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Composition of India's tea trade with ASEAN: An assessment

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Abstract
India's signing the agreement with ASEAN would finally eliminate duty on 80 per cent of the goods traded at present. The Applied Most Favoured Nation (MFN) tariff rates on products such as coffee, palm oil, pepper and tea will be brought down in phased manner. In the case of tea, the reduction commitment is 100 to 50 per cent by 2019. There is a worry that reduction in import tariff on tea will influence Indian tea industry adversely, and even if the deficient Rules of Origin China's tea may enter Indian markets through ASEAN. Indonesia and Vietnam are major tea exporting countries among ASEAN region. Indonesia and Vietnam together export in terms of quantity 8.5 per cent of the world tea exports during 2012-13. It would be great advantage for Indonesia and Vietnam to explore the huge Indian domestic market under the free trade agreement (FTA). In 2015-16, the share of ASEAN in India's total tea imports is 9.87 per cent; this represents 6.42 per cent of ASEAN total tea exports and recently has been declined. With further reduction in import tariffs on tea from ASEAN countries, there is an apprehension that, ASEAN countries tea exports to India may increase drastically and will affect Indian tea industry adversely. There is an emerging concern for tea industry of India under India-ASEAN FTA. In this backdrop, the paper analysis the impact of ASEAN-India FTA on Indian Tea trade and the assessments is based on the unit values of exports and imports, growth rates in production and productivity and the area under tea cultivation in the ASEAN and India during 1991-2014. The outcome of our opening analysis show that the export unit value of tea of Thailand, Vietnam and Indonesia is lower than the import unit value of Indian tea. So at present India is importing tea at a higher rate. Due to export price advantage, Thailand, Vietnam and Indonesia may increase their tea exports to India. Analysis of compound annual growth rates of tea exports in production, yield and area expansion during 1991-2014 shows that, Vietnam registered high compound annual growth rates in production, yield Malaysia followed by Vietnam and area expansion Thailand followed by Vietnam. In India, tea production, yield and area expansion in recent years have been come down. But domestic demand for tea in India is increasing. It shows that, among all the ASEAN countries, only Vietnam and Thailand are a huge tea market in India. Based on these preliminary analyses, we find that with regard to tea, India is in a disadvantageous position to gain from the FTA with ASEAN countries.

Keywords: plantation crop, area, production, productivity, export and import

Introduction

With the slow progress at the WTO negotiations, FTAs have become an important tool of trade liberalization than through WTO. India which has been active member of the WTO, in recent years, shifting its trade policy more towards multilateral and bilateral agreements by increasingly engaging free trade agreements (FTAs). India as an active member of the G-20 and other developing countries group under WTO, aims for more concession to developing countries agriculture sector. However, under its own FTAs, it concedes much more agriculture trade liberalization than under WTO. India under its recent FTA with ASEAN, bilateral trade agreement with Sri Lanka and other nations, agreed for much more agriculture trade liberalization than under WTO. At present, India is actively engaged in FTA with ASEAN and it is expected to happen soon. Though sensitive products list is not known to the public, agriculture sector is also under active negotiations and ASEAN is aiming for bringing 80 per cent of Indian agricultural products to zero level tariffs with possibly no special safeguard measures to protect from import surges and special and differential treatment that exempts developing countries from the same strict trade rules and disciplines of more industrialized countries (Nagoor 2014). The agriculture sector, plantation sector in particular, has been under protection for long time and plantation sector provides employment and livelihood for millions of people in India. It seems that opening up of such market to developed countries such as ASEAN, will larger impact on India's plantation sector. Assessing the impact of FTA on entire agriculture sector may not give clear picture as each commodity has diverse characteristics. Hence, there is need to assess the FTA impact on commodity wise. In this background, the present study consider only tea product.

