEP members

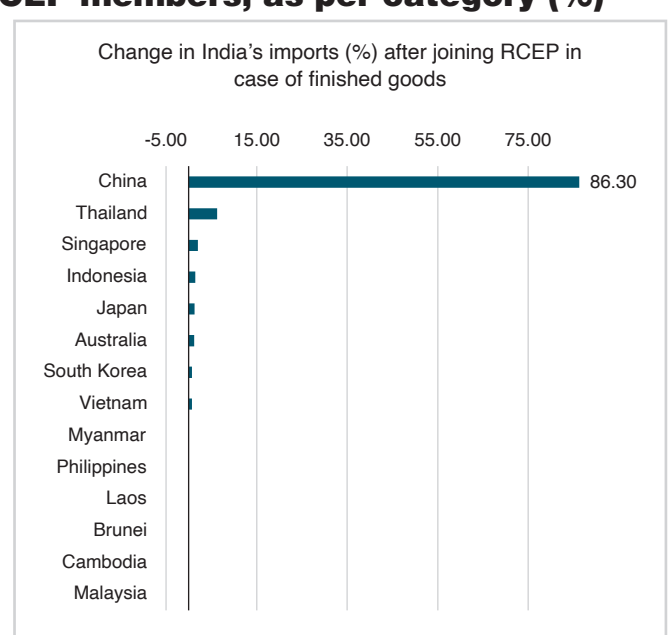
RCEP members	Share of country in TTC (change in India's imports from them, %)	No. of products with changes in imports	*Intermediate goods*	*Finished goods*
China	77.57	3617	2313	1304
Indonesia	4.13	1518	954	564
Thailand	3.88	2180	1329	851
Australia	3.38	1431	839	592
Malaysia	3.10	1988	1170	818
South Korea	2.57	2436	1559	877
Japan	2.04	2834	1794	1040
Singapore	1.71	2678	1650	1028
Vietnam	1.47	1485	875	610
Brunei	0.08	28	22	6
Philippines	0.06	670	405	265
Myanmar	0.03	230	66	164
Cambodia	0.001	226	66	160
Laos	-0.00002	14	10	4
Total No. of products affected in India after joining RCEP		*21335*	*13052*	*8283*

Source: Author estimates

CHART 2

Projected rise in India's imports from RCEP members, as per category (%)





Source: Author estimates

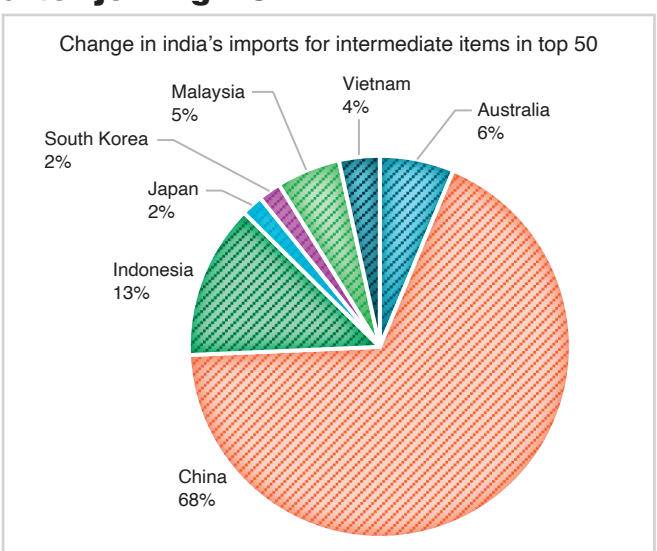
without an FTA.

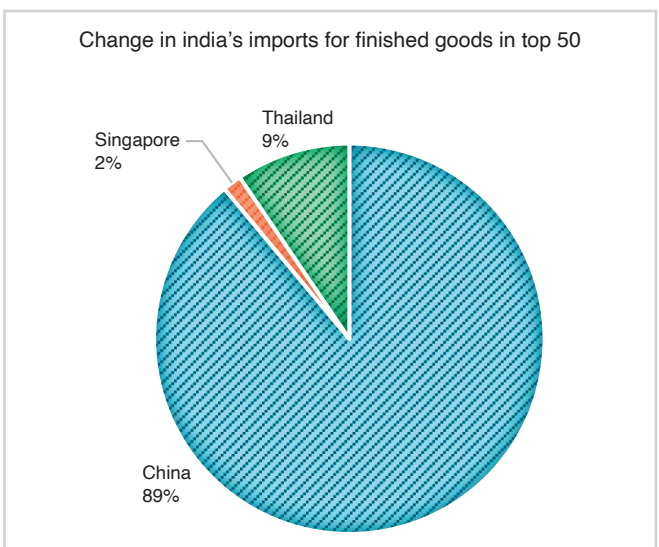
While more than 21,000 Indian tariff lines (six-digit level products) could be impacted by RCEP membership, a closer look reveals a concentration of economic effects. The top 50 most-imported items under these tariff lines, valued at a substantial $15.6 billion (almost 50% of the total cost), represent a microcosm of the potential changes. Notably, China dominates this group with a 78% share, followed by Indonesia (7%), Thailand (5%), and Australia and Malaysia (each at 3%). Interestingly, 22 out of these top 50 items are finished goods, suggesting China could become a major exporter of these products to India *(Chart 3)*. The majority of the top 50 items whose exports by China and other countries are likely to rise post-RCEP relate to electric machinery/electronics and general machinery.

