

# MEXICO

## Country profile and trade aspects

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# I Overview

**Mexico** is officially **United Mexican States**, Country and southern North America. The Rio Grande forms part of its north-eastern border with the U.S. Area: 758,450 sq mi (1,964,375 sq km). Population: (2022 est.) 128,550,000. Capital: Mexico City. More than three-fifths of Mexico's people are mestizos, about one-fifth is American Indians, and the bulk of the rest are of European ancestry. Languages: Spanish (official); more than 50 Indian languages are spoken. Religion: Christianity (predominantly Roman Catholic; also Protestant). Currency: Mexican peso. Mexico has two major peninsulas, the Yucatán in the southeast and Baja California in the northwest. Mexico has a mixed economy based on agriculture, manufacturing and the extraction of petroleum and natural gas. About one-eighth of the land is arable; major crops include corn, wheat, rice, beans, coffee, cotton, fruits, and vegetables. Mexico is the world's largest producer of silver, bismuth, and celestite. It has significant reserves of oil and natural gas. Manufactures include processed foods, chemicals, transport vehicles, and electrical machinery. It is a federal republic with two legislative houses; its head of state and government is the president. Some scholars date human arrival in Mexico to as early as 30,000 to 40,000 years ago, but most believe it was somewhat later. The area produced a string of great early civilizations, including the Olmec, Toltec, and Maya.

Mexico today has a population of over 111 million people, making it the third most populous nation in the Americas after the United States and Brazil. Of these, about 45 million people constitute the Economically Active Population (PEA). About half of all Mexico's workers labor in the underground or informal economy for employers who do not pay taxes, do not pay into the national Social Security system (pensions and the national health system), and do not deal with labor unions.

## II Economic History

Mexico has a developing market economy that is strongly tied to that of the United States, with its major markets and sources of capital. The Mexican economy is one of the more influential in Latin America and has grown rapidly since the 1970s. However, the country's per capita gross domestic product (GDP) remains far below that of the United States. The Mexican economy depends largely on services—including trade, transportation, finance, and government—which account for about two-thirds of GDP. Manufacturing is responsible for about one-fifth of GDP. Although nearly one-fifth of Mexican workers are employed in the agricultural sector, it accounts for only a tiny part of GDP. On the other hand, remittances from Mexican workers abroad, notably in the United States, bring billions of dollars into the economy each year.

For much of the 20th century, Mexico's economy was largely characterized by state-owned and mixed-capital enterprises combined with a highly regulated private sector. The government strictly controlled foreign investment and imports and barred private investors from ownership in many activities, including mining, forestry, insurance, and power production. Semiautonomous state corporations managed the petroleum industry, generated and distributed electricity, ran the banks, operated the railways and airlines, and controlled telecommunications. In addition, the government regulated the prices of many goods and services. However, the country began an enormous economic transformation in the 1980s. The government, following neoliberal economic theory, completely deregulated many industries, dismantled state enterprises, welcomed large amounts of foreign investment, and removed most import restrictions. It partly privatized telecommunications, the energy sector, and the transportation sector, including airlines, railways, and ports. In the mid-1990s the North American Free Trade Agreement (NAFTA) created a free-trade zone between Mexico, the United States, and Canada. Following the election of Donald Trump as U.S. president in 2016, the United States initiated efforts to redefine this trading relationship, and in 2018 Mexico, the United States, and Canada signed the United States–Mexico–Canada Agreement (USMCA), which preserved much of NAFTA but also introduced a number of significant changes to the accord.

### **III The Modern Economy: Macroeconomic Indicators**

In the long-term, the Mexico GDP is projected to trend around 1275.00 USD Billion in 2022 and 1380.00 USD Billion in 2023, according to our econometric models. The gross domestic product (GDP) measures of national income and output for a given country's economy.

The Mexican economy expanded by 4.8 percent in 2021, the strongest growth in 11 years and rebounding from an 8.2 percent contraction in 2020, according to preliminary data.

Mexico is the second largest economy in Latin America. The country has an export-oriented economy: more than 90 percent of trade is under free trade agreements. In Mexico, services account for 62 percent of total GDP. The biggest segments within services are: wholesale and retail trade (16 percent); real estate (10 percent); transport, warehousing and communications (7 percent) and financial services and insurance (6 percent). Industry constitutes 18 percent of output and the largest segments within this sector are: automobile industry (4 percent of total GDP) and food industry (3.8 percent). The remaining share is divided by: construction, water, gas and electricity distribution (8 percent), mining (5 percent), government (4 percent) and agriculture, forestry, fishing and hunting (3 percent).

### **IV Trade Policy**

Mexico's overall economic performance over the last five years has been positive. Between 1997 and 2000, GDP expanded at an annual average rate of 5.2%; Mexican trade in goods grew at an annual average rate of 17.1%, the fastest among WTO's twenty largest single Members, with imports slightly outpacing exports. This has gone hand in hand with considerably increased investment: between 1997 and 2000, private investment grew at a annual average rate of 10.6%. During that period, Mexico attracted some US\$44 billion in foreign direct investment.

The majority of Mexico's trade takes place under preferential rules, with the NAFTA remaining of paramount economic significance. In particular, Mexico's principal trade partner is by far the United States, which in 2000 supplied some 73% of Mexico's imports and attracted about 89% of its exports. That year, Canada was the second largest destination for Mexican products, accounting for some 2% of exports. Outside NAFTA, no individual country absorbed more than 1% of total Mexican exports.

The real significance of Mexico's trade liberalization lies in the fact that it is a catalyst for national development, given that it helps to bring new regions and firms into the fold of international trade. It will thus continue to encourage the creation of more and better jobs and balanced regional development. Mexico is intent on involving more firms in export activities, since experience shows that this is a successful way to boost sales, create better-paid employment and modernize domestic industry. It also opens up possibilities of accessing new markets and quality inputs and creating strategic alliances which promote access to new technologies for the production industry. The 21,477 exporters in Mexico in 1993 had increased by 70 per cent to 36,422 by 2000. However, if the goals of diversifying and boosting the country's penetration in international markets are to be achieved, this figure must reach 70,000 by the end of this term of government.

In the early 1980s, Mexican exports depended almost exclusively on petroleum. Hydrocarbons, the foreign sales of which represented the main source of government revenue, were Mexico's main export product and accounted for 70 per cent of the country's total exports in 1982. The pattern of exports has, however, radically changed. In 2001, 89 per cent of Mexican exports were manufactured goods. Nevertheless, our exports must continue to encompass new products and sectors. Higher domestic value added per unit exported needs to be incorporated if the benefits of the penetration of Mexican products on international markets are to be maximized. The supply of inputs to export firms is one way of promoting the international integration of domestic firms.

### **V Trade Analysis**

While presenting the overview of Mexico's international trade data, this section will particularly focus on Mexico's merchandise trade & the bilateral trade between Mexico and India in details.

## I. Mexico's Imports and Exports

Tables 1.1 to 1.4 show the list of Mexico's top 20 source countries and destination countries for merchandise trade. From tables 1.1 and 1.2, it is manifest that USA, China and Japan, are the top 3 countries accounting for 68% in Mexico's imports of merchandise in 2021. India accounts for 1.17% in Mexico's goods' imports in 2021, with an average hovering around 1.15% from 2017 to 2021.

Table 1.1: Mexico's Imports of Merchandise in billion US dollars

Partner Country	2017	2018	2019	2020	2021	Grand Total
World	420.39	464.29	455.24	382.98	506.57	2229.47
USA	194.98	216.27	206.13	168.20	221.31	1006.89
China	74.15	83.51	83.03	73.51	101.02	415.22
Japan	18.19	18.19	17.96	13.89	17.08	85.30
Rep. of Korea	15.76	16.72	17.64	14.71	18.96	83.79
Germany	16.42	17.76	17.68	13.87	17.21	82.95
Malaysia	7.89	9.39	11.58	10.82	12.39	52.07
Canada	9.77	10.75	9.82	8.32	11.22	49.89
Other Asia, nes	7.44	8.27	9.31	8.76	11.78	45.56
Brazil	5.44	6.51	6.64	5.63	8.72	32.94
Viet Nam	4.62	4.41	6.08	6.60	8.61	30.32
Thailand	5.93	6.36	6.07	5.30	6.49	30.16
Italy	6.16	6.61	6.09	4.84	6.10	29.80
<b>India</b>	<b>5.02</b>	<b>5.23</b>	<b>5.18</b>	<b>4.25</b>	<b>5.92</b>	<b>25.60</b>
Spain	5.00	5.52	4.57	3.76	4.58	23.44
France	4.07	4.39	4.41	3.39	4.11	20.37
Philippines	2.36	2.81	3.13	2.77	3.24	14.31
Netherlands	2.39	2.45	2.15	2.03	2.61	11.63
United Kingdom	2.43	2.42	2.39	1.81	2.09	11.13
Ireland	1.68	1.77	1.82	1.84	1.99	9.10
Austria	1.55	1.90	1.94	1.64	1.89	8.93
Others	29.16	33.05	31.59	27.03	39.23	160.06
<b>Total</b>	<b>840.79</b>	<b>928.59</b>	<b>910.47</b>	<b>765.96</b>	<b>1013.13</b>	<b>4458.94</b>

Source: UN Comtrade database

Table 1.2: Shares (%) of countries in Mexico's Imports of Merchandise

Partner Country	2017	2018	2019	2020	2021	Share (%)
USA	46.38	46.58	45.28	43.92	43.69	45.16
China	17.64	17.99	18.24	19.19	19.94	18.62
Japan	4.33	3.92	3.94	3.63	3.37	3.83
Rep. of Korea	3.75	3.60	3.88	3.84	3.74	3.76
Germany	3.91	3.83	3.88	3.62	3.40	3.72
Malaysia	1.88	2.02	2.54	2.83	2.45	2.34
Canada	2.32	2.32	2.16	2.17	2.22	2.24
Other Asia, nes	1.77	1.78	2.04	2.29	2.32	2.04
Brazil	1.29	1.40	1.46	1.47	1.72	1.48
Viet Nam	1.10	0.95	1.34	1.72	1.70	1.36
Thailand	1.41	1.37	1.33	1.38	1.28	1.35
Italy	1.47	1.42	1.34	1.26	1.20	1.34
<b>India</b>	<b>1.19</b>	<b>1.13</b>	<b>1.14</b>	<b>1.11</b>	<b>1.17</b>	<b>1.15</b>
Spain	1.19	1.19	1.00	0.98	0.90	1.05
France	0.97	0.95	0.97	0.89	0.81	0.91
Philippines	0.56	0.60	0.69	0.72	0.64	0.64
Netherlands	0.57	0.53	0.47	0.53	0.51	0.52
United Kingdom	0.58	0.52	0.52	0.47	0.41	0.50

Ireland	0.40	0.38	0.40	0.48	0.39	0.41
Austria	0.37	0.41	0.43	0.43	0.37	0.40
Others	6.94	7.12	6.94	7.06	7.74	7.18
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: UN Comtrade database

Table 1.3: Mexico's Exports of Merchandise in billion US dollars

Partner Country	2017	2018	2019	2020	2021	Grand Total
World	409.40	450.68	460.60	416.98	494.60	2232.26
USA	327.22	356.89	358.64	330.43	386.09	1759.27
Canada	11.34	14.03	14.26	11.14	12.90	63.66
China	6.69	7.38	6.91	7.79	9.08	37.85
North America and Central America, nes	0.00	1.96	12.70	8.75	13.62	37.02
Germany	6.98	7.07	7.09	6.58	7.43	35.15
Other Asia, nes	0.42	1.76	6.60	4.32	7.49	20.59
Japan	4.02	3.85	3.94	3.62	3.98	19.42
Brazil	3.62	4.37	4.25	3.02	3.47	18.74
Colombia	3.15	3.54	3.50	2.57	3.37	16.13
Rep. of Korea	3.42	3.73	2.21	3.43	3.31	16.10
Spain	4.23	4.67	1.39	1.23	1.43	12.95
United Kingdom	2.26	2.21	2.82	2.62	2.99	12.90
Areas, nes	1.35	1.73	2.04	1.43	5.95	12.49
Netherlands	1.98	2.65	2.11	2.04	2.12	10.91
Guatemala	1.72	1.95	1.98	1.91	2.42	9.99
<b>India</b>	<b>3.44</b>	<b>4.04</b>	<b>0.98</b>	<b>0.77</b>	<b>0.68</b>	<b>9.91</b>
Other Europe, nes	0.00	0.63	3.53	2.08	3.34	9.58
Chile	1.80	2.06	1.59	1.31	1.93	8.70
Belgium	2.00	2.01	1.45	1.37	1.23	8.05
France	1.88	1.76	1.60	1.30	1.31	7.85
Others	21.86	22.39	21.02	19.25	20.47	104.99
<b>Total</b>	<b>818.79</b>	<b>901.37</b>	<b>921.21</b>	<b>833.96</b>	<b>989.19</b>	<b>4464.52</b>