India is a major tea producing consuming and trading nation of the world. In recent years India's tea imports has been increasing. In case of tea, ASEAN producing tea in internally, however ASEAN is a major tea exporting region of the world. ASEAN is very strong in distributing and marketing of high value added tea to its own huge market and rest of the world. Large numbers of multinational companies are engaged in manufacturing and distribution of value added tea in ASEAN region. The FAO and UNCOMTRADE data shows that at present India imposes 80 per cent tariff on import of tea from ASEAN. If tariffs on tea are brought down phased under proposed India-ASEAN FTA, it seems that ASEAN will gain and India will lose from such agreement. India is low priced market for tea and imports low priced tea from the world. In such scenario, whether high valued tea from ASEAN could be a better substitute for Indian tea market? How much is the high valued tea market in India? Larger picture will emerge if an assessment has been made by considering tea price and quality of the product consumed and manufactured in India and ASEAN. In this backdrop, the present study makes an attempt to study the direction of trade by analyzing the trend in export and import. The study also looked into some of the supply side aspects like production and productivity of tea.

Research design and Methodology

The study is based on secondary data. The international trade data on production, yield, area under cultivation, export and import of tea of major producing and exporting countries of the world are sourced from FAO. The comparison with the dollar values of export unit value and import unit value. We also make use of Export Unit Value (EUV) [1], Import Unit Value (IUV) [2]. The values of exports and imports have been referred in US dollars. To study the per cent shares were worked out on a triennium basis to take into account the problem of wide fluctuations in the value of exports and imports. For certain data, we have calculated Compound Annual Growth Rates (CAGR) for the period 1991 to 2016.

1. Balasa (1965) was first to coin the term 'Revealed Comparative Advantage'. His measures contained only export data and the relative export share measures of RCA is defined as
   $RCA^{iw}_{am} = (XS^{i}_{a}/XS^{i}_{m})/\ (XS^{w}_{a}/XS^{w}_{m})$ where XS refers to supply, I to the home country, w to the world and a to any particular commodity and m to all commodities. This measures is based on the assumption that commodity pattern of exports reflects relative cost as well as differences in non-price factors and that comparative advantage can be expected to determine the structure of exports. An index value greater than unity indicates an economy's international competitiveness in that commodity while a lower value would place a country at a relatively disadvantage position with respect to export of a particular commodity.
2. Export unit value represents the price at which commodity is exported. In our study we have calculated EUV by taking ratio between export value and quantity (EUV=export value/export quantity). In certain cases, the world export unit value is considered as international prices.
3. Import unit value represents the price at which country imports from foreign countries, which includes transportation and insurance costs but excludes tariffs. In our study we have calculated IUV by taking ratio between import value and quantity. (IUV=Import value/import quantity).

Tea Trade Profile of India and ASEAN

The Indian tea industry is an essential contributor to the nation's GDP. It is in this context that export of Indian tea becomes an important source of revenue for the country. But, India has been losing its share of the global tea exports in the face of the threat coming from newer competitors like, China, Sri Lanka and Kenya. Thus it is essential for us to identify newer markets which can act as growth drivers for our exports in the coming years. Hence with this objective in mind, this paper aims to analyze the major countries in the ASEAN to find out their attractiveness as a destination for Indian tea exports. We start with a brief discussion about the India and ASEAN tea industry and its current trends. ASEAN member nations are already importing some amount of tea from India and world. Thus we identify certain countries which can be our new focus markets and analyze pros and the cons of the same. We examine trends and patterns in tea exports and imports in ASEAN and India. Table 1 illustrates the tea trade profile of India and ASEAN during 1991 to 2016. ASEAN is a major trading block in the world of last two decades. Due to its total export share in world exports in terms of quantity it was 15.93 per cent and its import share in world imports was 2.43 per cent during 1991-93. but, its international trade in is on rapidly declining over a period of time, evidently, looking at ASEAN tea exports share with world exports over a period of time (Table-1). During 2015-16 ASEAN's tea export share in world export is hardly 6.42 per cent and their import is 3.39 per cent indicates that in recent years, ASEAN's tea exports has been come down on the other hand it's imports from world goes on this results increases its demand and supply come down for evidently compound annual growth rate of exports and imports of ASEAN with world for the period of 1991 to 2016.