Unlike the RCEP, joining the CPTPP is predicted to have a more balanced trade effect for India *(Table 1)*. While imports would increase, primarily from ASEAN countries (contributing 48% in new imports, with a rise of $3.3 billion – followed by $1 billion increases each from Australia and Japan), there is also potential for export growth *(Table 4a & Chart 4)*. Notably, India's export gains could be significant; exports will increase by $2 billion for Mexico, followed by Canada ($0.6 billion) and Australia ($0.5 billion). However, exports to ASEAN are likely to increase by only $600 million, or around 16%

CHART 3

Projected change in India's imports for top 50 items (intermediate & finished) after joining RCEP





Source: Author estimates

TABLE 4a

India's existing & estimated imports from each CPTPP member, post-joining CPTPP

CPTPP members	Values in US$ billion		Change in India's imports (%)
	India's imports in 2021	Estimated imports of India after joining CPTPP	
Singapore	18.2	19.1	4.7
Australia	15.1	16.2	7.0
Japan	14.4	15.4	6.9
Malaysia	12.1	13.7	13.1
Vietnam	7.1	7.9	12.1
Mexico	4.1	4.3	4.7
Peru	2.6	3.3	24.5
Canada	2.7	3.1	14.9
Chile	1.2	1.44	18.0
Brunei	0.5	0.50	6.5
New Zealand	0.4	0.46	23.7
ASEAN Countries	37.8	41.2	8.8

Source: Author estimates

TABLE 4b

India's existing & estimated exports to each CPTPP member, post-joining CPTPP

CPTPP members	Values in US$ billion		Change in India's exports (%)
	India's exports in 2021	Estimated exports of India after joining CPTPP	
Singapore* (No Change)	7.4	7.4	0.0
Australia	6.4	6.9	7.6
Japan	6.1	6.2	0.7
Malaysia	5.9	6.2	4.1
Vietnam	6.9	7.3	5.0
Mexico	5.9	7.6	28.5
Peru	1.1	1.2	5.5
Canada	4.8	5.4	12.0
Chile	1.3	1.4	11.9
Brunei	0.1	0.1	0
New Zealand	0.7	0.7	6.5
ASEAN Countries	20.3	21.00	2.96

Source: Author estimates

of the overall trade effect *(Table 4b)*. In fact, India's overall trade impact with CPTPP members appears less skewed towards imports compared to the RCEP.

Overall, the analysis suggests that if India joins the CPTPP, its imports from ASEAN, Japan, and to some extent, Peru are likely to be significantly higher than its exports. However, India's exports have the potential to increase to advanced economies, including Canada and Australia. Intermediate goods account for about 62% of the total products for which imports are likely to increase for India after joining the CPTPP *(Table 5)*. The increase in imports of intermediate goods is modest (worth $5.4 billion) compared to the potential high increase of $18 billion under the RCEP. Similarly, imports of finished goods are expected to rise by $1.5 billion under the CPTPP, compared to a higher increase of $14 billion under the RCEP. Importantly, unlike the RCEP, where benefits would be concentrated heavily on China, the increase in imports under the CPTPP is likely to be distributed more evenly among partners in ASEAN, Japan, Australia, and North American economies *(Charts 5 & 6)*. This suggests that joining the CPTPP could be a more beneficial trade agreement for India compared to the RCEP, even in terms of expanding its existing regional and global value chains.

Out of the over 13,000 Indian tariff lines whose imports could be affected by the CPTPP, the top 30 items account for 62% ($4.3 billion) of the total imports. These top 30 items include 24 intermediate goods, which suggests that prospects for creating backward global value chain (GVC) linkages are promising. Although the number of products is large, the value embedded in these items is small.

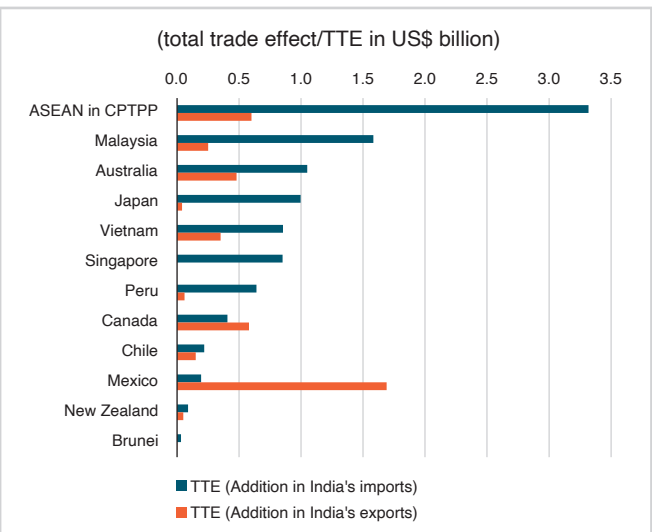
Further, India's exports to the UK will increase by only $0.4 billion after joining the India-UK FTA. Although $3 billion of new imports will be created for India, it is likely to sustain a trade surplus *(Table 1)*. The agreement is likely to see a larger increase in imports, particularly for automotive products. India's new imports from the EU are projected to reach $16 billion, compared to a $3 billion rise in exports. However, this impact may be mitigated as India already has relatively higher exports to the EU. Germany, Belgium, and Italy could see increased exports to India *(Table 6)*.