Source: UN Comtrade database

Table 1.4: Shares (%) of countries in Mexico's Exports of Merchandise

Partner Country	2017	2018	2019	2020	2021	Share (%)
USA	79.93	79.19	77.86	79.24	78.06	78.81
Canada	2.77	3.11	3.10	2.67	2.61	2.85
China	1.63	1.64	1.50	1.87	1.84	1.70
North America and Central America, nes	0.00	0.43	2.76	2.10	2.75	1.66
Germany	1.70	1.57	1.54	1.58	1.50	1.57
Other Asia, nes	0.10	0.39	1.43	1.04	1.51	0.92
Japan	0.98	0.85	0.86	0.87	0.80	0.87
Brazil	0.88	0.97	0.92	0.73	0.70	0.84
Colombia	0.77	0.79	0.76	0.62	0.68	0.72
Rep. of Korea	0.84	0.83	0.48	0.82	0.67	0.72
Spain	1.03	1.04	0.30	0.30	0.29	0.58
United Kingdom	0.55	0.49	0.61	0.63	0.60	0.58
Areas, nes	0.33	0.38	0.44	0.34	1.20	0.56
Netherlands	0.48	0.59	0.46	0.49	0.43	0.49
Guatemala	0.42	0.43	0.43	0.46	0.49	0.45

<b>India</b>	<b>0.84</b>	<b>0.90</b>	<b>0.21</b>	<b>0.18</b>	<b>0.14</b>	<b>0.44</b>
Other Europe, nes	0.00	0.14	0.77	0.50	0.68	0.43
Chile	0.44	0.46	0.35	0.32	0.39	0.39
Belgium	0.49	0.44	0.31	0.33	0.25	0.36
France	0.46	0.39	0.35	0.31	0.27	0.35
Others	5.34	4.97	4.56	4.62	4.14	4.70
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: UN Comtrade database

From tables 1.3 and 1.4, it is seen that USA, Canada and China are the top 3 export destinations of Mexico, accounting for about 83% of her exports, As regards, India, the export share is 0.44% from 2017 to 2021.

Using the ITC HS commodity codes, tables 1.5 and 1.6 highlight the top 10 commodities, at the doubledigit aggregation, that comprises Mexico's imports and exports respectively.

*Table 1.5: Shares (%) of top 10 Commodities in Mexico's Imports of Merchandise*

<b>ITC-HS Chapter</b>	<b>Commodity Name</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
HS-85	Electrical, electronic equipment	20.43	20.44	20.82	21.64	19.97
HS-84	Nuclear reactors, boilers, machinery, etc.	16.90	16.68	16.91	17.19	15.62
HS-87	Vehicles other than railway, tramway	9.91	9.27	9.38	8.37	7.73
HS-27	Mineral fuels, oils, distillation products, etc.	8.45	9.98	9.00	6.56	8.50
HS-39	Plastics and articles thereof	5.51	5.45	5.40	5.71	5.87
HS-99	Commodities not elsewhere specified	3.59	3.70	3.94	3.99	4.02
HS-90	Optical, photo, technical, medical, etc. apparatus	3.60	3.29	3.57	4.11	4.08
HS-72	Iron and steel	2.43	2.51	2.36	2.30	3.50
HS-73	Articles of iron or steel	2.23	2.10	2.16	2.15	2.18
HS-29	Organic chemicals	2.08	2.07	1.83	1.95	2.11
	Others	24.88	24.51	24.64	26.04	26.42
	<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: UN Comtrade database

*Table 1.6: Shares (%) of top 10 Commodities in Mexico's Exports of Merchandise*

<b>ITC-HS Chapter</b>	<b>Commodity Name</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
HS-87	Vehicles other than railway, tramway	24.85	25.63	26.33	24.15	23.26
HS-85	Electrical, electronic equipment	19.94	18.18	17.37	17.97	17.62
HS-84	Nuclear reactors, boilers, machinery, etc.	16.09	16.73	17.52	18.09	17.24
HS-27	Mineral fuels, oils, distillation products, etc.	5.55	6.60	5.42	3.99	5.58
HS-90	Optical, photo, technical, medical, etc. apparatus	4.27	4.23	4.32	4.46	4.17
HS-94	Furniture, lighting, signs, prefabricated buildings	2.61	2.35	2.24	2.19	2.24
HS-39	Plastics and articles thereof	2.19	2.12	2.05	2.19	2.31
HS-07	Edible vegetables and certain roots and tubers	1.64	1.56	1.62	2.03	1.74
HS-71	Pearls, precious stones, metals, coins, etc.	1.69	1.49	1.56	1.94	1.88
HS-22	Beverages, spirits and vinegar	1.38	1.49	1.63	1.94	2.02
	Others	19.77	19.62	19.95	21.06	21.95
	<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: UN Comtrade database

The top 5 imported products constitute ‘Electrical, electronic equipment’ (HS-85), ‘Nuclear reactors, boilers, machinery, etc.’ (HS-84), ‘Vehicles other than railway, tramway’ (HS-87), ‘Mineral fuels, oils, distillation products, etc.’ (HS-27) and ‘Plastics and articles thereof’ (HS-30) (from table 1.5).

On the other hand, the dominant export basket constitutes categories such as ‘Vehicles other than railway, tramway’ (HS-87), ‘Electrical, electronic equipment’ (HS-85), ‘Nuclear reactors, boilers, machinery, etc.’ (HS-84), ‘Mineral fuels, oils, distillation products, etc.’ (HS-27) and ‘Optical, photo, technical, medical, etc. apparatus’ (HS-90) (from table 1.6).

The following commodities dominate both the export and import baskets in Mexico’s international trade.

HS-85 Electrical, electronic equipment

HS-84 Nuclear reactors, boilers, machinery, etc.

HS-87 Vehicles other than railway, tramway

HS-27 Mineral fuels, oils, distillation products, etc.

HS-39 Plastics and articles thereof

HS-90 Optical, photo, technical, medical, etc. apparatus

## 2. Export Trade Intensity Index

Export Trade Intensity Index (ETII) of a country (here, India) with respect to an importing country (here, Mexico) is the share of the exporting country’s merchandise going to that particular importing country divided by the share of world exports going to that importing country. In other words, it is the importance of that importing country as a destination for the exporting country’s merchandise outflow, as compared to the importance that importing country enjoys as a destination of world exports. But algebraically, it is equal to the exporting country’s share in the importer’s market as compared to the importing country’s market share in the world market<sup>2</sup>.

Table 2.1, which states the ETII of BRICS countries and USA with respect to Mexico, shows that the ETII value is extremely high with respect to South Africa and Brazil followed by USA, **implying stronger trade ties among Mexico, South Africa, USA & Brazil.**

Table 2.1: Export Intensity Indices (ETIIs) of BRICS Countries and USA w.r.t. Mexico

Countries	2016	2017	2018	2019	2020
South Africa	2.76	2.46	2.35	2.79	2.85
USA	1.26	1.14	1.23	1.28	1.27
Brazil	0.99	0.93	1.14	1.33	1.39
Russia	0.65	0.45	0.49	0.68	0.56
China	0.35	0.42	0.56	0.56	0.68
India	0.51	0.49	0.50	0.47	0.52

Source: UN Comtrade database

Elaborating on the ETII, table 2.2 shows the disaggregated value of this index for India with respect to Mexico. The index is calculated for each of the 2-digit ITC HS commodity codes and a higher value, greater than 1, represents that the Indian exports, of those specific chapters, to Mexico are relatively performing better than the world averages.



Table 2.2: ITC-HS Chapter-wise Export Intensity Indices for India w.r.t Mexico in 2020

ITCHS Chapter	Trade Intensity Index (TII)	ITCHS Chapter	Trade Intensity Index (TII)	ITCHS Chapter	Trade Intensity Index (TII)	ITCHS Chapter	Trade Intensity Index (TII)
75	<b>5.47</b>	38	0.46	12	0.17	80	0.00
87	<b>4.10</b>	82	0.45	56	0.15	1	0.00
69	<b>2.25</b>	63	0.41	18	0.14	2	0.00
43	<b>1.99</b>	68	0.40	46	0.13	3	0.00
50	<b>1.97</b>	34	0.36	65	0.13	4	0.00
86	<b>1.92</b>	73	0.35	36	0.11	5	0.00
70	<b>1.67</b>	54	0.34	79	0.10	6	0.00
29	<b>1.07</b>	13	0.33	41	0.08	7	0.00
62	<b>1.02</b>	19	0.33	97	0.08	8	0.00
59	0.98	39	0.32	25	0.06	9	0.00
64	0.92	84	0.30	71	0.06	16	0.00
55	0.87	49	0.29	35	0.05	22	0.00
32	0.80	33	0.29	20	0.04	24	0.00
30	0.75	42	0.29	31	0.04	47	0.00
37	0.74	90	0.25	58	0.04	51	0.00
96	0.73	52	0.25	60	0.01	66	0.00
53	0.69	92	0.24	26	0.01	78	0.00
15	0.64	83	0.23	21	0.01	89	0.00
61	0.63	88	0.23	14	0.01	93	0.00
76	0.62	91	0.22	11	0.01		
81	0.60	74	0.22	10	0.00		
44	0.58	28	0.20	67	0.00		
94	0.57	57	0.20	45	0.00		
95	0.48	48	0.19	27	0.00		
40	0.47	72	0.19	99	0.00		
85	0.47	23	0.18	17	0.00		

Source: UN Comtrade database

In Table 2.2, the chapters are arranged in order of magnitude from largest to smallest values of ETII. From the above table, it is clear that there are several chapters which have an index value greater than 1 which are as under:

- HS-75 Nickel and articles thereof
- HS-87 Vehicles other than railway, tramway
- HS-69 Ceramic products
- HS-43 Furskins and artificial fur, manufactures thereof
- HS-50 Silk
- HS-86 Railway, tramway locomotives, rolling stock, equipment
- HS-70 Glass and glassware
- HS-29 Organic chemicals
- HS-62 Articles of apparel, accessories, not knit or crochet

### 3. Trade Complementarity Index

The ITC-HS chapters identified in the previous section is only a shortlist, for it narrates half the story. Trade takes place when there is a complementarity of demand and supply, in the present case, between the demand of Mexico and the supply of India. The Trade Complementarity Index (TCI) is a measure of this match, and the value of the index between Indian exports and Mexico imports in 2020 stood at 0.36, which is less than the chain/average index between Indian exports and world imports at 0.42. Hence, the Relative Trade Complementarity Index is 0.87, meaning that India's exports have less complementarity with Mexico imports than with world imports.<sup>3</sup>

TCI is computed by taking the shares of each commodity (here, at the ITC-HS 6-digit level) in the export basket of India, and then the corresponding shares of these commodities in the import basket of Mexico, calculating the absolute value of the difference between the two for each 6-digit level commodity, summing the differences up, dividing the sum by 2, and subtracting what we get from 1. So, the differences in the shares are the major determinants.

*Table 3.1: Trade Complementarity Index (including Relative) between India and Mexico*

	2016	2017	2018	2019	2020
<b>TCI Between India and Mexico<sup>4</sup></b>	0.29	0.31	0.32	0.32	0.31
<b>TCI Between India<sup>5</sup> and World</b>	0.38	0.40	0.41	0.39	0.42
<b>RTCPI<sup>6</sup></b>	0.76	0.77	0.78	0.83	0.75

Source: UN Comtrade database

3 See RTCI in Appendix D.

4 Trade Complementarity Index between India and Mexico.

5 Trade Complementarity Index between India and World.

6 Relative Trade Complementarity Index between India and Mexico.

*Table 3.2: Trade Complementarity Index (including Relative) between selected countries (largest exporters to Mexico) and Mexico in 2020.*

<b>Countries</b>	<b>TCI</b>	<b>TCIW</b>	<b>RTCI</b>
USA	0.61	0.69	0.88
Canada	0.40	0.52	0.78
Germany	0.52	0.62	0.83
China	0.45	0.54	0.82
Other Asia, nes	0.40	0.41	↑ 0.96
Brazil	0.19	0.34	0.56
Japan	0.47	0.49	↑ 0.97
Colombia	0.15	0.28	0.52
U K	0.39	0.58	0.66

*Source: UN Comtrade database*

From table 3.2, we see that Other Asia, nes and Japan good trade complementarity with Mexico (RCTI nearing/exceeding 1). For India, the differences at the individual ITC-HS 2-digit level are examined to find out at which products the complementarities lie and there is a greater match between demand (imports) and supply (exports).

The ITC-HS 2-digit code-wise composition of Indian exports and Mexico imports is given in table 3.3 below.