Along with, India is a major tea exporter for a long period. During 1991-93, India's share in world exports was 22.93 per cent. Indian tea was more export oriented. While, the export has been declined from year by year up to 2006-08, afterward increases, but slightly fluctuating due to the world financial crises in one hand. India is not a major tea importer of the world. India's share in world imports was hardly 0.27 per cent due to the India has not only a major exporter (26.13 per cent (Table-1) but also a major producer (23.08 per cent (Table-2) of the world. Over a period of time, India's import share of world has been increased significantly (1.18 per cent), and its exports has been declined (16.92 per cent) during 2015-16 (Table-1). Compound annual growth rate of India's imports of world, during 1991 to 2016 was around 18 per cent per annum. This clearly indicates India's increasing demand due to the huge population, climatic change, lot of employment opportunities, increasing per capita income, availability of lower prices and diminishing supply for the reason is that, low production and productivity, area harvested under tea cultivation has come down and producing higher price tea comparing to ASEAN countries (Table 1).

Table 1: Tea (902) Trade Profile (Quantity in 000 tones)

Year	ASEAN Tea export share in world export	ASEAN Tea import share in world import	India's Tea export share in world export	India's Tea import share in world import	ASEAN import from India	ASEAN export to India	ASEAN trade balance with world	India trade balance with world	India trade balance with ASEAN
	1	2	3	4	5	6	1-2	3-4	5-6
1991-93	128.01 (15.93)	9.10 (2.43)	178.22 (22.93)	1.12 (0.27)	1.64 (0.95)	0.10 (11.79)	118.92 (13.50)	177.10 (22.66)	1.54 (-10.84)
1994-96	94.09 (13.22)	6.72 (0.87	149.19 (20.93)	0.67 (0.08)	0.67 (0.45)	0.37 (32.63)	87.37 (12.34)	148.52 (20.85)	0.30 (-32.18)
1997-99	77.59 (5.28)	8.53 (0.49)	190.26 (12.49)	5.57 (0.24)	0.44 (0.23)	2.57 (43.40)	69.06 (4.79)	184.69 (12.26)	-2.13 (-43.17)
2000-02	141.69 (10.03)	9.82 (0.87)	186.81 (13.17)	12.75 (1.08)	1.29 (0.68)	6.84 (54.11)	131.88 (9.17)	174.06 (12.09)	-5.56 (-53.43)
2003-05	128.71 (7.97)	10.65 (0.79)	170.75 (10.59)	19.66 (1.46)	1.61 (0.94)	8.94 (41.05)	118.06 (7.18)	151.09 (9.13)	-7.32 (-40.10)
2006-08	201.80 (11.12)	28.84 (1.91)	187.45 (10.32)	22.63 (1.50)	5.71 (3.11)	7.24 (30.10)	172.95 (9.21)	164.81 (8.82)	-1.54 (-26.99)
2009-11	197.15 (10.77)	38.98 (2.32)	246.48 (13.69)	26.28 (1.60)	2.72 (1.08)	5.94 (21.28)	158.18 (8.45)	220.20 (12.09)	-3.22 (-20.20)
2012-14	143.91 (8.24)	54.16 (3.02)	230.84 (13.11)	21.40 (1.19)	4.49 (1.95)	2.39 (11.19)	89.75 (5.22)	209.45 (11.92)	2.09 (-9.24)
2015-16	92.10 (6.42)	53.18 (3.39)	232.79 (16.92)	18.70 (1.18)	5.59 (2.40)	1.77 (9.87)	38.92 (3.04)	214.09 (15.73)	3.82 (-7.47)
GR	1.47	10.33	1.63	17.19	9.44	8.39	-8.86	-15.56	1.04