To summarize, signing the proposed FTAs/RTAs, on average, is likely to have an adverse impact on India's trade balance *(Chart7)*. This outcome could conflict with the objectives of initiatives like "Make in India for the World" and the Production Linked Incentive (PLI) scheme, which aim to increase domestic value addition (DVA), reduce imports, and boost exports (particularly in manufacturing to $1 trillion by 2030). Electronics, general and transport machinery, automobiles, crude oil, and diamonds (some of which are included in the PLI scheme) could be significantly impacted.

However, for India to fully integrate with global markets,

CHART 2

Addition to India's imports from & exports to CPTPP members, post-joining CPTPP



Source: Author estimates

TABLE 5

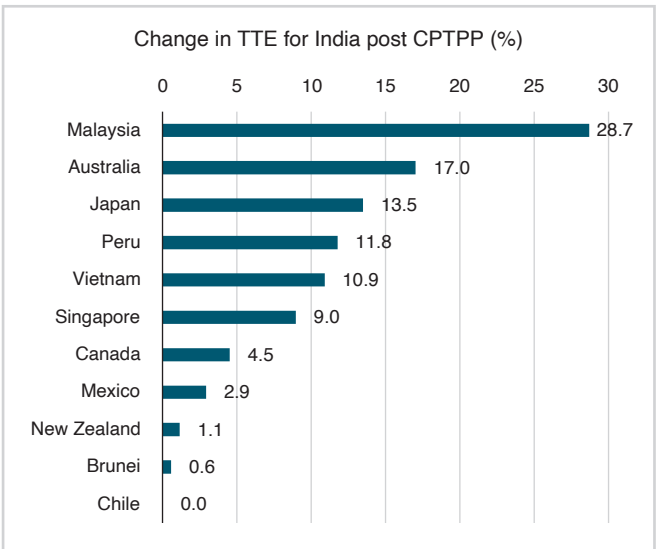
Addition to India's imports from & exports to CPTPP members

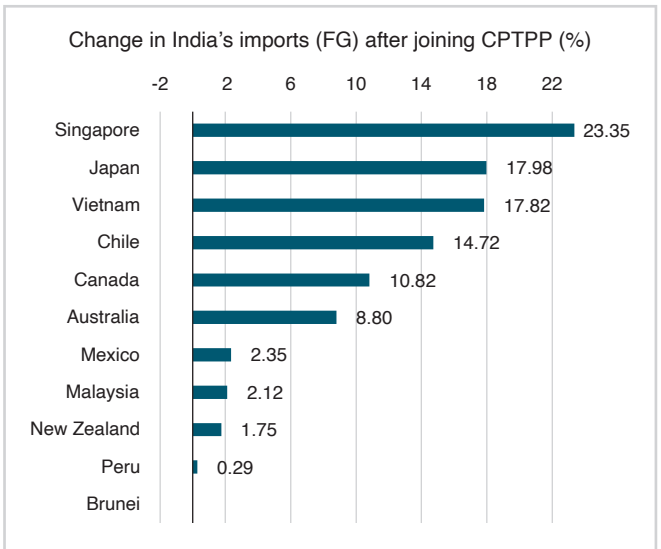
CPTPP members	Share of each country in TTE for India (change in India's imports from them, %)	No. of products (6-digit) with changes in Imports	*Intermediate goods*	*Finished goods*
Malaysia	23.0	1989	1170	818
Australia	15.2	1431	839	592
Japan	14.4	2834	1794	1040
Vietnam	12.4	1486	875	610
Singapore	12.1	2682	1650	1028
Peru	9.3	191	141	50
Canada	5.9	1563	1013	547
Chile	3.2	237	153	84
Mexico	2.8	830	564	266
New Zealand	1.3	470	281	188
Brunei	0.4	28	22	6
No. of tariff lines for India likely to be affected after joining CPTPP		13741	8502	5229

Source: Author estimates

CHART 5

Projected rise in India's imports from CPTPP members, as per category (%)