Table 3.3: Composition of India's Exports and Mexico's Imports in 2019 (ITC-HS chapter-wise)

ITC-HS Chapter	India		Mexico	
	Exports(Bn \$)	Share of Chapters (%)	Imports(Bn \$)	Share of Chapters (%)
HS-01	0.01	0.00	0.16	0.04
HS-02	3.11	1.13	3.54	0.93
HS-03	5.15	1.87	0.52	0.14
HS-04	0.32	0.12	1.87	0.49
HS-05	0.10	0.04	0.23	0.06
HS-06	0.07	0.03	0.14	0.04
HS-07	1.22	0.44	0.58	0.15
HS-08	1.31	0.48	1.15	0.30
HS-09	3.66	1.33	0.29	0.08
HS-10	8.67	3.15	4.88	1.27
HS-11	0.38	0.14	0.66	0.17
HS-12	1.82	0.66	3.60	0.94
HS-13	0.72	0.26	0.15	0.04
HS-14	0.04	0.02	0.01	0.00
HS-15	1.41	0.51	1.25	0.33
HS-16	0.60	0.22	0.44	0.12
HS-17	2.76	1.00	0.76	0.20
HS-18	0.14	0.05	0.44	0.12
HS-19	0.57	0.21	0.69	0.18
HS-20	0.68	0.25	0.77	0.20
HS-21	0.86	0.31	1.45	0.38
HS-22	0.33	0.12	0.88	0.23
HS-23	1.47	0.54	1.60	0.42
HS-24	0.85	0.31	0.08	0.02
HS-25	1.84	0.67	0.60	0.16
HS-26	4.21	1.53	1.71	0.45
HS-27	27.63	10.03	25.11	6.56
HS-28	1.61	0.59	2.73	0.71
HS-29	17.43	6.33	7.46	1.95
HS-30	18.43	6.69	4.99	1.30
HS-31	0.12	0.04	1.45	0.38
HS-32	2.92	1.06	2.22	0.58
HS-33	1.84	0.67	3.10	0.81
HS-34	0.67	0.24	0.94	0.25
HS-35	0.23	0.08	0.89	0.23
HS-36	0.12	0.04	0.14	0.04
HS-37	0.01	0.00	0.15	0.04
HS-38	4.89	1.77	5.76	1.51
HS-39	6.60	2.40	21.87	5.71
HS-40	2.98	1.08	5.61	1.47
HS-41	0.37	0.14	0.54	0.14

HS-42	1.86	0.67	0.69	0.18
HS-43	0.01	0.00	0.00	0.00
HS-44	0.42	0.15	1.47	0.38
HS-45	0.00	0.00	0.04	0.01
HS-46	0.04	0.02	0.01	0.00
HS-47	0.01	0.00	0.87	0.23
HS-48	1.75	0.64	5.05	1.32
HS-49	0.25	0.09	0.57	0.15
HS-50	0.08	0.03	0.00	0.00
HS-51	0.10	0.04	0.03	0.01
HS-52	5.81	2.11	0.51	0.13
HS-53	0.48	0.17	0.04	0.01
HS-54	1.63	0.59	0.83	0.22
HS-55	1.28	0.46	0.52	0.14
HS-56	0.45	0.16	0.80	0.21
HS-57	1.69	0.61	0.15	0.04
HS-58	0.32	0.12	0.28	0.07
HS-59	0.33	0.12	0.85	0.22
HS-60	0.44	0.16	0.49	0.13
HS-61	6.12	2.22	1.76	0.46
HS-62	6.10	2.22	1.28	0.33
HS-63	4.77	1.73	1.13	0.29
HS-64	1.92	0.70	0.87	0.23
HS-65	0.06	0.02	0.13	0.03
HS-66	0.00	0.00	0.03	0.01
HS-67	0.31	0.11	0.04	0.01
HS-68	1.70	0.62	0.68	0.18
HS-69	2.00	0.73	0.68	0.18
HS-70	0.76	0.28	1.38	0.36
HS-71	24.46	8.88	0.67	0.18
HS-72	10.63	3.86	8.80	2.30
HS-73	6.25	2.27	8.22	2.15
HS-74	1.05	0.38	2.70	0.71
HS-75	0.05	0.02	0.28	0.07
HS-76	5.29	1.92	5.86	1.53
HS-78	0.34	0.12	0.04	0.01
HS-79	0.70	0.26	0.16	0.04
HS-80	0.01	0.00	0.12	0.03
HS-81	0.04	0.02	0.31	0.08
HS-82	0.78	0.28	1.98	0.52
HS-83	0.61	0.22	2.35	0.61
HS-84	17.97	6.52	65.85	17.20
HS-85	13.46	4.89	82.87	21.65
HS-86	0.11	0.04	0.66	0.17
HS-87	13.00	4.72	32.07	8.38
HS-88	1.22	0.44	0.16	0.04
HS-89	4.39	1.59	0.05	0.01

HS-90	3.10	1.13	15.74	4.11
HS-91	0.07	0.03	0.25	0.07
HS-92	0.02	0.01	0.05	0.01
HS-93	0.22	0.08	0.04	0.01
HS-94	1.81	0.66	3.02	0.79
HS-95	0.38	0.14	1.95	0.51
HS-96	0.51	0.19	0.86	0.22
HS-97	0.05	0.02	0.03	0.01
HS-99	0.10	0.04	15.27	3.99
<b>Total</b>	<b>275.49</b>	<b>100</b>	<b>382.82</b>	<b>100</b>

Source: UN Comtrade database

Complementarity in respect of a particular commodity group (here, ITC-HS two-digit level code) implies that India's exports of the commodity (to the world) is substantial, and so is Mexico's imports of the commodity (from the world). As it is required to identify the sectors (ITC-HS 2-digit chapters) which have contributed most to the low level of complementarity, the absolute difference in shares – between the share in Indian exports and the share in Mexico's imports – for each 2-digit code may be computed. Table 3.4 below shows the twenty 2-digit codes which have seen the highest differences. This will be of interest to framers of policy for aligning India's exports to Mexico's imports to enhance trade complementarity between the two countries.

*Table 3.4: Top Twenty Chapters with highest absolute difference in shares in % (in Indian exports and Mexico's imports in 2020)*

ITC-HS Chapter	Commodity Description	Absolute Value of Difference in Shares (%)	Higher Share in
HS-85	Electrical, electronic equipment	16.76	Mexico Imports
HS-84	Nuclear reactors, boilers, machinery, etc.	10.68	Mexico Imports
HS-71	Pearls, precious stones, metals, coins, etc.	8.70	Indian Exports
HS-30	Pharmaceutical products	5.38	Indian Exports
HS-29	Organic chemicals	4.38	Indian Exports
HS-87	Vehicles other than railway, tramway	3.66	Mexico Imports
HS-27	Mineral fuels, oils, distillation products, etc.	3.47	Indian Exports
HS-39	Plastics and articles thereof	3.32	Mexico Imports
HS-52	Cotton	1.97	Indian Exports
HS-62	Articles of apparel, accessories, not knit or crochet	1.88	Indian Exports
HS-10	Cereals	1.87	Indian Exports
HS-61	Articles of apparel, accessories, knit or crochet	1.76	Indian Exports
HS-03	Fish, crustaceans, molluscs, aquatic invertebrates nes	1.73	Indian Exports
HS-89	Ships, boats and other floating structures	1.58	Indian Exports
HS-72	Iron and steel	1.56	Indian Exports
HS-63	Other made textile articles, sets, worn clothing etc.	1.44	Indian Exports
HS-26	Ores, slag and ash	1.08	Indian Exports
HS-76	Aluminium and articles thereof	0.39	Indian Exports
HS-38	Miscellaneous chemical products	0.27	Indian Exports
HS-73	Articles of iron or steel	0.12	Indian Exports

Source: UN Comtrade database

From table 3.4, it is found that Electrical, electronic equipment(HS-85), Nuclear reactors, boilers,machinery, etc.(HS-84), Vehicles other than railway, tramway(HS-87)and Plastics and articles thereof(HS-39)arethe ITC-HS chapters where India may need to enhance export production to match import demandfor Mexico.

#### 4. RCA and RCII

The earlier approach was one way of looking at things. Another way involves the use of information regarding sectors which have a relative importance, in terms of value, in India's exports (relative to the importance in world exports), and which enjoy a similar relative importance in Mexico's imports. The first is known as Revealed Comparative Advantage (RCA) and the second Revealed Comparative Import Inclination (RCII). RCA index for a commodity (or commodity group) exported from India is higher than 1 if its importance is more in India's exports than in world exports, and vice versa. Similarly, RCII index for Mexico's imports for a commodity (or commodity group) imported to Mexico is higher than 1 if its importance is more in Mexico's imports than in world imports, and vice versa. Hence, those sectors – we analyse at the ITC-HS two-digit code level – which have both RCA for India and RCII for Mexico higher than 1 are the sectors which India's exports and Mexico's imports to an extent more than overall world trends warrant. Hence these are the sectors which are expected to see substantial Indian exports to Mexico. Tables 4.1 and 4.2 shows values of RCA for Indian exports and of RCII for Mexico's imports for 2020. Those chapters for which the values are above 1 are in red

Table 4.1: RCA of Indian exports in 2020 – ITC-HS chapter-wise

ITC-HS Chapter	RCA Between Countries	ITC-HS Chapter	RCA Between Countries	ITC-HS Chapter	RCA Between Countries	ITC-HS Chapter	RCA Between Countries
52	8.70	68	2.04	33	0.75	81	0.19
53	8.05	36	1.82	39	0.72	80	0.16
57	7.44	41	1.61	48	0.69	22	0.16
13	5.42	42	1.53	20	0.68	75	0.15
10	4.83	30	1.47	70	0.67	31	0.15
17	4.36	73	1.40	96	0.65	97	0.14
50	4.34	38	1.36	21	0.64	43	0.14
78	3.87	27	1.36	34	0.63	91	0.11
79	3.14	24	1.28	87	0.62	45	0.09
25	3.11	26	1.25	83	0.57	66	0.06
55	2.86	23	1.22	84	0.52	37	0.05
29	2.86	11	1.18	49	0.47	99	0.02
63	2.75	12	1.17	74	0.46	47	0.02
54	2.69	46	1.12	94	0.45		
89	2.45	40	1.10	65	0.43		
14	2.39	64	1.03	35	0.42		
71	2.34	56	0.97	19	0.42		
32	2.31	15	0.96	85	0.32		
72	2.23	60	0.95	90	0.31		
61	2.17	59	0.93	88	0.31		
76	2.17	28	0.92	92	0.22		
69	2.16	93	0.81	18	0.21		
62	2.14	82	0.79	44	0.21		
58	2.12	16	0.76	86	0.20		
67	2.06	51	0.76	95	0.20		

Source: UN Comtrade database

Table 4.2: RCII of Mexico's imports in 2020 – ITC-HS chapter-wise

ITC-HS Chapter	RCII	ITC-HS Chapter	RCII	ITC-HS Chapter	RCII	ITC-HS Chapter	RCII
99	<b>2.71</b>	54	<b>1.14</b>	94	0.58	62	0.28
10	<b>2.12</b>	38	<b>1.11</b>	65	0.58	26	0.28
59	<b>1.95</b>	31	<b>1.07</b>	25	0.57	91	0.26
11	<b>1.76</b>	28	<b>1.04</b>	20	0.57	51	0.17
39	<b>1.68</b>	45	<b>1.04</b>	15	0.56	93	0.16
83	<b>1.63</b>	33	0.99	57	0.53	46	0.14
41	<b>1.61</b>	60	0.92	53	0.51	24	0.10
76	<b>1.59</b>	17	0.90	37	0.50	97	0.07
58	<b>1.55</b>	47	0.87	44	0.49	89	0.04
48	<b>1.55</b>	70	0.87	79	0.47	71	0.04
36	<b>1.54</b>	23	0.85	75	0.47	88	0.04
82	<b>1.47</b>	55	0.85	42	0.45	50	0.04
12	<b>1.43</b>	96	0.84	19	0.42	43	0.03
40	<b>1.41</b>	21	0.82	66	0.42		
73	<b>1.39</b>	74	0.81	16	0.42		
56	<b>1.38</b>	13	0.80	61	0.39		
84	<b>1.38</b>	29	0.78	18	0.38		
32	<b>1.27</b>	49	0.74	63	0.36		
85	<b>1.27</b>	69	0.72	22	0.35		
35	<b>1.26</b>	81	0.72	92	0.33		
72	<b>1.24</b>	52	0.70	67	0.32		
87	<b>1.16</b>	95	0.70	78	0.32		
90	<b>1.15</b>	34	0.68	30	0.31		
86	<b>1.15</b>	27	0.67	64	0.31		
80	<b>1.14</b>	68	0.66	14	0.29		

Source: UN Comtrade database

Policymakers' focus should be to zero in on commodity groups for which RCA of Indian exports >1 and RCII of Mexico imports >1 as these commodity groups have good potential for bilateral trade between India and Mexico with India having a relatively superlative standing in production/supply of these commodities, which then have a larger than average import demand in Mexico. These commodities should be the intersection set of ITC-HS chapters with RCA >1 in Table 4.1 and RCII >1 in Table 4.2. These commodities with their associated commodity descriptions are:

ITC-HS 10 Cereals

ITC-HS 54 Manmade filaments

ITC-HS 32 Tanning, dyeing extracts, tannins, derivs, pigments etc.