***Source*:** UNCOMTRADE Values in bracket shows % share. GR (Growth Rate)

Theoretically, the value of exports between two countries should be the same as the value of their imports. However, this may not be true in reality because there is often mismatch between the two due to the fact that the exports are recorded FOB (free on board) while imports are recorded under CIF (cost insurance and freight) (Joshi,2012). Hence, we have given India's exports to and imports from ASEAN. The trade profile gives a clear picture of how India and ASEAN have been integrating over the last two decades. Table 1 reveals, India is a major tea exporting country in the world. But ASEAN is not a major tea import partner of India. Obviously, during 1991-93, India's export to ASEAN was hardly 0.95 per cent and their trend shows slightly fluctuating up to 2003-05. After that, India's export to ASEAN has been sudden jumped to 3.11 per cent due to financial crises. Further India-ASEAN signed free trade agreement on August 2009, India boosts its exports to ASEAN member countries because, reduced import tariffs in phased manner. The compound annual growth rate from 1991 to 2016 is 9.44 per cent per annum. It shows, ASEAN has increases its demand for Indian tea. As we know, ASEAN is not a major tea exporting region but its produced most of tea, exports to India. Evidently, during 2000-02, around 55 per cent of tea imports from ASEAN. After FTA India's imports from ASEAN has come down drastically (Table 1) due to the higher tariff rates on imports from India. Looking at the trade balance with world of both parties are surplus trade balance but growth rate shows in negative manner. India's tea trade balance with ASEAN has always negative, but growth rate was in positive manner. In this regard, India has been facing comparatively disadvantageous position with not only European Union FTA (Nagoor 2014) but also ASEAN free trade agreement in respect of tea.

Tea Economies: ASEAN and India

In this section brief analysis of tea economy of ASEAN countries and India during 1991 to 2014

Table 2: Production of Tea in countries of ASEAN and India (000 tones)

Year	Indonesia	Malaysia	Myanmar	Thailand	Viet Nam	ASEAN-5	India	World
1991-93	152.7 (4.85)	6.3 (0.20)	13.5 (0.43)	11.0 (0.35)	35.7 (1.13)	219.2 (6.96)	726.1 (23.08)	3149.5
1994-96	153.2 (4.67)	5.8 (0.18)	15.7 (0.48)	18.8 (0.57)	43.0 (1.31)	236.5 (7.22)	754.3 (23.03)	3276.2
1997-99	160.5 (4.42)	5.5 (0.15)	18.8 (0.52)	27.7 (0.76)	59.7 (1.64)	272.2 (7.48)	821.3 (22.59)	3637.0
2000-02	164.9 (4.28)	5.4 (0.14)	21.0 (0.54)	34.0 (0.88)	79.9 (2.07)	305.3 (7.92)	842.3 (21.86)	3854.7
2003-05	168.1 (3.88)	3.6 (0.08)	24.2 (0.56)	48.9 (1.12)	118.8 (2.73)	363.5 (8.37)	877.3 (20.21)	4347.7
2006-08	150.5 (2.92)	7.1 (0.14)	27.6 (0.53)	57.6 (1.12)	162.8 (3.16)	405.6 (7.87)	969.7 (18.85)	5156.9
2009-11	152.5 (2.53)	14.5 (0.24)	30.8 (0.51)	68.1 (1.13)	196.9 (3.26)	462.8 (7.66)	1019.8 (16.86)	6049.2
2012-14	148.6 (2.05)	14.8 (0.20)	53.8 (0.73)	63.1 (0.88)	219.9 (3.03)	500.2 (6.89)	1183.7 (16.31)	7265.6
CAGR	-0.04	1.78	2.36	3.69	4.18	1.84	0.95	1.75

***Source*:** FAOSTAT

Note: 1) figure in bracket shows percentage share of world production2) CAGR (compound annual growth rate) 3) three yearly average.