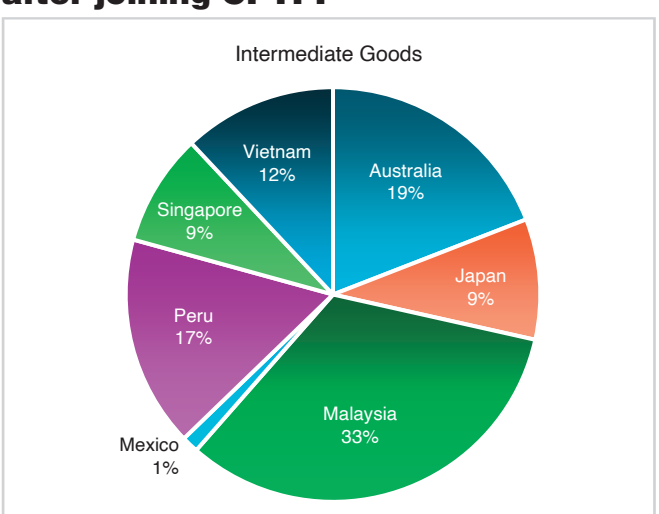


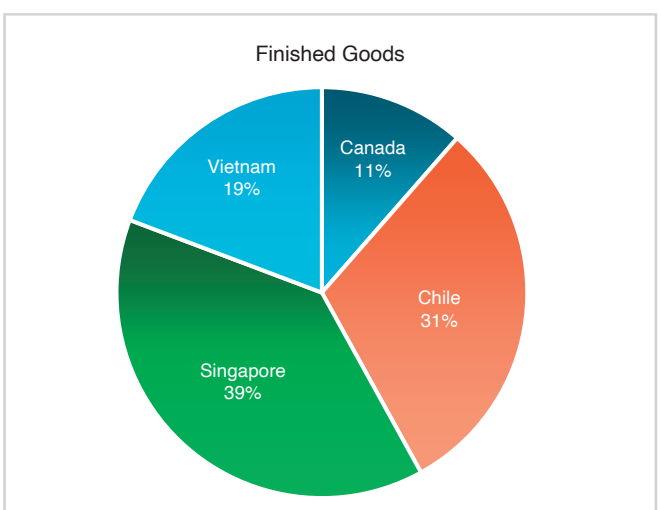


Source: Author estimates

CHART 6

Projected change in India's imports for top 30 items (intermediate & finished) after joining CPTPP





Source: Author estimates

TABLE 6

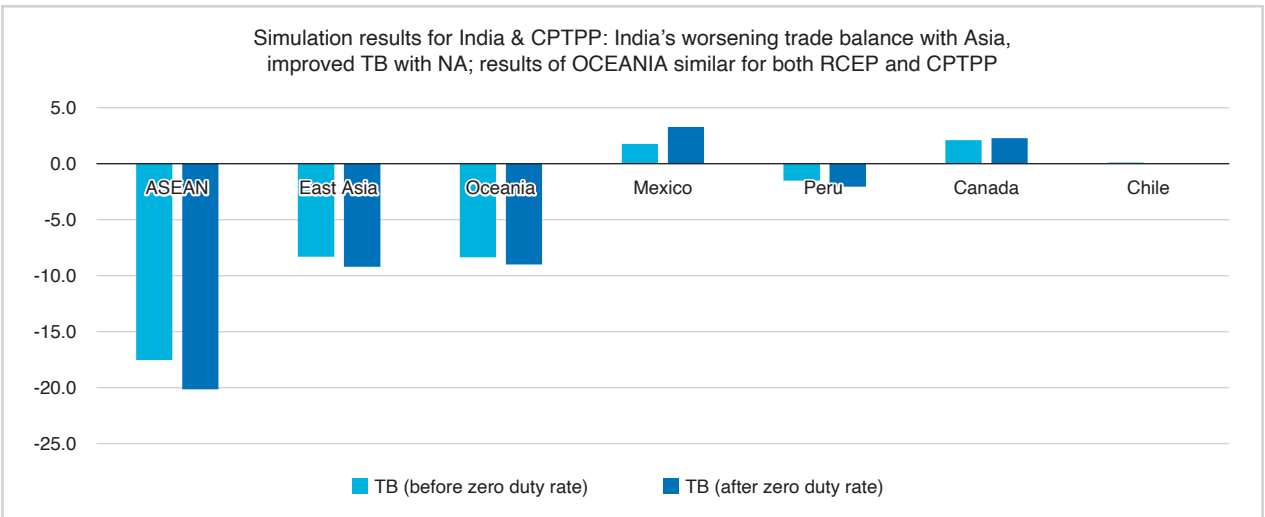
Potential imports rise for India after joining India-EU FTA

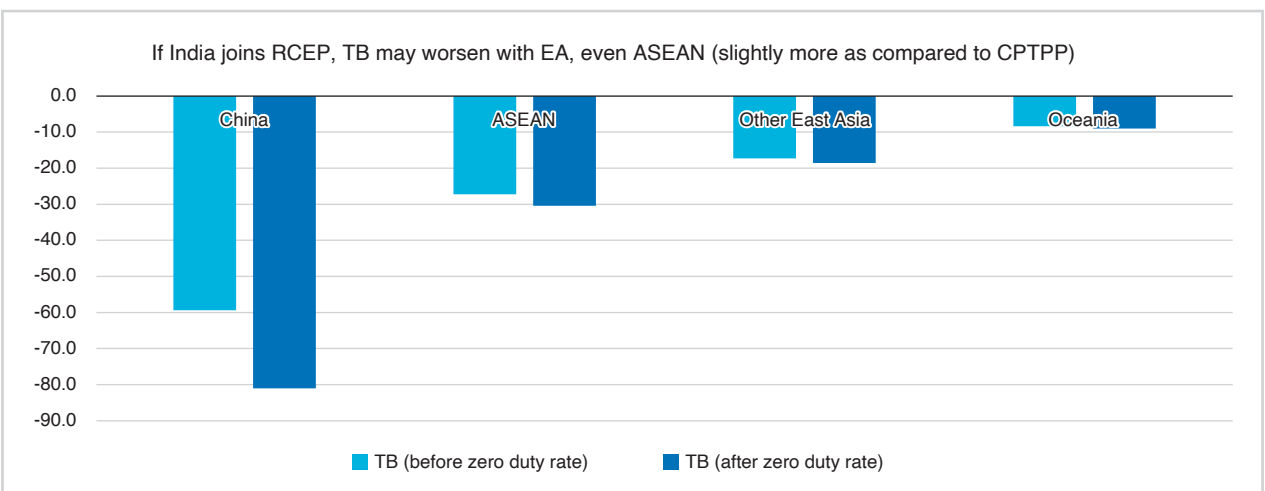
Members where new imports created for India total over $1 billion	Total Trade Effect ($B)
Germany	5.07
Belgium	3.10
Italy	2.69
France	1.09
Netherlands	1.01
Poland	0.29
Portugal	0.06