ITC-HS 72 Iron and steel

ITC-HS 76 Aluminium and articles thereof

ITC-HS 58 Special woven or tufted fabric, lace, tapestry etc.

ITC-HS 36 Explosives, pyrotechnics, matches, pyrophorics, etc.

ITC-HS 41 Raw hides and skins (other than furskins) and leather

ITC-HS 73 Articles of iron or steel

ITC-HS 38 Miscellaneous chemical products

ITC-HS 11 Milling products, malt, starches, inulin, wheat gluten

ITC-HS 12 Oil seed, oleagic fruits, grain, seed, fruit, etc., nes

ITC-HS 40 Rubber and articles thereof

Table 4.3: RCA of Indian exports to Mexico in 2020 – ITC-HS chapter-wise

ITC-HS Chapter	RCA Between Countries	ITC-HS Chapter	RCA Between Countries	ITC-HS Chapter	RCA Between Countries	ITC-HS Chapter	RCA Between Countries
87	<b>8.70</b>	15	0.67	57	0.24	27	0.00
75	<b>7.04</b>	62	0.65	41	0.22	99	0.00
59	<b>5.02</b>	64	0.57	65	0.20	17	0.00
86	<b>3.77</b>	53	0.57	50	0.18	80	0.00
69	<b>2.78</b>	90	0.57	19	0.18		
70	<b>2.44</b>	61	0.54	92	0.16		
76	<b>1.80</b>	44	0.53	35	0.14		
32	<b>1.77</b>	33	0.52	18	0.13		
29	<b>1.58</b>	48	0.49	58	0.13		
55	<b>1.46</b>	68	0.49	91	0.12		
85	<b>1.25</b>	12	0.47	79	0.10		
40	<b>1.23</b>	72	0.47	31	0.07		
82	<b>1.16</b>	30	0.47	25	0.07		
96	<b>1.14</b>	34	0.45	46	0.07		
81	<b>1.10</b>	56	0.45	20	0.04		
38	0.99	63	0.43	97	0.04		
39	0.94	43	0.43	60	0.02		
84	0.83	49	0.41	11	0.02		
73	0.83	74	0.37	21	0.01		
13	0.83	88	0.36	10	0.01		
95	0.81	28	0.36	26	0.01		
37	0.72	23	0.30	14	0.01		
94	0.70	42	0.28	45	0.01		
54	0.68	52	0.27	71	0.01		
83	0.68	36	0.25	67	0.00		

Source: UN Comtrade database

It can be established that if, for a particular commodity, RCA for India and RCII for Mexico are both > 1, it can be expected that RCII for that commodity in Mexico's imports from India will be > 1. If this is not the case, the reasons thereof need to be investigated, and appropriate policy measures taken. Actually it implies that the importers of Mexico are not importing the particular commodity in sufficient amount (in value terms) while importing from India. It is not necessarily that they are averse to buying from India in general, they may very well purchase other commodities from India, but – for some



reason – not this particular product. Policies designed to make these products from India attractive to Mexico’s importers need to be adopted

*Table 4.4: RCII of Mexico’s imports from India in 2020 – ITC-HS chapter-wise*

ITC-HS Chapter	RCII	ITC-HS Chapter	RCII	ITC-HS Chapter	RCII	ITC-HS Chapter	RCII
99	<b>7.23</b>	53	<b>0.74</b>	23	0.30	10	0.02
87	<b>6.39</b>	95	<b>0.67</b>	36	0.27	11	0.02
86	<b>3.59</b>	62	<b>0.66</b>	52	0.27	26	0.01
70	<b>2.74</b>	61	<b>0.62</b>	19	0.26	97	0.01
75	<b>2.57</b>	92	<b>0.58</b>	37	0.25	51	0.01
96	<b>2.49</b>	74	0.57	13	0.25	17	0.01
69	<b>2.45</b>	89	0.56	57	0.23	27	0.00
32	<b>1.58</b>	49	0.54	45	0.23	78	0.00
84	<b>1.53</b>	44	0.51	14	0.20	22	0.00
90	<b>1.46</b>	41	0.50	56	0.19	88	0.00
55	<b>1.43</b>	28	0.49	60	0.18		
82	<b>1.42</b>	33	0.49	66	0.18		
85	<b>1.32</b>	30	0.48	65	0.17		
29	<b>1.20</b>	68	0.47	21	0.17		
76	<b>1.16</b>	94	0.43	91	0.17		
38	<b>1.13</b>	58	0.41	71	0.16		
40	<b>1.01</b>	34	0.40	46	0.16		
12	<b>1.00</b>	31	0.40	79	0.15		
83	<b>0.97</b>	48	0.39	18	0.10		
39	<b>0.91</b>	64	0.38	16	0.09		
81	<b>0.88</b>	63	0.37	80	0.09		
43	<b>0.84</b>	72	0.36	25	0.05		
73	<b>0.83</b>	35	0.34	67	0.04		
54	<b>0.82</b>	42	0.30	50	0.04		
15	<b>0.78</b>	59	0.30	20	0.03		

Source: UN Comtrade database

Delving deeper in tables 4.3 and 4.4, we find that Twenty Seven ITC-HS chapters have both RCA of Indian exports to Mexico in 2020 and RCII of Mexico's imports from India in 2020 greater than 1. These chapters are:

- ITC-HS 87 Vehicles other than railway, tramway
- ITC-HS 75 Nickel and articles thereof
- ITC-HS 86 Railway, tramway locomotives, rolling stock, equipment
- ITC-HS 69 Ceramic products
- ITC-HS 70 Glass and glassware
- ITC-HS 76 Aluminium and articles thereof
- ITC-HS 32 Tanning, dyeing extracts, tannins, derivs, pigments etc.
- ITC-HS 29 Organic chemicals
- ITC-HS 55 Manmade staple fibres
- ITC-HS 85 Electrical, electronic equipment
- ITC-HS 40 Rubber and articles thereof
- ITC-HS 82 Tools, implements, cutlery, etc. of base metal
- ITC-HS 96 Miscellaneous manufactured articles
- ITC-HS 81 Other base metals, cermets, articles thereof

This was a sector-wise analysis, and the policies to be adopted need to address the sector at large. There may be, in a particular chapter, 6-digit commodities which may satisfy the conditions satisfied by the chapter as a whole, and there may many which do not. There may even be occasions wherein no 6-digit commodity of a particular chapter individually satisfies the conditions but the chapter as a whole does. This may be because RCA and RCII of some commodities in India's exports to Mexico < 1 (which brings down the RCA and RCII of the chapter as a whole), but their RCAs in case of India's exports (to the whole world) or their RCII in case of Mexico's imports (from the whole world) may also be < 1. In case of other commodities of the same chapter, both may be > 1. On the other hand, a chapter as a whole may not satisfy the conditions, but some 6-digit commodities included in it may. So, ITC-HS 6-digit code-wise analysis is more relevant, because the greater granularity permits better focusing of policy measures. The list of chapters may not be consistent with the list of ITC-HS six-digit commodities, because of the reasons mentioned above. The analytical framework elaborated above, with chapters as the basis, was mainly for the purpose of elucidation of the methodology adopted, but also for giving a sector-wise status. But for policy formulation, the analysis with the highest possible granularity is the best option. Hence, it will be most expeditious to consider the ITC-HS six-digit commodities which emerge, as the candidates for the policies mentioned above, when the methodology set out above is employed at the 6-digit level. This list is given in Appendix B

So much for product-specific policies. Market (i.e. destination) specific policies need to be taken, too. If India has a market share in the world, for commodity P (say s), which is greater than India's overall market share (for all commodities) in the world (say t), there is no reason to expect that India's market share for P in Mexico, say g < s. g can be < s only when, for some reason, Mexico imports P, but not sufficiently from India. In such cases, market or destination-specific promotional policies will be needed. The same will be true when Mexico's share in India's export of P falls below Mexico's share in total world imports of P. When both coincide, there is an even stronger case for adoption of the market-specific promotional policies. Appendix C shows the list of such commodities in case of India's exports to Mexico. For commodities appearing in both the lists – in Appendix B and Appendix C, both product-oriented and market-oriented promotional policies are required to be adopted

## 5. Export Concentration

The standard measure of concentration of exports over a range of commodities is the Hirschman-Herfindahl Index (HHI), which is the sum of the squares of the shares of the commodities (in terms of value) in the export basket.<sup>7</sup> The index has been calculated over all ITC-HS six-digit commodities, the highest level of granularity allowed by comparable international data. The index is more meaningful the more granular the data.

In case of Mexico's exports to World, table 5.1 shows that the value of the index, between 2016 and 2020, averages around 0.29. It may be noted that the index for India's exports to the world at 0.13 (average).

*Table 5.1: Hirschman-Herfindahl Index for India to the World and for Mexico to the World*

<b>Year</b>	<b>Mexico-World HHI</b>	<b>India-World HHI</b>
2016	0.11	0.13
2017	0.12	0.13
2018	0.13	0.15
2019	0.15	0.14

2020	0.15	0.12
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Source: UN Comtrade database

## 6. Intra-Industry Trade

Intra-industry trade is of importance as it can increase and expand markets. The standard indicator is the Index of Intra-industry Trade (IIT). The index can be calculated within individual sectors as well. Intra-industry trade is generally high in case of the manufacturing sector. An increase in IIT may signify a maturing of this sector, and hence, a regular monitoring of this index may be useful.

Intra-industry trade is a common world-wide phenomenon – export and import of the commodities produced by the same industry or sector. The degree to which this occurs is generally measured by the Grubel-Lloyd Index, which is the difference between the exports of the particular sector to a partner country and imports of the products of the same sector from the same partner, divided by the sum of these two, and whole thing obtained subtracted from 1.<sup>8</sup>

In the present case, the Grubel-Lloyd Index values (computed on exports from India to Mexico and imports from Mexico to India) in Table 6.1 show that, in 2020, in case of agricultural products and processed farm products, intra-industry trade between India and Mexico is very low, no commodity satisfies the IIT's condition. That is, the value from ITC HS-01 to HS-24 is only one HS Code more than 0.7, which is Sugars and sugar confectionery (HS-17)

*Table 6.1: Grubel-Lloyd Index for India and Mexico in 2020 – Agricultural and Related Products (Chapters 01-24)*

ITC-HS Chapter	Commodity Name	Grubel Lloyd Index
HS-01	Live animals	
HS-02	Meat and edible meat offal	
HS-03	Fish, crustaceans, molluscs, aquatic invertebrates nes	
HS-04	Dairy products, eggs, honey, edible animal product nes	
HS-05	Products of animal origin, nes	
HS-06	Live trees, plants, bulbs, roots, cut flowers etc.	
HS-07	Edible vegetables and certain roots and tubers	
HS-08	Edible fruit, nuts, peel of citrus fruit, melons	
HS-09	Coffee, tea, mate and spices	
HS-10	Cereals	0.00
HS-11	Milling products, malt, starches, inulin, wheat gluten	0.01
HS-12	Oil seed, oleagic fruits, grain, seed, fruit, etc., nes	0.08
HS-13	Lac, gums, resins, vegetable saps and extracts nes	0.06
HS-14	Vegetable plaiting materials, vegetable products nes	
HS-15	Animal, vegetable fats and oils, cleavage products, etc.	0.00
HS-16	Meat, fish and seafood food preparations nes	
<b>HS-17</b>	<b>Sugars and sugar confectionery</b>	<b>1.00</b>
HS-18	Cocoa and cocoa preparations	0.23
HS-19	Cereal, flour, starch, milk preparations and products	0.00
HS-20	Vegetable, fruit, nut, etc. food preparations	0.15
HS-21	Miscellaneous edible preparations	0.15
HS-22	Beverages, spirits and vinegar	
HS-23	Residues, wastes of food industry, animal fodder	0.10
HS-24	Tobacco and manufactured tobacco substitutes	

Source: UN Comtrade database

For ores and minerals as is shown in table 6.2, IIT is tremendously high degree for HS-25 (Salt, sulphur, earth, stone, plaster, lime and cement).

*Table 6.2: Grubel-Lloyd Index for India and Mexico in 2020 – Mineral Products (Chapters 25-27)*

ITC-HS Chapter	Commodity Name	Grubel Lloyd Index
<b>HS-25</b>	<b>Salt, sulphur, earth, stone, plaster, lime and cement</b>	<b>0.85</b>
HS-26	Ores, slag and ash	0.36
HS-27	Mineral fuels, oils, distillation products, etc.	0.00

Source: UN Comtrade database

In chemicals and chemical-based industries shown in Table 6.3 below. For HS-28 (Inorganic chemicals, precious metal compound, isotopes), IIT is extremely high (0.99), HS-31 (Fertilizers), IIT is significantly high (0.82), HS-32 (Tanning, dyeing extracts, tannins, derivs,pigments etc.), IIT is high (0.77) and HS-39 (Plastics and articles thereof), IIT is significantly high (0.80).