Table 3: Yield difference of Tea in countries of ASEAN and India (kg/ha)

Year	Indonesia	Malaysia	Myanmar	Thailand	Viet Nam	India	World
1991-93	15689 (-5.28)	20698 (24.82)	2336 (-85.86)	12516 (-23.92)	7377 (-55.45)	16602	633105
1994-96	13584 (-23.11)	20256 (14.67)	2656 (-84.97)	25365 (43.57)	7871 (-55.44)	17665	710332
1997-99	14425 (-21.64)	20277 (10.24)	2940 (-84.02)	44249 (140.27)	8916 (-51.55)	18400	758034
2000-02	14046 (-16.40)	16418 (-2.31)	3109 (-81.50)	49036 (191.76)	10773 (-35.87)	16803	789112
2003-05	13569 (-19.50)	10357 (-38.47)	3372 (-80.05)	36177 (114.55)	12870 (-23.90)	16903	798126
2006-08	12181 (-28.76)	28874 (68.96)	3642 (-78.70)	33776 (97.51)	15335 (-10.32)	17101	882463
2009-11	12318 (-29.05)	65152 (274.13)	3923 (-77.42)	35005 (101.34)	17421 (0.18)	17392	1048268
2012-14	12293 (-38.57)	60449 (201.54)	6608 (-66.96)	39539 (97.73)	18701 (-6.38)	20061	964201
CAGR	-0.46	2.34	1.61	1.54	2.14	0.18	0.92

***Source*:** FAOSTAT

Note: Figure in brackets shows proportionate yield of respective country in India's yield, Negative value means yield of respective country is lower than India's yield and yield difference is in percentage and vice verse for positive value. Yield difference= (yield of respective ASEAN country / yield of India)*100-100

Table 4: Area Harvested of Tea in countries of ASEAN and India (000 ha)

Year	Indonesia	Malaysia	Myanmar	Thailand	Viet Nam	ASEAN-5	India	World
1991-93	97.3 (3.08)	3.0 (0.10)	57.9 (1.84)	8.8 (0.28)	48.3 (1.53)	215.4 (6.83)	437.7 (13.87)	3154.6
1994-96	112.7 (3.55)	2.9 (0.09)	59.2 (1.87)	7.5 (0.24)	54.7 (1.72)	236.9 (7.47)	427.0 (13.45)	3173.7
1997-99	111.3 (3.47)	2.7 (0.08)	64.0 (2.00)	6.3 (0.20)	66.8 (2.08)	251.1 (7.83)	446.3 (13.91)	3206.9
2000-02	117.5 (3.55)	3.3 (0.10)	67.6 (2.04)	7.1 (0.21)	74.0 (2.23)	269.4 (8.14)	501.3 (15.15)	3309.3
2003-05	125.1 (3.48)	3.5 (0.10)	71.6 (2.00)	13.7 (0.38)	92.1 (2.56)	306.0 (8.52)	519.0 (14.48)	3588.9
2006-08	124.2 (3.04)	2.7 (0.07)	75.7 (1.86)	17.0 (0.42)	106.1 (2.60)	325.7 (7.98)	567.0 (13.90)	4083.3
2009-11	123.8 (2.65)	2.1 (0.05)	78.4 (1.68)	19.4 (0.42)	113.0 (2.42)	336.8 (7.21)	586.0 (12.54)	4685.0
2012-14	121.0 (2.23)	2.5 (0.05)	80.6 (1.48)	16.9 (0.32)	117.7 (2.17)	338.6 (6.23)	591.0 (10.86)	5448.8
CAGR	0.42	-0.51	0.74	2.12	1.99	1.01	0.77	1.14

***Source*:** FAOSTAT

Note: Figure in brackets shows % share of world area harvested.

is made. Analysis is made in terms of tea production, productivity, area harvested and trade. The purpose of this section is to examine the pattern and trend of tea production, productivity, area harvested and trade in ASEAN countries and India, which have bearing concern for tea economy of India.