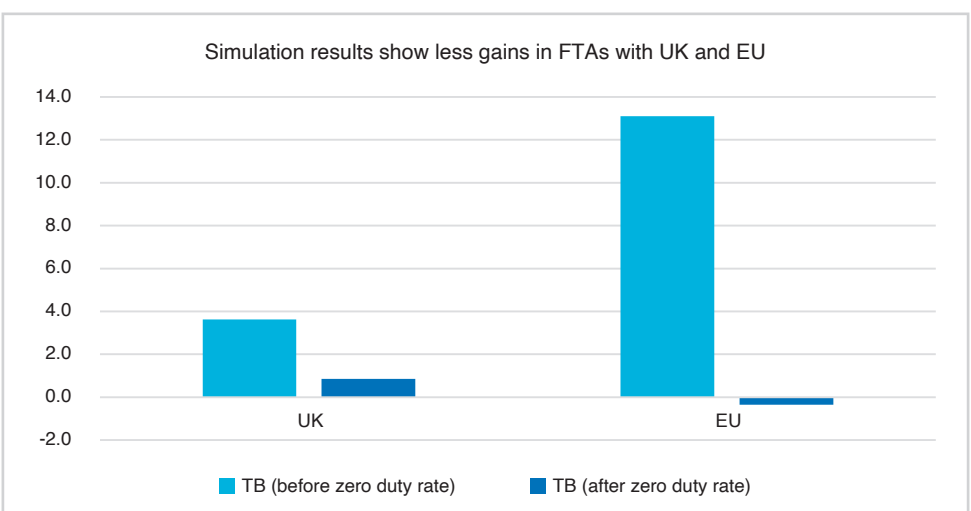
Source: Author estimates

CHART 7

Overall picture of effect on India's trade balance due to mega-RTAs (simulation results)







Source: Author estimates

embracing trade liberalization policies is essential. Signing more FTAs/RTAs facilitates access not only to new markets but also technologies and knowledge of standards. In this context, the CPTPP is a viable option, economically and politically. That is, joining the CPTPP, our results show, will lead to less elevated deficits or even some surplus gains *(Chart 7)*. Data also supports this, showing India's trade deficit with the CPTPP ($34 billion) in 2023 as five times lower than with RCEP members ($171 billion). With China excluded from the CPTPP, the political economy will also be easier to navigate. We also examine the impact of joining the RCEP and the CPTPP on one of our key sectors of electronics that has received attention and success following the implementation of industrial policy through the PLI scheme (see Box for details).

Discussion & Policy Recommendations

China's unprecedented and uninterrupted growth for three decades since the 1990s has been the subject of much research and reflection. A popular view in India is that China's high performance was because it is ruled by domineering leaders. In other words, the absence of open democracy acted as a catalyst. While this is a facile explanation, it obscures certain critical features of China's growth that can serve as an exemplar for India. Not that this is not widely known and accepted, but worth reinforcing as we set our sights on becoming "developed" or *Viksit* by 2047. Serious academic research has shown that leaders in China, among other East Asian countries, had to "collaborate with various sectors of their population to create an environment that was conducive to sustained growth" (Jose Edgardo Campos & Hilton L. Root, 1996, *The Key to the Asian Miracle: Making Shared Growth Credible*). The business environment promoted stability; a competent bureaucracy balanced autonomy with accountability to serve all interests, including the poor. Investment in skills and access to minimum education standards meant that trade openness could be exploited by labor-intensive exports that led to the creation of jobs that helped in the transition into more productive manufacturing jobs. In an influential narrative, Paul Krugman (1994, "The Myth of Asia's Miracle", *Foreign Affairs*, 73) argued that the rapid economic growth of East Asia was not miraculous at all, as it was characterized then, but rather the result of doing the right things such as increasing factor inputs, labor and capital, along with the robust implementation of sensible policies. The accompanying income rise created a demand for services, and in the process, the economies rapidly urbanized. Labor markets were flexible, policy changes were not random, and education was given the highest priority.