*Table 6.3: Grubel-Lloyd Index for India and Mexico in 2020 – Products of Chemical or Allied Industries (Chapters 28-40)*

ITC-HS Chapter	Commodity Name	Grubel Lloyd Index
<b>HS-28</b>	<b>Inorganic chemicals, precious metal compound, isotopes</b>	<b>0.99</b>
HS-29	Organic chemicals	0.33
HS-30	Pharmaceutical products	0.02
<b>HS-31</b>	<b>Fertilizers</b>	<b>0.82</b>
<b>HS-32</b>	<b>Tanning, dyeing extracts, tannins, derivs,pigments etc.</b>	<b>0.77</b>
HS-33	Essential oils, perfumes, cosmetics, toileteries	0.07
HS-34	Soaps, lubricants, waxes, candles, modelling pastes	0.15
HS-35	Albuminoids, modified starches, glues, enzymes	0.58
HS-36	Explosives, pyrotechnics, matches, pyrophorics, etc.	
HS-37	Photographic or cinematographic goods	0.45
HS-38	Miscellaneous chemical products	0.09
<b>HS-39</b>	<b>Plastics and articles thereof</b>	<b>0.80</b>
HS-40	Rubber and articles thereof	0.10

Source: UN Comtrade database

Table 6.4 shows below, the intra-industry trade is low except for Chapter-41(Raw hides and skins (other than furskins) and leather) which has a high degree of the IIT, with value 0.73, Chapter-44 (Wood and articles of wood, wood charcoal) which has a high degree of IIT, with value 0.84 and Chapter-49 (Printed books, newspapers, pictures etc.) which has a high degree of IIT, with value 0.79.

*Table 6.4: Grubel-Lloyd Index for India and Mexico in 2020 – Leather, Wood and Paper (Chapters 41-49)*

ITC-HS Chapter	Commodity Name	Grubel Lloyd Index
<b>HS-41</b>	<b>Raw hides and skins (other than furskins) and leather</b>	<b>0.73</b>
HS-42	Articles of leather, animal gut, harness, travel goods	0.00
HS-43	Furskins and artificial fur, manufactures thereof	
<b>HS-44</b>	<b>Wood and articles of wood, wood charcoal</b>	<b>0.84</b>
HS-45	Cork and articles of cork	
HS-46	Manufactures of plaiting material, basketwork, etc..	
HS-47	Pulp of wood, fibrous cellulosic material, waste etc.	
HS-48	Paper & paperboard, articles of pulp, paper and board	0.01

<b>HS-49</b>	<b>Printed books, newspapers, pictures etc.</b>	<b>0.79</b>
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Source: UN Comtrade database

The group comprising textiles and clothing, shown in Table 6.5, the intra industry trade is low except for Chapter-52(Cotton) which has a high degree of intra industry trade, with value 0.94.

Table 6.5: Grubel-Lloyd Index for India and Mexico in 2020 – Textiles, Textile Articles, Footwear and Headgear (Chapters 50-65)

<b>ITC-HS Chapter</b>	<b>Commodity Name</b>	<b>Grubel Lloyd Index</b>
HS-50	Silk	0.02
HS-51	Wool, animal hair, horsehair yarn and fabric thereof	
<b>HS-52</b>	<b>Cotton</b>	<b>0.94</b>
HS-53	Vegetable textile fibres nes, paper yarn, woven fabric	0.01
HS-54	Manmade filaments	0.15
HS-55	Manmade staple fibres	0.10
HS-56	Wadding, felt, nonwovens, yarns, twine, cordage, etc.	0.10
HS-57	Carpets and other textile floor coverings	0.00
HS-58	Special woven or tufted fabric, lace, tapestry etc.	0.05
HS-59	Impregnated, coated or laminated textile fabric	0.05
HS-60	Knitted or crocheted fabric	
HS-61	Articles of apparel, accessories, knit or crochet	0.01
HS-62	Articles of apparel, accessories, not knit or crochet	0.01
HS-63	Other made textile articles, sets, worn clothing etc.	0.00
HS-64	Footwear, gaiters and the like, parts thereof	0.00
HS-65	Headgear and parts thereof	

Source: UN Comtrade database

The group comprising Assorted Group of Items, shown in Table 6.6, shows low index values too, IIT values range from 0.00 to 0.16

Table 6.6: Grubel-Lloyd Index for India and Mexico in 2020 – Assorted Group of Items (Chapters 66-71)

<b>ITC-HS Chapter</b>	<b>Commodity Name</b>	<b>Grubel Lloyd Index</b>
HS-66	Umbrellas, walking-sticks, seat-sticks, whips, etc.	
HS-67	Bird skin, feathers, artificial flowers, human hair	
HS-68	Stone, plaster, cement, asbestos, mica, etc. articles	0.07
HS-69	Ceramic products	0.04
HS-70	Glass and glassware	0.16
HS-71	Pearls, precious stones, metals, coins, etc.	0.02

Source: UN Comtrade database

The group comprising Base Metals and Articles of Base Metals, shown in Table 6.7, shows below, the intra-industry trade is low except for Chapter-72 (Iron and steel) which has a high degree of the IIT, with

value 0.81 and Chapter-81 (Other base metals, cermets, articles thereof) which has a high degree of IIT, with value 0.91.

*Table 6.7: Grubel-Lloyd Index for India and Mexico in 2020 – Base Metals and Articles of Base Metals (Chapters 72-83)*

ITC-HS Chapter	Commodity Name	Grubel Lloyd Index
<b>HS-72</b>	<b>Iron and steel</b>	<b>0.81</b>
HS-73	Articles of iron or steel	0.63
HS-74	Copper and articles thereof	0.47
HS-75	Nickel and articles thereof	0.17
HS-76	Aluminium and articles thereof	0.08
HS-78	Lead and articles thereof	
HS-79	Zinc and articles thereof	0.42
HS-80	Tin and articles thereof	
<b>HS-81</b>	<b>Other base metals, cermets, articles thereof</b>	<b>0.91</b>
HS-82	Tools, implements, cutlery, etc. of base metal	0.36
HS-83	Miscellaneous articles of base metal	0.33

Source: UN Comtrade database

The last group, half of which are high-end manufactures, show varying values of the Grubel-Lloyd Index. In particular, HS-84 (Nuclear reactors, boilers, machinery, etc), HS-85 (Electrical, electronic equipment) and HS-90 ('Optical, photo, technical, medical, etc. apparatus') have high intra-industry trade (index value > 0.7). Table 6.8 shows the index values for chapters 84 to 99.

*Table 6.8: Grubel-Lloyd Index for India and Mexico in 2020 – High-End Manufactured Products, Furniture, Sports Goods and Works of Art (Chapters 84-99)*

ITC-HS Chapter	Commodity Name	Grubel Lloyd Index
<b>HS-84</b>	<b>Nuclear reactors, boilers, machinery, etc.</b>	<b>0.90</b>
<b>HS-85</b>	<b>Electrical, electronic equipment</b>	<b>0.92</b>
HS-86	Railway, tramway locomotives, rolling stock, equipment	0.16
HS-87	Vehicles other than railway, tramway	0.06
HS-88	Aircraft, spacecraft, and parts thereof	0.00
HS-89	Ships, boats and other floating structures	
<b>HS-90</b>	<b>Optical, photo, technical, medical, etc. apparatus</b>	<b>0.97</b>
HS-91	Clocks and watches and parts thereof	0.00
HS-92	Musical instruments, parts and accessories	
HS-93	Arms and ammunition, parts and accessories thereof	
HS-94	Furniture, lighting, signs, prefabricated buildings	0.12
HS-95	Toys, games, sports requisites	0.02
HS-96	Miscellaneous manufactured articles	0.00
HS-97	Works of art, collectors pieces and antiques	0.32
HS-99	Commodities not elsewhere specified	0.01

Source: UN Comtrade database

## 7. Export Similarity

The similarity in the export baskets of two countries, i.e. similarities in the shares of different commodities in the total exports of two countries, is measured by the Export Similarity Index. It is calculated by taking the percentage shares of each commodity (here ITC-HS six digit level commodities have been taken) in both the countries, taking the minimum of the two, and then

summing up these minima over all the commodities. The index values vary from 0 to 100, with higher values implying greater export similarity between the countries and thus greater export competition between the two countries.

Table 7.1 shows the values of this index for India and several other countries.

*Table 7.1: Export Similarity Index – India and a few countries*

	2016	2017	2018	2019	2020
India-Russia	17.83	25.31	25.28	25.46	24.22
India-Singapore	24.01	28.04	30.80	30.94	26.61
India-South Korea	27.21	28.10	30.32	31.80	29.10
India-Thailand	31.04	0.00	30.30	30.48	29.15
India-China	27.52	26.97	28.06	30.16	28.80
India-USA	32.00	31.74	31.91	32.89	32.53
India-UK	31.94	31.44	31.00	32.89	32.27
India-Germany	29.61	29.88	30.61	32.11	33.10
India-Japan	23.54	23.87	23.62	24.43	24.01
India-New Zealand	14.66	13.88	13.38	17.11	17.32
India-Vietnam	0.00	0.00	21.79	22.31	22.17
India-Hong Kong	17.60	16.44	15.91	17.69	15.71
India- UAE	23.56	0.00	24.65	27.23	25.63

*Source: UN Comtrade database*

*Table 7.2 below shows that Mexico's Export Similarity Index values with other countries such as Singapore, South Korea, Japan, China, USA, UK and Germany*

	2016	2017	2018	2019	2020
Mexico - Singapore	22.50	20.95	20.53	23.03	23.48
Mexico - South Korea	32.60	29.15	27.90	27.18	27.25
Mexico - Japan	37.03	36.63	36.46	39.09	38.61
Mexico - China	32.64	31.69	30.88	29.15	31.07
Mexico - USA	41.30	39.67	39.38	44.70	45.02
Mexico - UK	37.81	38.10	37.74	37.51	37.42
Mexico - Germany	43.48	42.53	42.38	43.33	42.99

*Source: UN Comtrade database*

From the above table, the average ESI values are computed between Mexico and the seven countries, are given as under:

<b>Mexico – Germany</b>	<b>42.94</b>
Mexico – USA	42.02
Mexico – UK	37.72
Mexico – Japan	37.56
Mexico – China	31.09
Mexico - South Korea	28.82

ESI between Mexico and Germany is the highest among the seven countries, implying that these two countries are the closest competitors in the world market for exports in the group of seven countries.

## **VI Resources**

- Oracle Business Intelligence Application, DGCIS
- UN Comtrade Database
- Encyclopædia Britannica, <https://www.britannica.com/place/Mexico>
- 2020 ARTICLE IV CONSULTATION for Mexico -PRESS RELEASE; STAFF REPORT (IMF Country Report No. 21/255)
- World Trade Organization (WTO) Trade Policy Reviews: Mexico
- Human Development Report 2020



## VII Appendix

### A. Data on Country Profile

**Table A: Country Profile — Mexico**

	1990	2000	2010	2020
<b>World view</b>				
Population, total (millions)	83.94	98.9	114.09	128.93
Population growth (annual %)	1.9	1.4	1.4	1.1
Surface area (sq. km) (thousands)	1,964.40	1,964.40	1,964.40	1,964.40
Population density (people per sq. km of land area)	43.2	50.9	58.7	66.3
Poverty headcount ratio at national poverty lines (% of population)	..	..	..	43.9
Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population)	9.1	9	4.5	3.1
GNI, Atlas method (current US\$) (billions)	234.01	614.24	1,031.50	1,092.87
GNI per capita, Atlas method (current US\$)	2,790	6,210	9,040	8,480
GNI, PPP (current international \$) (billions)	660.62	1,073.20	1,719.79	2,296.39
GNI per capita, PPP (current international \$)	7,870	10,850	15,070	17,810
<b>People</b>				
Income share held by lowest 20%	4.1	3.7	4.7	5
Life expectancy at birth, total (years)	71	74	75	75
Fertility rate, total (births per woman)	3.5	2.7	2.3	2.1
Adolescent fertility rate (births per 1,000 women ages 15-19)	86	79	68	58
Contraceptive prevalence, any method (% of married women ages 15-49)	63	70	73	73
Births attended by skilled health staff (% of total)	84	89	94	..
Mortality rate, under-5 (per 1,000 live births)	45	28	19	14
Prevalence of underweight, weight for age (% of children under 5)	9.6	5.6	2.8	4.7
Immunization, measles (% of children ages 12-23 months)	75	96	95	89
Primary completion rate, total (% of relevant age group)	89	97	100	102
School enrollment, primary (% gross)	112.3	109	110.6	104.7
School enrollment, secondary (% gross)	56	72	87	105
School enrollment, primary and secondary (gross), gender parity index (GPI)	1	1	1	1
Prevalence of HIV, total (% of population ages 15-49)	0.1	0.2	0.3	0.4
<b>Environment</b>				
Forest area (sq. km) (thousands)	705.9	683.8	669.4	656.9
Terrestrial and marine protected areas (% of total territorial area)	..	..	..	18.9
Annual freshwater withdrawals, total (% of internal resources)	15.5	17.7	20.2	21.5