Table-2 illustrates the production of tea in India and major five tea exporting countries of ASEAN during 1991 to 2014. Tea production in major ASEAN countries has increased by 1.84 per cent annually, which is higher than the annual growth rate of world tea production during 1991-2014. Among the five countries, Vietnam registered the highest growth rate of 4.18 per cent per annum. Though total production of all five ASEAN countries has increased, their share in world tea production has remained stagnant at 6 per cent to 7 per cent. India's tea production registered a low growth rate of 0.95 per cent per annum during 1991 to 2014 leading to a decline in its share in world tea production from 23.08 per cent during 1991-93 to 16.31 per cent during 2012-14. The low growth rate in tea production, the decline in yield and stagnation in the area cultivated (Nagoor and Nalin kumar 2010), but in some countries of ASEAN yield and area cultivation goes on.

Table-3 presents data on tea productivity in five major ASEAN countries and India, and the difference in tea productivity between the two. The yield difference is calculated thus: (Yield in respective ASEAN country/ Yield in India)*100-100.

A negative value would imply that the yield of the respective ASEAN country is lower than that of India; the yield difference expressed as a percentage. Among all the ASEAN countries, Malaysia registered the highest growth rate in yield and Thailand in area harvested, which is 2.34 and 2.12 percent per annum respectively during 1991-2014, but their production, productivity and area harvested is very low due to the small countries. Apart from these two countries, Vietnam has registered the highest growth rate in yield and in area harvested, that is, 2.14 percent and 1.99 percent per annum respectively during 1991-2014. Vietnam's tea area harvested as a share of the world's total has also increased from 1.53 percent during 1991-93 to 2.17 percent during 2012-14 (Table-4). In other countries, tea yield has declined and area harvested remained almost stagnant. Compare to tea yield in India, Vietnam tea yield is low but it's improving. In case of India, tea yield and area harvested remained almost stagnant during 1991-2014. In fact, percentage share of tea area harvested of India in world has declined from 13.87 per cent during 1991-93 to 10.86 per cent during 2012-14. The analysis of tea production, productivity and area harvested show that among five major ASEAN tea producing and exporting countries, Vietnam has expanded its tea production, productivity and area harvested as well. However, in case of India, things have worsened. Since, the present study is exploring tea trade concerns for India under India-ASEAN free trade agreement, the above trend may not be sufficient to conclude that Vietnam would be major exporter of tea for India.

Table 5: Tea exports of India and ASEAN members (Qty in 000 tones)

Year	India	Indonesia	Malaysia	Singapore	Thailand	Viet Nam	ASEAN-5
1991-93	178.2 (12.8)	118.5 (8.5)	0.3 (0.0)	9.3 (0.7)	0.2 (0.0)	14.0 (1.0)	5709.5 (10.2)
1994-96	149.2 (11.2)	88.6 (6.6)	0.4 (0.0)	7.4 (0.6)	0.2 (0.0)	21.0 (1.6)	5468.3 (8.8)
1997-99	190.3 (11.9)	77.3 (4.9)	0.4 (0.0)	5.0 (0.3)	0.3 (0.0)	34.0 (2.1)	6487.1 (7.4)
2000-02	186.7 (10.7)	101.9 (5.8)	1.4 (0.1)	4.3 (0.2)	1.2 (0.1)	66.8 (3.8)	7176.0 (10.0)
2003-05	169.4 (8.9)	96.3 (5.0)	1.4 (0.1)	2.0 (0.1)	1.0 (0.1)	83.5 (4.4)	7819.0 (9.6)
2006-08	192.7 (9.3)	91.7 (4.4)	1.3 (0.1)	1.4 (0.1)	2.2 (0.1)	107.9 (5.2)	8487.5 (9.9)
2009-11	253.7 (11.2)	85.0 (3.8)	2.5 (0.1)	1.4 (0.1)	2.2 (0.1)	134.5 (6.0)	9253.7 (10.0)
2012-13	240.0 (10.6)	70.5 (3.1)	2.2 (0.1)	1.4 (0.1)	1.5 (0.1)	118.6 (5.4)	9211.9 (8.7)
CAGR	0.8	-0.5	5.1	-4.6	5.8	5.3	1.2