Given the above, there are some reasonable strengths and opportunities that India can also exploit through mega-RTAs. But a word of caution is in order. By itself trade openness will not be beneficial unless accompanied by domestic policy reform. Both the RCEP and the CPTPP limit the influence of the United States, which can be seen as an advantage for India. The CPTPP goes a step further by excluding both China and the US, potentially leading to an easier negotiation process by building like-minded coalitions within the grouping. While a trade deficit is a valid concern, it's important to consider the nature of the deficit. Increased imports of intermediate goods can benefit finished goods exports by making them competitive. Additionally, evidence suggests that India's exports, particularly finished goods, have grown after signing FTAs/RTAs, potentially mitigating some of the deficit concerns. This suggests that trade agreements might not have the negative impact as feared. As stated above, to fully leverage the potential of FTAs/RTAs, undertaking domestic reforms to remove structural deficiencies is non-negotiable.

At the same time, there are some concerns for emerging economies like India while entering such agreements. A weakening WTO system raises concerns about the effectiveness of enforcing trade rules also within mega-RTAs. While the proposed regional agreements might be seen as a way to bypass the WTO system, well-structured RTAs should include a well-functioning dispute resolution framework. The other concerns for India are strict standards recommended by RTAs like the CPTPP relating to labor, environment, competition policy and intellectual property. There is a contentious issue around the imposition of regulatory frameworks by developed countries, that often neutralise comparative advantage and enforce stringent labor and environmental standards, sometimes above global benchmarks. A safety valve model that defines acceptable deficit or loss thresholds per country and outlines corresponding conditions could be considered. The method is recommended because the benefits of FTAs are intangible and hard to map against an FTA commitment, whereas a trade deficit is a tangible number, creating a bias against an FTA. The safety valve approach would also reduce the need for extensive forecasting, and the approach would shift to address the challenges emanating from the continuous operation of the FTA.

All things considered, a re-evaluation of the pessimism surrounding trade agreements is necessary for India. To minimize perceived negative impacts of FTAs/RTAs, India's trade and industrial policies should encourage exports of both intermediate and finished goods, while attracting foreign companies to establish domestic plants or increase FDI inflows in India. This approach would require a shift from fear-based negotiation tactics to leveraging India's comparative advantages. Our analysis shows that joining the CPTPP appears preferable on various dimensions. The trade deficit is likely to be lower compared to the RCEP, and India enjoys more stable geopolitical and economic ties with most CPTPP members. Additionally, the CPTPP is free from the influence of major powers like China, the US, and the EU. The Supply Chain Regional Initiative (SCRI) launched by Japan, Australia, and India in 2021 could be further strengthened by CPTPP membership. The CPTPP can serve as a springboard or as a stepping stone for India to pursue second- and third-generation trade reforms, boost FDI inflows, and enhance supply chain diversification and resilience. The agreement can also be an opportunity to promote exports of products agreed under the PLI scheme, particularly to CPTPP member states.

The RCEP could be a subsequent option. While it offers the potential for maximizing trade in intermediate goods and

strengthening existing GVCs, it is more difficult to negotiate at the current juncture. A study by Manoj Pant & Anusree Paul (2018, "The Role of Regional Trade Agreements in the Case of India", *Journal of Economic Integration*, 33(3)) states that it is always better to trade more with traditional partners, namely China and the US. Thus, India's long-term ambition around trade liberalization should be to focus on agreements with its existing major trading partners.

In this context, note that India has established itself as a global leader in services trade, with its share of global service exports steadily increasing, driven primarily by success in information technology and IT-enabled services. While service exports have been a key driver of economic growth, recent studies indicate that goods exports have a more significant impact on employment and overall economic expansion (Asian Development Bank, 2024, *Asian Development Outlook (ADO)*, Asian Development Bank; Maryla Maliszewska & Debora Elizabeth Winkler Winkler, 2024, *Leveraging Trade for More and Better Jobs*, World Bank Group). Studies highlight that goods exports and their indirect effects are more employment-intensive, underscoring the need for a balanced trade strategy that strengthens both goods and services exports to maximize economic and labor market benefits. To enhance India's integration into GVCs, benefit greatly from trade liberalization efforts (i.e., from proposed FTAs/RTAs), boost competitiveness, and sustain long-term export growth, policy reforms, infrastructure investment, and trade facilitation are essential. JS

Box: Case of Indian electronics items: PLI versus joining mega-RTAs

Let us use the case of the Indian electronics industry to demonstrate the impact. Mobile phone manufacturing is often cited as a successful example of Make in India 2015. An import substitution policy has been visible to provide impetus to local manufacturing; customs duties applicable on the import of mobile phones have progressively increased to 20%. Other policies included the Modified Special Incentive Package Scheme (MSIPS) of 2012, which provides capital subsidies, the Phased Manufacturing Program, and the National Policy on Electronics (2019). Production Linked Incentive (PLI) of 2020 came as an alternative: export-led growth scheme.