Urban population growth (annual %)	2.5	1.8	1.8	1.4
Energy use (kg of oil equivalent per capita)	1,473	1,517	1,532	..
CO2 emissions (metric tons per capita)	3.19	3.89	4.11	3.74
Electric power consumption (kWh per capita)	1,185	1,800	2,019	..
<b>Economy</b>				
GDP (current US\$) (billions)	261.25	707.91	1,057.80	1,073.92
GDP growth (annual %)	5.2	4.9	5.1	-8.3
Inflation, GDP deflator (annual %)	28.2	11.2	4.5	2.9
Agriculture, forestry, and fishing, value added (% of GDP)	7	3	3	4
Industry (including construction), value added (% of GDP)	26	34	32	30
Exports of goods and services (% of GDP)	19	25	30	40
Imports of goods and services (% of GDP)	20	27	31	38
Gross capital formation (% of GDP)	23	23	23	19
Revenue, excluding grants (% of GDP)	15.4	12.1	18	18.6
Net lending (+) / net borrowing (-) (% of GDP)	-2.6	-1	-4	-2.1
<b>States and markets</b>				
Time required to start a business (days)	..	..	8	8
Domestic credit provided by financial sector (% of GDP)	..	28	43.6	64.3
Tax revenue (% of GDP)	11.8	9.6	10.1	13.1
Military expenditure (% of GDP)	0.4	0.4	0.5	0.6
Mobile cellular subscriptions (per 100 people)	0.1	14.2	80.1	95.3
Individuals using the Internet (% of population)	0	5.1	31.1	72
High-technology exports (% of manufactured exports)	..	..	22	22
Statistical Capacity Score (Overall Average) (scale 0 - 100)	..	..	86	80
<b>Global links</b>				
Merchandise trade (% of GDP)	32	49	58	76
Net barter terms of trade index (2000 = 100)	102	100	111	91
External debt stocks, total (DOD, current US\$) (millions)	1,04,604	1,52,558	2,45,906	4,67,512
Total debt service (% of exports of goods, services and primary income)	21.8	31.9	10.1	15.5
Net migration (thousands)	-2,019	-2,206	-422	-300
Personal remittances, received (current US\$) (millions)	3,098	7,525	22,080	42,878
Foreign direct investment, net inflows (BoP, current US\$) (millions)	2,634	18,382	30,529	31,049
Net official development assistance received (current US\$) (millions)	178.3	-40.5	454.7	535.8

Source: World Development Indicators database

Figures in blue refer to periods other than those specified.

Data from database: World Development Indicators

*Last Updated: 05/25/2022*

**A (i). Meta Data:**

<b>Long Name</b>	United Mexican States (MEX)
<b>Income Group</b>	Upper middle income
<b>Region</b>	Latin America & Caribbean
<b>Lending category</b>	IBRD
<b>Currency Unit</b>	Mexican peso
<b>Latest population census</b>	2020 (expected)
<b>Latest household survey</b>	Multiple Indicator Cluster Survey, 2015
<b>National accounts base year</b>	2013
<b>System of National Accounts</b>	Country uses the 2008 System of National Accounts methodology
<b>SNA price valuation</b>	Value added at basic prices (VAB)
<b>PPP survey years</b>	Rolling surveys (annual estimation)
<b>Balance of Payments Manual in use</b>	BPM6
<b>External debt Reporting status</b>	Actual
<b>System of trade</b>	General trade system
<b>Government Accounting concept</b>	Consolidated central government
<b>IMF data dissemination standard</b>	Special Data Dissemination Standard (SDDS)
<b>Source of most recent Income and expenditure data</b>	Integrated household survey (IHS), 2016
<b>Vital registration complete</b>	Yes
<b>Latest agricultural census</b>	2007
<b>Latest industrial data</b>	2013
<b>Latest trade data</b>	2018
<b>2-alpha code</b>	MX
<b>WB-2 code</b>	MX

Source: World Development Indicators database

## B.Commodities requiring product-specific export-promotion policies

COMMODITY CODE 6	COMMODITY CODE 6 DESCRIPTION
110812	STARCH OF MAIZE (CORN)
120991	VEGETABLE SEEDS USED FOR SOWING
130219	OTHER : EXTRACTS :
271019	OTHER PETROLEUM OILS AND OILS OBTAINED FROM BITUMINOUS MINERALS ETC
290519	OTHER SATURATED MONOHYDROXY ALCOHOL
291513	ESTERS OF FORMIC ACID
291631	BENZOIC ACID ITS SALTS AND ESTERS
292119	OTHER: 2-CHLORO N,N-DI-ISOPROPYL ETHYLAMINE AND ETHANAMINE, 2-CHLORO-N, N-DIMETHYL:
293090	OTHER ORGANO-SULPHUR COMPOUNDS
320619	OTHER COLORING MATTER CONTAINING <80% TITANIUM DIOXIDE
320649	OTHER COLORING MATTER AND OTHER PREPARATIONS
321290	OTHER PIGMENTS DYES AND COLORING MATTER
321519	OTHER PRINTING INK
330290	OTHER: MIXTURES OF AROMATIC CHEMICALS AND ESSENTIAL OILS AS PERFUME BASE:
340213	NON-IONIC W/N FOR RETAIL SALE
380190	OTHER (GRAPHITE BASED PREPARATIONS)
380210	ACTIVATED CARBON
381600	REFRACTORY CEMENT-CEMENTS-CONCRETES AND SIMILAR PRODUCTS OTHER THAN PRODUCTS OF HDG NO. 3801
390210	POLYPROPYLENE
390940	PHENOLIC RESINS
400931	TUBES, PIPES AND HOSES OF VULCANIZED RUBBER REINFORCED/OTHERWISE COMBINED ONLY WITH TEXTILE MATERIALS WITHOUT FITTINGS
400941	TUBES, PIPES AND HOSES OF VULCANIZED RUBBER REINFORCED/OTHERWISE COMBINED WITH OTHER MATERIALS WITHOUT FITTINGS
401190	NEW PNEUMATIC TYRES, OF RUBBER OF A KIND USED ON MOTOR CYCLE -OTHERS
590390	FIBRES IMPREGNATED, COATED ETC WITH OTHER PLASTICS
701912	ROVINGS
701990	OTHER GLASS FIBRES AND ARTICLES THEREOF
711620	ARTICLES OF PRECIOUS OR SEMI PRECIOUS STONES (NATURAL SYNTHETIC/RECONSTRUCTED)
730630	OTHER, WELDED, OF CIRCULAR CROSS-SECTION, OF IRON OR NON-ALLOY STEEL:
730721	FLANGES OF STAINLESS STEEL
730791	FLANGES OF OTHER IRON OR STEEL
731029	OTHER TANKS, CASKS AND SMALL CONTAINERS OF CAPACITY <50L
731819	OTHER THREADED ARTICLES
731822	OTHER WASHERS
732010	LEAF-SPRINGS AND LEAVES THEREFOR
741521	WASHERS (INCLUDING SPRING WASHERS), NOT THREADED
741539	OTHER THREADED ARTICLES
741999	OTHER ARTICLES OF HEADING 7419
761699	OTHER ARTICLES OF ALUMINIUM (OTHERS).
830120	LOCKS OF A KIND USED FOR MOTOR VEHICLES
840999	PARTS OF OTHER ENGINES (DIESEL/SEMI DIESEL) OTHER THAN PARTS FOR AIRCRAFT ENGINES
841290	PARTS OF ENGINES AND MOTORS
841391	PARTS OF PUMPS
842519	OTHER PULLEY TACKLE AND HOIST
848110	PRESSURE-REDUCING VALVES

848190	PARTS OF THE ITEMS UNDR HDG 8481
848299	OTHER BALL/RLR BEARNG PARTS
848340	GEARS AND GEARNG,EXCL TOOTHD WHEELS,TRNSMSN ELMNTS PRSNTD SEPRTLY;BALL SCRWS;GEAR BOXSAND SPEED CHNGRS,INCL TORQUE CNVRTRS
848410	GSKTS AND SMLR JOINTS OF MTL SHTNG CMBND WTHOTHR MTRL/OF TWO/MORE LAYRS OF MTL
850440	STATIC CONVERTERS
850490	PRTS OF TRNSFRMRS,STATIC CNVRTRS AND INDUCTR
851230	SOUND SIGNALLING EQPMNT
853540	LIGHTNING ARRESTERS,VOLTAGE LIMITERS AND SURGE SUPPRESSORS
853590	OTHR ELCTRCL APPRTS FR SWTCHNG/PROTCTNG ELCTRCL CIRCUITS ETC.FOR A VOLTAGE EXCEEDING 1000 VOLTS
853610	FUSES OF VOLGATE NOT EXCEEDING 1000 VOLTS
853620	AUTMTC CIRCUIT BREAKERS
853810	BORDS,PANELS,CONSOLES ETC.FR THE GOODS OF HDG NO.8537 NT EQPPD WTH THR APPRTS
854790	OTHR INSLTNG FTTNGS
900110	OPTCL FIBRS,OPTICAL FIBRE BUNDLES AND CABLES
901811	ELECTRO-CARDIOGRAPHS
960200	WRKD VGTBL/MNRL CRVNG MTRL AND ARTCLS OF THESE MTRLS;CRVD ARTCLS OF WAX,OF STEARN, OF NTRL GUMS ETC;N.E.S;WRKD UNHRDND

Source: DGCI&S's Data Analytics portal

### C. Commodities requiring market-specific export-promotion policies

COMMODITY CODE 6	COMMODITY CODE 6 DESCRIPTION
110812	STARCH OF MAIZE (CORN)
120242	GROUND-NUT, NOT ROASTED OR OTHERWISE COOKED, WHETHER OR NOT SHELLED OR BROKEN-IN SHELLED WHETHER OR NOT BROKEN
120991	VEGETABLE SEEDS USED FOR SOWING
130219	OTHER : EXTRACTS :
210120	EXTRCTS ESSNCS AND CNCNTRTS,OF TEA/MATE AND PRPNS WTH A BASIS OF THESE EXTRCTS,ESSNCS OR CONCENTRATES OR WTH A BASIS OF TE
230400	OIL-CAKE AND OTHR SOLID RESIDUE W/N GRND/IN PLLTS FORM OBTND FRM SOYA-BEAN OIL EXTRCTN
250300	SULPHUR OF ALL KNDS OTHR THN SUBLIMED SULPHUR PCPTD SULPHUR AND COLLOIDAL SULPHUR
250840	OTHER CLAYS :
252620	NATRL STEATITE CRUSHED/POWDERED
271019	OTHER PETROLEUM OILS AND OILS OBTAIND FROMBITUMINOUS MINERALS ETC
281217	THIONYL CHLORIDE
282300	TITANIUM OXIDES
283311	DISODIUM SULPHATE
283410	NITRITES
283660	BARIUM CARBONATE
290243	P-XYLENE
290339	OTHER: FLUORINATED DERIVATIVES:
290519	OTHR SATURTED MONOHYDYDRIC ALCHOL
290544	D-GLUCITOL (SORBITOL)
290619	OTHR CYCLNIC,CYCLENIC/CYCLOTRPNC ALCHLS
290621	BENZYL ALCOHOL
290629	OTHER AROMATIC ALCOHOL
290721	RESORCINOL AND ITS SALTS
290919	OTHR ACYCLIC ETHRS AND THR HALGNTD,SLPHNTD NITRATED OR NITROSATED DERIVATIVES
291229	OTHR CYCLC ALDHYDS WTHOUT OTHR OXYGN FNCTN
291249	OTHR ALDHYD-ETHR,ALDHYD-PHNLAND OTHR ALDHYD
291419	OTHR ACYLC KETONES WTHOUT OTHR OXYGN FNCTN
291423	IONONES AND METHYLIONONES