***Source*:** FAOSTAT

Note: Figure in bracket shows %share of world exports

Table 6: Tea imports of India and major ASEAN member countries (Qty in 000 tones)

Year	India	Indonesia	Malaysia	Singapore	Thailand	Viet Nam	ASEAN-5
1991-93	1.1 (0.1)	0.6 (0.0)	5.7 (0.5)	8.4 (0.7)	0.6 (0.0)		15.2 (1.2)
1994-96	0.7 (0.1)	0.3 (0.0)	7.9 (0.6)	6.2 (0.5)	0.7 (0.1)		15.2 (1.2)
1997-99	5.5 (0.4)	2.5 (0.2)	8.2 (0.6)	5.4 (0.4)	0.5 (0.0)		16.5 (1.2)

2000-02	13.7 (0.9)	3.0 (0.2)	10.5 (0.7)	5.6 (0.4)	0.6 (0.0)		19.7 (1.4)
2003-05	20.1 (1.4)	4.5 (0.3)	14.0 (1.0)	3.8 (0.3)	1.8 (0.1)		24.0 (1.6)
2006-08	22.6 (1.4)	6.9 (0.4)	14.7 (0.9)	4.5 (0.3)	1.7 (0.1)		27.7 (1.7)
2009-11	24.6 (1.4)	12.6 (0.7)	18.1 (1.0)	4.6 (0.3)	2.3 (0.1)		37.6 (2.1)
2012-13	20.5 (1.0)	22.5 (1.1)	19.0 (1.0)	4.9 (0.3)	5.2 (0.3)	3.3 (0.2)	54.9 (2.8)
CAGR	8.7	8.7	2.7	-1.1	4.5	-16.1	2.6

Source: FAOSTAT

Note: Figure in bracket shows %share of world Imports

The further analysis, in terms quantity of tea exports and imports of ASEAN and India and there, export unit value and import unit value. In the following sections, analysis is made by considering these aspects. Table-5 illustrates tea exports trend of the India and five major tea exporting countries of ASEAN during 1991-93 to 2012-13. It is evident from table-4 that during 1991to 2013, five major tea exporting countries of the ASEAN together registered growth rate of 1.2 per cent per annum. Among five ASEAN countries tea exports of Vietnam increased from 14.0 thousand tones during 1991-93 to 118.6 thousand tones during 2012-13 and leading to increase in percentage share in world tea exports from 1.0 per cent during 1991-93 to 5.4 per cent during 2012-13, registering a high growth rate of 5.3 per cent per annum during 1991-2013. Though, Thailand registered high growth rate of 5.8 per cent per annum during 1991-2013, this country tea export in world tea export is very low. Thailand exported 1.5 thousand tones of tea during 2012-13 representing less contribution of world tea exports. In case of India as we know, India is a major tea producing and exporting country for a long period. It is evident from table-5 that tea exports of India from 178.2 thousand tones during 1991-93 to 240.0 thousand tones during 2012-13 and leading to increase in percentage share in world tea exports from 12.8 per cent to 10.6 per cent during 1991-2013, registering growth rate of 0.8 per cent per annum during 1991-2013. In this regard, India has not expanding tea production, productivity, area harvested and export. Its performance has almost stagnant.