TABLE X: Items	2016-17	2017-2018	2018-2019	2020-2021	2021-22	2022-23	2023-24
Cellular mobile phones	10	15	20	20 + 10 % service welfare cess			
PCBA of charger/adapter and moulded plastics of charger/adapter of cellular mobile phones		Nil	10		15		
Vibrator/Ringer of Mobile phones			Nil	10			
Display Panel and Touch Assembly			Nil	10			
Inputs/sub-parts for the manufacture of specified parts of mobile phones, including PCBAs, camera module & connectors		Appl. Rate	Nil		From 0 to 2.5		From 2.5 to Nil (Camera lens)
Specified parts and accessories of cellular mobile phones		7.5/10	15				
PCBA of mobile phones			10	20			

Source: Union Budget Speeches, Government of India

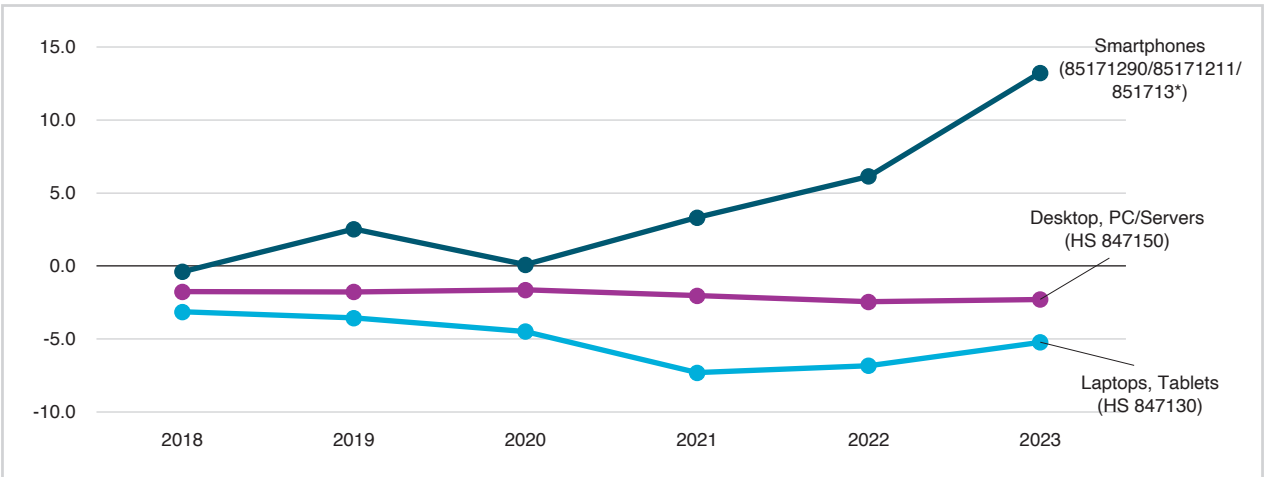
Mobile phones, IT hardware, semiconductor devices, and integrated circuits (ICs) have been covered in India's PLI scheme and also related missions such as for semiconductors. The question arises, has PLI really helped in export-led growth? Or has the recent reduction in import duties *(Table X)* for inputs/sub-parts led to some improvement in the trade balance? The finding shows success in smartphones, followed by laptops and even semiconductor devices, where there is a trade surplus *(Charts X & Y)*.

PLI has helped to increase exports of some electronic items (mainly smartphones), but imports have also continued, especially in the case of integrated circuits and semiconductor devices *(Table Y2)*. Along with this, there has been a low rise in FDI in this sector *(Table Y1)*. If India agrees to sign proposed mega-RTAs, what would be the impact on these key electronic items? The smartphone is India's main export item, while the main imported items are integrated circuits (ICs) and semiconductor devices. We use the WITS simulation model to assess change in India's imports with these RTAs and without them. With RTAs/FTAs, results are for 2021, while without trade agreements, the change in value is taken from 2022 to 2020 (2022 is taken, rather than 2023, to stay near the simulation year). The simulation results *(Table Z)* show that the CPTPP could be a good option in the case of India's burgeoning electronics industry. The creation of new imports will decrease if India joins the CPTPP for major electronic items of India.

Overall, signing RTAs/FTAs could be beneficial in terms of reducing or managing imports of HS 8542 and HS 8541 (key drivers of the semiconductor industry). For cellular mobile phones, more new imports will be created from China, the UK, EU (post-joining the agreements), but if India joins the CPTPP, the creation of new imports will decrease, even from East Asia (also in the case of the RCEP excluding China) and South East Asia.