291429	OTHER CYCLANIC CYCLENIC/CYCLOTRPNC KETONES WITHOUT OTHER OXYGEN FUNCTION
291512	SALTS OF FORMIC ACID
291513	ESTERS OF FORMIC ACID
291590	OTHR SATRTD ACYLC,MNOCRBOXYLC ACDS AND THR ANHYDRDS,HALDS,PEROXDS,PEROXY ACIDS AND THR HALGNTD SLPHNTD NITRTD AND NITRSTD DRV
291619	OTHR UNSATRTD ACYCLC,MONOCRBOXYLC ACDS, THR ANHYDRDS, HALIDES ETC THR HALGNTD SLPHNTD NITRTD/NITRSTD D
291620	CYCLANIC,CYCLENIC/CYCLOTRPNC MONOCRBOXYLC ACIDS,THEIR ANHYDRDS,HALIDES PEROXIDES PEROXYACIDS AND THEIR DERIVATIVES
291631	BENZOIC ACID ITS SALTS AND ESTERS
291739	OTHR ARMTC PLYCRBOXYLC ACIDS THR ANHYDRDS HALIDES PEROXIDES PEROXYACDS AND THR DRVTVS
291811	LACTIC ACID ITS SALTS AND ESTERS
291815	SALTS AND ESTERS OF CITRIC ACID
291816	GLUCONIC ACID ITS SALTS AND ESTERS
291821	SALICYLIC ACID AND ITS SALTS
291822	0-ACETYSALICYLIC ACID ITS SALTS AND ESTRS
291823	OTHER ESTERS OF SALICYLIC ACID AND THEIR SALTS :
292119	OTHER: 2-CHLORO N,N-DI-ISOPROPYL ETHYLAMINE AND ETHANAMINE, 2-CHLORO-N, N-DIMETHYL:
292144	DIPHNYLAMINE AND ITS DRVTVS SLTS THEREOF
292421	UREINES AND THEIR DERIVATIVES SALTS THEREOF
292511	SACCHARIN AND ITS SALTS
292529	OTHER :
293090	OTHER ORGANO-SULPHUR COMPOUNDS
293311	PHENAZONE (ANTIPYRIN) AND ITS DERIVATIVES
293332	PIPERIDINE AND ITS SALTS
293420	CMPNDS CNTNG A BENZOTHIAZONE RING-SYSTEM (W/N HYDRGNTD) NT FRTHR FUSED
293622	VITAMIN B1 AND ITS DERIVATIVES
293890	OTHR GLYCOSIDES NATRL/RPRDCD BY SYNTHSIS ANDTHR SLTS ETHRS ESTRS AND OTHR DRVTVS
293930	CAFFEINE AND ITS SALTS
294140	CHLORAMPHENICOL AND ITS DRVTVS SLTS THEREOF
300660	CHMCL CONTRACEPTIVE PRPNS BASED ON HORMONES/SPERMISIDES
320210	SYNTHETIC ORGANIC TANNING SUBSTANCES
320412	ACID DYS W/N PREMETALSD AND PRPTNS BASED THERON MORDNT DYS AND PRPTNS BASED THRON
320413	BASIC DYES AND PRE PARATIONS BASED THEREON
320415	VAT DYES (INCL THOSE USABLE IN THAT STATE AS PPIGMNTS AND PREPRATIONS BASED THEREON
320417	PIGMENTS AND PREPTNS BASED THEREON
320420	SYNTHETIC ORGANIC PRDCTS OF A KIND USED AS FLUORESCENT BRIGHTENING AGENTS
320619	OTHR CLRNG MATR CNTNG <80% TITNIUM DIOXLDE
320620	PIGMNTS AND PRPTNS BASD ON CHROM COMPND
320641	ULTRAMARIN AND PRPTNS BASD THEREON
320649	OTHR COLRNG MATR AND OTHR PRPTNS
321100	PREPARED DRIERS
321290	OTHR PIGMNTS DYS AND CLRNG MATR
321511	PRINTING INK,BLACK
321519	OTHER PRINTING INK
330124	ESSNTL OIL OF PEPPERMINT(MENTHA PIPERITA)
330290	OTHER: MIXTURES OF AROMATIC CHEMICALS AND ESSENTIAL OILS AS PERFUME BASE:
340213	NON-IONIC W/N FOR RTL SALE
340490	OTHER ARTFCL WAXES AND PRPD WAXES
350300	OTHER ALBUMINATES AND OTHER ALBUMIN DRVTVS GELATIN DRVTVS;ISINGLASS; OTHER GLUES OF ANML ORIGIN,EXCL CASEIN GLUES OF HD
380190	OTHER (GRAPHITE BASED PREPARATIONS)
380210	ACTIVATED CARBON
380590	OTHER (CRUDE DIPENTINE ETC)
380891	INSECTICIDES
380899	OTHER:
381210	PREPARED RUBBER ACCELERATORS
381220	COMPOUND PLASTICISERS FOR RUBBER/PLASTICS
381231	MIXTURES OF OLIGOMERS OF 2, 2, 4-TRIMETHYL-1, 2-DIHYDROQUINOLINE (TMQ)

381300	PRPNS AND CHARGES FOR FIRE EXTINGUISHERS CHARGED FIRE-EXTINGUISHING GRENADES
381600	REFRACTORY CEMENT-CORTARS-CONCRETES AND SMLRCMPSTNS OTHR THN PRDCTS OF HDG NO. 3801
390210	POLYPROPYLENE
390461	POLYTETRAFLUOROETHYLENE
390920	MELAMINE RESINS:
390940	PHENOLIC RESINS
391290	OTHER CELLULOSE AND ITS CHEMICAL DERIVATIVES
392049	OTHR PLTES SHTS OF POLYMR OF VINYL CHLORID
392190	OTHR PLTS,SHTS,FILM FOIL,STRIP ETC,NONCLLR
392329	SACKS AND BAGS (INCL CONES)OF OTHR PLASTICS
392390	OTHR ARTCLS FOR THE CNVYNCE/PCKNG OF GOODS
400520	SOLUTIONS; DISPRSNS OTHR THN THOSE OF SUBHEADING NO. 400510
400700	VULCANISED RUBR THREAD AND CORD
400931	TUBES, PIPES AND HOSES OF VULCNSD RUBR REINFORCED/OTHRWSE CMBND ONLY WTH TEXTILE MATERIALS WITHOUT FITTINGS
400941	TUBES.PIPES AND HOSES OF VULCNSD RUBR REINFORCED/OTHRWSE COMBINED WTH OTHR MATERIALS WITHOUT FITTINGS
401120	NEW PNMTC TYRES USED ON BUSES/LORRIES
401140	NEW PNMTC TYRES OF A KIND USED ON MTRCYCLS
401190	NEW PNEUMATIC TYRES, OF RUBBER OF A KIND USED ON MOTOR CYCLE -OTHERS
401390	OTHER INNER TUBES OF RUBBER
410711	LREATHER FURTHER OF BOVIN FULL GRAINS- UNSPLIT OF WHOLE HIDES/SKINS
410719	OTHER WHOLE HIDS/SKINS
420500	OTHR ARTCLS OF LEATHER/OF COMPSTN LEATHER
430390	OTHER ARTICLES OF FURSKIN
441194	OF A DENSITY NOT EXCEEDING 0.5 GM/CM 3 :
441700	TOOLS,TOOL BODIES,TOOL HANDLES BROOM OR BRUSH BODIES AND HANDLES, OR WOOD BOOT OR SHOE LASTS AND TREES,OF WOOD
480210	HAND MADE PAPER AND PAPERBOARD
480451	KRFT PAPR/PAPRBORD WEING/225G/M2 UNBLCHD
481099	OTHR COATED PAPR AND PPRBRD (NOT MLTIPLY)
482390	OTHRARTCLS OF PAPR PULP PAPRBORD CELULOSE WADNG OR WEBS OF CEL FIBRS
520929	OTHER FABRICS :
520932	DYED 3/4 THREAD TWILL INCLDNG CROSS TWILL COTTON FABRICS WEIGHING>200 GM PER SQM
520942	DENIM
520959	OTHER FABRICS :
521032	DYED 3/4-THRED TWILL INCLUDNG CROSS TWILL MIXD COTN FABRICS WEGHNG<=200 GSM
521142	DENIM OF YARNS OF DIFFERENT COLOUR OF MXD COTN FABRICS WEIGHING>200 GSM
530500	COCONUT, ABACA (MANILA HEMP OR MUSA TEXTILS NEC), RAMIE AND OTHER VEGETABLE TEXTILE FIBRES, NOT ELSEWHERE SPECIF
540233	TEXTURED YARN OF POLYESTERS
540262	OTHR YARN OF POLYSTRS,MULTPL OR CABLD
540710	WOVN FBRCS OBTND FROM HIGH TENACITY YRN OFNYLON OR OTHR POLYAMIDES,OR OF POLYESTERS
540773	OTHR WOVN FABRCS OF YRNS OF DIFRNT COLORS CNTNG 85% OR MORE BY WT OF SYNTHTC FILMNTS
540781	WOVN FABRCS CNTNG<85% OF SYNTHTC FILMNTS MIXED NAIMLY/SOLELY WTH COTN,UNBLCHD/BLCHD
551512	FBRCS OF POLYESTR STPL FABRS MXD MAINLY/ SOLELY WTH MAN-MADE FILAMENTS
551692	OTHR MXD WVN FBRCS OF ARTFCL STPL FBRs,DYD
560312	MAN-MADE FILMNT WGHNG>25G /SQM
560900	ARTCLS OF YRN STRP/THE LKE OF HDNG NO. 5404/5405 TWINE CORDGE-ROP/CBLS N.E.S.
570291	CRPTS AND OTHR TXTL FLR CVRNGS OF WOOL/FINE ANML HAIR,NT OF PILE CONSTRCTN,MADE UP
580136	CHENILLE FBRCS OF MAN-MADE FIBRES
580790	OTHR LABELS BADGES AND SMLR ARTCLS OF TXTL MATRLS (EXCL WOVEN)
580890	ORNMENTL TRMMNGS, TASELS,POMPONS AND THE LIKE
590390	FBRCS IMPRGNTD,COATED ETC WTH OTHR PLASTCS
620899	OTHER GARMENTS OF OTHER TEXTILE MATERIALS
630590	SACKS AND BAGS OF OTHER TEXTILE MATERIALS
650700	HEAD-BANDS,LININGS,COVERS,HAT FOUNDATIONS,HAT FRAMES,PEAKSAND CHINSTRAPS,FOR HEADGEAR
680410	MLSTNS AND GRNDSTNS FR MLNG,GRNDNG/PULPNG

681389	OTHER
690290	OTHR REFRACTROY BRICKS,BLOCKS,TILES ETC
690320	GOODS CONTNG BY WT>50% OF ALUMINA (ALUMINIUM OXIDE)/OF A MXTR/COMPOUND OF ALUMINA AND OF SILICA(SILICON DI-OXIDE)
690390	OTHER REFRACTORY CERAMIC GOODS
700232	TUBS OF OTHR GLS HAVNG A LINEAR COEFICNT OF EXPNSION NT EXCDNG 5X10-6 PR KLVN WTHN A TMPRATRE RANGE OF 0 DGR.C TO 300 D
701912	ROVINGS
701990	OTHER GLASS FIBRES AND ARTICLES THEREOF
711620	ARTICLES OF PRECIOUS OR SEMI PRECIOUS STONES(NATURAL SYNTHETIC/RECONSTRUCTED)
720916	FLT-ROLD PRDCTS,IN COILS NT FRTHR WRKD THNCOLD-ROLD (COLD RDUCD) OF THCKNS OF >1 MM BUT <3 MM
720917	FLT-ROLD PRDCTS,IN COILS NT FRTHR WRKD THNCOLD-ROLD (COLD RDUCD) OF THCKNS OF >=0.5 MM BUT <1 MM
721061	FLT-RLD PRDCTS OF IRON/NON ALOY STL PLTD OR COTD WTH ALUMINIUM ZINC ALLOYS
721990	OTHR FLAT-RLLD PRDCTS OF STAINLESS-STEEL OF WDTH >=600 MM
722011	HT-RLLD PRDCTS OF THCKNS>=4.75 MM
722219	BARS AND RODS NT FRTHR WRKD THN HT-ROLD HT-DRWN/EXTRUDED OTHR THN CIRCLR CRS-SCTN
722300	WIRE OF STAINLESS STEEL
730630	OTHER, WELDED, OF CIRCULAR CROSS-SECTION, OF IRON OR NON-ALLOY STEEL:
730721	FLANGES OF STAINLESS STEEL
730791	FLANGES OF OTHER IRON OR STEEL
730792	THRDED ELBWS,BNDS AND SLEVS OF OTHR IRN/STL
731029	OTHR TNKS,CASKS AND SMLR CNTNRS OF CPCTY<50L
731290	PLAITED BAND,SLINGS AND LIKE OF IRON OR STEEL NT ELECTRCALLY INSULATED
731589	OTHER CHAIN(EXCL ARTICULTD CHAIN)
731590	OTHER PARTS
731811	COACH SCREWS,THREADED
731819	OTHER THREADED ARTICLES
731822	OTHER WASHERS
732010	LEAF-SPRINGS AND LEAVES THEREFOR
732591	GRINDNG BALLS AND SMLR ARTCLS FOR MILLS OF MALLEABLE CAST IRON
740322	COPPER-TIN BASE ALLOYS(BRONZE)
740822	WIRE OF COPPER-NCKL BASE ALOYS(CUPRO-NCKL)OR COPPER-NCKL-ZINC BASE ALOYS(NCKL-SILVR)
741521	WASHRS(INCL SPRING WASHRS),NOT THREADED
741533	SCREWS; BOLTS AND NUTS :THREADED
741539	OTHER THREADED ARTICLES
741999	OTHER ARTICLES OF HEADING 7419
750521	WIRE OF NICKEL,NOT ALLOYED
760691	OTHER,PLTS STRIPS,ETC OF ALMNM-NT ALYD
760719	NT BCKD ALMNM FOIL NOT ROLLD
761699	OTHERS ARTICLES OF ALUMINIUM (OTHERS).
790400	ZINC BARS,RODS,PROFILES AND WIRE
811010	UNWROUGHT ANTIMONY; POWDERS
820140	AXES BILLHOOKS AND SIMLR HEWING TOOLS
820570	VICES,CLAMPS AND THE LIKE
820713	ROCK DRILNG OR EARTH BORNG TOLS WTH WORKNGPART OF CERMETS
820719	OTHER, INCLUDING PARTS
820720	DIES FOR DRAWNG OR EXTRUDNG METAL
820740	TOOLS FOR TAPPING AND THREADING
821191	TABLES KNIVS HAVING FIXD BLADES
821220	SAFETY RAZOR BLADES INCLD RAZOR BLADE/BLANKS IN STRIPS
830120	LOCKS OF A KIND USED FOR MOTOR VEHICLS
830510	FITTINGS FOR LOOSE LEAF BINDERS OF FILES
830520	STAPLES IN STRIPS
831130	COATED RODS AND CORED WIRE OF BASE METAL FOR SOLDERING BRAZING OR WELDING BY FLAME
840732	RECIPROCATING PISTON ENGINES,USED FOR PROPULSION OF VEHICLES OF CHAPTER 87 WTH CYLINDER CAPACITY>50 CC BUT <=250CC
840999	PARTS OF OTHER ENGINES(DSL/SMI DSL) OTHER THAN PARTS FOR AIRCRAFT ENGINES
841290	PARTS OF ENGINES AND MOTORS



841311	PUMPS FOR DSPNSNG FUEL/LUBRICANTS,OF THE TYPE USD IN FILLNG STATIONS/IN GARAGES
841391	PARTS OF PUMPS
841490	PRTS OF AIR/VACUM PUMPS,CMPRSSRS AND FANS
841710	FURNACES AND OVENS FR ROASTNG,MLTNG/OTHR HT-TRTMNT OF ORES,PYRITES/OF MTLs
842111	CREAM SEPARATORS
842519	OTHER PULLEY TACKLE AND HOIST
842549	OTHER JACKS AND HOISTS,FOR RAISING VEHICLES
842611	OVERHEAD TRAVELLING CRANES ON FXD SUPPORT
842820	PNEUMATIC ELEVATORS AND CONVEYORS
842959	OTHER MCHNCL SHOVLs,EXCVTRS AND SHOVL LOADRS
843041	SELF-PROPELLED BORING/SINKING MACHINERY
844511	CARDING MACHINES
845190	PARTS OF THE MACHINES OF HDG 8451
845510	TUBE MILLS
845590	OTHER PARTS
845941	OTHER BORING MACHINES: NUMERICALLY CONTROLLED
846029	OTHR GRNDNG MCHNS IN WHICH THE POSITIONG IN ANY ONE AXIS CAN BE SET UP TO AN ACCURACY OF AT LEAST 0.01 MM
846890	PARTS OF ARTICLES OF HEADING 8468
847340	PRTS AND ACCSSRS OF MCHNS OF HDG NO.8472
847490	PARTS OF MACHNS OF HDG 8474
847720	EXTRUDERS
847920	MCHNRY FR THE EXTRACTIONS/PRPRTN OF ANML/ FIXED VEGETABLE FATS/OILS
847979	OTHER PASSENGER BOARDING BRIDGES EXCL THOSE USED IN AIRCRAFT
848079	OTHR MOULDS FOR RUBBER/PLASTICS
848110	PRESSURE-REDUCING VALVES
848190	PARTS OF THE ITEMS UNDR HDG 8481
848220	TAPERED ROLLED BEARINGS,INCLUDING CONE AND TAPERED ROLLER ASSEMBLIES
848291	BALLS,NEEDLES AND ROLLERS
848299	OTHER BALL/RLR BEARNG PARTS
848330	BEARING HOUSUNGS,NOT INCORPORATING BALL OR ROLLER BEARINGS;PLAIN SHAFT BEARINGS
848340	GEARS AND GEARNG,EXCL TOOTHD WHEELS,TRNSMSN ELMNTS PRSNTD SEPRTLY;BALL SCRWS;GEAR BOXSAND SPEED CHNGRS,INCL TORQUE CNVRTRS
848410	GSKTS AND SMLR JOINTS OF MTL SHTNG CMBND WTHOTHR MTRL/OF TWO/MORE LAYRS OF MTL
850410	BALLASTS FR DISCHARGE LAMPS/TUBES
850440	STATIC CONVERTERS
850490	PRTS OF TRNSFRMRS,STATIC CNVRTRS AND INDUCTR
850730	NICKEL-CADMIUM ACCUMULATORS
851140	STRTR MTRS AND DUAL PURPOSE STRTR GNRTRS
851230	SOUND SIGNALLING EQPMNT
851430	OTHER FURNACES AND OVENS:
853521	AUTMTC CIRCUIT BRKRS FR A VLTG OF <72.5KV
853540	LIGHTNING ARRESTERS,VOLTAGE LIMITERS AND SURGE SUPPRESSORS
853590	OTHR ELCTRCL APPRTS FR SWTCHNG/PROTCTNG ELCTRCL CIRCUITS ETC.FOR A VOLTAGE EXCEEDING 1000 VOLTS
853610	FUSES OF VOLGATE NOT EXCEEDING 1000 VOLTS
853620	AUTMTC CIRCUIT BREAKERS
853810	BORDS,PANELS,CONSOLES ETC.FR THE GOODS OF HDG NO.8537 NT EQPPD WTH THR APPRTS
854419	WINDING WIRES OF OTHR METLS,/SUBSTANCES EXCL COPPER
854620	ELECTRCL INSULATORS OF CERAMICS
854690	ELCTRL INSLTRS OF OTHR MATRLS
854790	OTHR INSLTNG FTTNGS
870410	DUMPERS DESIGNED FR OFF-HIGHWAY USE
870600	CHASSIS FITED WTH ENGINES,FOR MOTOR VEHICLES OF HEADINGS NOS 8701 TO 8705
871120	MOTOR CYCL ETC WTH RCPRCTNG INTRNL CMBSTN PSTN ENGN OF CYLNDR CPCTY>50 CC TO 250 CC
900110	OPTCL FIBRS,OPTICAL FIBRE BUNDLES AND CABLES
901811	ELECTRO-CARDIOGRAPHS
960200	WRKD VGTBL/MNRL CRVNG MTRL AND ARTCLS OF THESE MTRLS;CRVD ARTCLS OF WAX,OF STEARN, OF NTRL GUMS ETC;N.E.S;WRKD UNHRDND
960899	PEN AND SMLR HLDRS;PARTSOF PEN EXCL NIBS

Source: DGCI&S's Data Analytics portal

## A. Trade Indicators

1. Revealed Comparative Advantage Index (RCA): RCA for a commodity exported from a country means the importance of this commodity in the export trade of the country in comparison with the importance of the commodity in world exports. Mathematically,

$$RCA_{ij} = (x_{ij}/X_{it})/(x_{wj}/X_{wt})$$

where  $x_{ij}$  = country  $i$ 's exports of commodity  $j$

$X_{it}$  = country  $i$ 's total exports

$x_{wj}$  = world exports of commodity  $j$

$X_{wt}$  = total world exports.

When  $RCA_{ij} > 1$ , i.e. when  $j$ 's weight in  $i$ 's exports ( $x_{ij}/X_{it}$ ) is more than  $j$ 's weight in world exports ( $x_{wj}/X_{wt}$ ), country  $i$  is said to have a revealed comparative advantage in commodity  $j$ .

There is a revealed comparative disadvantage if  $RCA_{ij} < 1$ . When  $RCA_{ij} = 1$ , there is neither comparative advantage or disadvantage.

By studying the RCA for a commodity exported from a country over time, it can be seen whether the country in question is gaining in comparative advantage regarding a particular commodity. If RCA is falling, the reasons require investigation. ( $x_{ij}/X_{it}$ ) may have risen less or fallen more than proportionately than ( $x_{wj}/X_{wt}$ ).

2. One way of checking the reasons for a fall in RCA for a particular commodity is seeing which markets are responsible for this fall. This can be seen from another, slightly different, indicator called Export Specialization Index (ESI).

$$ESI = (x_{ij}/X_{it})/(m_{kj}/M_{kt})$$

Where,  $m_{kj}$  = import of commodity  $j$  to market  $k$

$M_{kt}$  = world imports of commodity  $k$ .

$(m_{kj}/M_{kt})$  gives the weight of  $j$  in market  $k$ . So, if  $RCA_{ij}$  is seen to fall, then it can be found out for which markets ESI has fallen. Special attention may then be given to those markets regarding the commodity in question.

3. Like RCA, the revealed comparative import intensity (RCII) can also be measured.

$$RCII = (m_{ij}/M_{it})/(m_{wj}/M_{wt})$$

Where  $m_{ij}$  = country  $i$ 's imports of commodity  $j$

$M_{it}$  = country  $i$ 's total imports

$m_{wj}$  = world imports of commodity  $j$

$M_{wt}$  = total world imports.

This gives an idea whether the proportion of imports of any commodity is more than expected, in terms of the share of that commodity in world imports.

4. Bilateral trade between countries is an important area of trade policy in that bilateral trade agreements are signed to increase trade. However, some points require to be examined before entering into these agreements. Firstly, it is necessary to see whether there is trade complementarity between the two countries. That is,

whether the exports of one country match with the imports of the other, and vice versa. Naturally, when trade complementarity is high between two countries, it is beneficial to enter into a trade agreement. If a partner country does not import what India generally exports, there is little point in entering into a trade agreement with that country. The Trade Complementarity Index (TCI) is given as follows:

$$TCI = 1 - \frac{\sum (|m_{ik} - x_{ij}|)}{2}$$

Where  $m_{ik}$  = share of commodity  $i$  in the imports of market  $k$

$x_{ij}$  = share of commodity  $i$  in the exports of country  $j$ .

It is evident that TCI can have values between 0 and 1. When these shares,  $m_{ik}$  and  $x_{ij}$  are close to each other, (i.e. when trade complementarity increases) TCI is close to 1. As their difference increases, TCI falls.

$TCI_W$  = TCI between a country and the World.

RTCI (Relative Trade Complementarity Index) between country  $k$  and country  $j$  = (TCI between country  $k$  and country  $j$ ) / (TCI between country  $k$  and the world)

RTCI gives a measure of the complementarity between two countries as compared to the complementarity between the first country and the world.

5. But another fact may be checked while proceeding to enter into a trade agreement. The trade between the two countries may already be quite high. This can be measured by the Export Intensity Index (EII).

$$EII = \frac{(x_{ij}/X_{it})}{(x_{wj}/X_{wt})}$$

Where  $x_{ij}$  = country  $i$ 's exports to country  $j$

$X_{it}$  = country  $i$ 's exports to the world

$x_{wj}$  = world exports to country  $j$

$X_{wt}$  = total world exports.

This essentially measures the relative importance of country  $j$  in country  $i$ 's export trade, in comparison with country  $j$ 's importance as world export destination.  $EII < 1$  or  $> 1$  implies less than or more than expected bilateral trade, respectively. If EII is already high, there is little scope for further increasing bilateral trade between  $i$  and  $j$ . But if it is low, and if TCI is high, bilateral trade can very well be increased through trade agreements.

6. A related indicator is the Export Similarity Index (XSI), which helps us identify a country's competitors.

$$XSI = \sum [ \min (X_{ij}, X_{ik}) * 100 ]$$

Where  $X_{ij}$  = share of commodity  $i$  in exports of country  $j$

$X_{ik}$  = share of commodity  $i$  in exports of country  $k$

XSI can vary between 0 and 100. It will be seen that when  $X_{ij} = X_{ik}$  for all  $i$ 's,  $XSI = 100$ ,

which means complete export similarity between countries  $j$  and  $k$ . As  $X_{ij}$  and  $X_{ik}$  start to differ, XSI falls. Countries exporting the same commodities are competitors in the world market, and export strategies, taking in to account such competition, have to be designed accordingly.

7. It is necessary to know whether the exports of a country are concentrated in a few products. A high concentration, while enabling a country to reap the benefits of specialization and economies of scale, also exposes a country to the risks arising from the vicissitudes of global trade. The Hirschman Index (HI), used by UNCTAD, is a handy measure for monitoring export concentration.

$$HI = \sqrt{\sum S_q (x_i/X_t)}$$

Where  $x_i$  is the country's exports of commodity  $i$

Xt is the country's total exports.

HI ranges from (1/n) to 1. The higher the value of HI, the higher the concentration of exports.

8. Intraindustry trade is of importance as it can increase and expand markets. The standard indicator is the Index of Intraindustry Trade (IIT).

$$IIT_{jk} = 1 - [\sum |X_{ijk} - M_{ijk}| / (X_{ijk} + M_{ijk})]$$

Where  $X_{ijk}$  = exports of products of industry i from country j to country k

$M_{ijk}$  = imports of products of industry i from country k to country j.

IIT can take values from 1 (extremely high intra-industry trade, exports equalling imports) to 0 (no interindustry trade at all).

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