CHART X

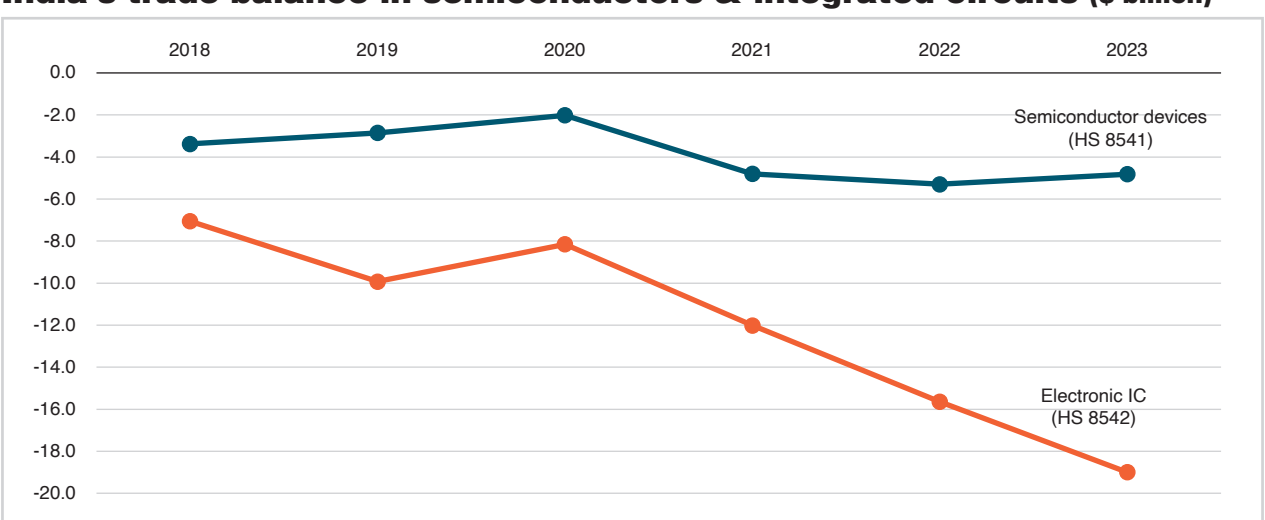
India's trade balance in case of smartphones & IT hardware ($ billion)



Source: Data from ITC Trade Map

CHART Y

India's trade balance in semiconductors & integrated circuits ($ billion)



Source: Data from ITC Trade Map

TABLE Y1

FDI inflows in India (US$ billion)

Segments	2018	2019	2020	2021	2022	2023
Computer Hardware & Software	6.0	7.8	25.7	12.0	12.3	4.7
Electronics	0.4	0.3	0.4	0.2	0.5	0.8

Source: FDI Newsletter, Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India

TABLE Y2

India's exports & imports of selected electronic items

$ Billion	2018	2019	2020	2021	2022	2023
Smartphones (HS 85171290/85171211/851713)						
Exp.	1.1	3.4	1.8	4.8	7.4	14.3
Imp.	1.5	0.8	1.7	1.5	1.2	1.0
Semiconductor devices (HS 8541)						
Exp.	0.16	0.36	0.16	0.22	0.66	1.93
Imp.	3.5	3.2	2.2	5.0	6.0	6.7
Electronic ICs (HS 8542)						
Exp.	0.2	0.2	0.3	0.4	0.5	0.2
Imp.	7.3	10.2	8.4	12.4	16.1	19.2
Laptops, Tablets (HS 847130)						
Exp.	0.08	0.04	0.04	0.05	0.06	0.17
Imp.	3.2	3.6	4.5	7.4	6.9	5.4
Desktop, PC/Servers (HS 847150)						
Exp.	0.04	0.05	0.05	0.09	0.11	0.12
Imp.	1.8	1.8	1.7	2.1	2.6	2.4

Source: Data from ITC Trade Map

TABLE Z

Simulation results for phones & ICs: pre- & post-proposed RTAs

RCEP Members	*Changes in India's imports from:*			
	HS 851712 (Phones)		HS 8542 (ICs)	
	Without RCEP (2022-20)	After joining RCEP	Without RCEP (2022-20)	After joining RCEP
China	219.64	230.30	2142.62	56.88
Australia	0.01	0.00	0.22	0.01
Thailand	3.73	0.00	20.38	-0.26
Japan	25.72	-0.04	114.34	-0.29
Malaysia	33.60	-0.07	11.50	-0.29
Indonesia	2.28	-0.92	4.55	-0.03
Singapore	-19.15	-1.04	695.53	-9.73
South Korea	320.86	-30.54	1381.29	-6.58
Vietnam	9.02	-58.26	93.10	-0.90
Philippines	0.0577	0.0000	38.8668	-0.2654
New Zealand	0.0003	0.0000	0.0529	0.0053
Total	*595.8*	*139.4*	*4502.5*	*38.5*

Members of India-UK & India-EU FTAs	*Changes in India's imports from:*			
	Phones		ICs	
	Without FTA (2022-20)	After joining FTA	Without FTA (2022-20)	After joining FTA
UK	-0.2	0.2	30.1	0.7
EU	7.0	9.6	1002.3	14.8

CPTPP Members	*Changes in India's imports from:*			
	Phones		ICs	
	Without CPTPP (2022-20)	After joining CPTPP	Without RCEP (2022-20)	After joining CPTPP
Canada	-0.02	0.002206	2.62	0.18
Australia	0.01	0.000825	0.22	0.01
Japan	25.72	0	114.34	0.85
Malaysia	33.60	-0.000001	11.50	0.00
Singapore	-19.15	-0.000009	695.53	-0.17
Vietnam	9.02	-0.000458	93.10	-0.02
Mexico	-0.0031		1.91	0.08
New Zealand	0.0003		0.05	0.01
Total	*49.1*	*0.003*	*919.3*	*0.94*

All values are in US$ million; there is no change in imports for semiconductor devices (HS 8541) in simulation models. Here, HS 851712 covers smartphones and all other types of telephones, displays, etc. [pre-FTA change is 2022 value – 2020 value]

Source: Author estimates, WITS trade data and simulation results

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