Table-6 Shows tea imports trend of India and five major tea importing countries of the ASEAN during 1991-2013. It is evident from table-6 major tea importing countries of the ASEAN together registered growth rate of 2.6 per cent per annum. Among five ASEAN countries tea

Table 7: IUV and EUV of India and major ASEAN member countries

Year	India		Indonesia		Malaysia		Singapore		Thailand		Viet Nam	
	IUV	EUV	IUV	EUV	IUV	EUV	IUV	EUV	IUV	EUV	IUV	EUV
1991-93	1.4	2.2	1.5	1.2	1.6	4.1	2.4	2.6	1.9	2.3		1.1
1994-96	1.6	2.1	1.6	1.1	1.4	3.7	3.1	3.2	2.4	3.9		1.2
1997-99	1.6	2.5	1.0	1.3	1.4	2.9	2.8	3.8	2.3	2.1		1.4
2000-02	1.3	2.0	1.1	1.0	1.1	1.7	3.0	3.9	2.6	1.5		1.2
2003-05	1.2	2.1	1.2	1.2	1.2	2.1	3.5	2.5	1.9	1.8		1.0
2006-08	1.5	2.5	1.6	1.5	1.6	2.4	4.3	2.9	2.2	1.8		1.2
2009-11	1.9	2.8	1.6	2.0	1.9	2.4	5.7	5.5	2.9	2.6		1.4
2012-13	2.2	3.1	1.4	2.2	2.5	3.5	7.8	9.5	2.3	4.2	7.3	1.4

Source: FAOSTAT

Imports of Indonesia increased from 0.6 thousand tones to 22.5 thousand tones during 1991-93 to 2012-13 respectively, registering a high growth rate of 8.7 per cent per annum compared to other ASEAN countries. This table shows that, India and ASEAN countries are not major importing countries of the world due to the major producing and exporting countries of the world except Singapore. From the data in table-5 and 6 notice that Singapore is importing tea from world and made some value addition and then re-export to the other countries but data not available in production (Table-2) and area under tea cultivation (Table-4).

Along with the export and Import, price of the exportable product of the exporting country and price of the importable product of the importing countries of India and ASEAN are also important. This is shown in Table-7. The assessment is based on the unit values of exports and imports of exporting and importing countries respectively. It is evident from Table-7 that the export unit value of Vietnam and Indonesia was lower than the import unit value of India during 1991-2013. At present, India is importing tea at a higher rate comparing to ASEAN countries. This leads to the ASEAN countries are producing more tea and exporting cheaper price. With further reduction in import tariffs under FTA, will increase export price advantage of Vietnam over India's import price of tea. Due to price advantage, Vietnam may increase their tea exports to India. In India, tea production, yield and area expansion in recent years have remained stagnant and there has been continuous increase in import of tea. The analysis shows ASEAN tea exporting countries have huge tea export market in India under Free Trade Agreement. This is concern for Indian economy also.

Export Competitiveness of Indian Tea in ASEAN Market

This section, discussed about the revealed comparative advantage (RCA) of Indian tea (Table-8) shows that export competitiveness in ASEAN market, as RCA index value is greater than one during 1991-93 to 2006-08. This indicates that India has price advantage to export in ASEAN market. From the analysis of data from 1991 to 2008, it can be noticed that India is in an advantageous position in exporting tea to the ASEAN market. When India was signed free trade agreement with ASEAN since 2009 onwards India's tea trade was come down due to the

Table 8: India's RCA of Tea with ASEAN member countries

Year	Brunei	Camb	Indo	Lao	Malay	Myan	Phili	Sing	Thai	Viet	ASEAN
1991-93			0.1		0.6		0.3	7.9			3.5
1994-96			0.4		1.7	0.4	0.5	2.9	0.2	5.3	1.4
1997-99	0.9		1.7		0.8	2.5	0.8	2.0	0.3	0.9	1.1
2000-02	0.7	1.2	3.1	3.8	0.7	2.9	0.2	1.3	0.7	3.5	1.3
2003-05	0.6	0.0	1.4		1.1		5.1	1.0	1.6	0.6	1.3
2006-08	1.5	596.0	1.8	26.1	0.9		3.3	0.4	1.5	0.3	3.0
2009-11	0.9	0.0	0.9		1.2	0.3	2.9	0.5	1.0	0.1	0.8
2012-14	0.0	0.3	1.5	0.1	2.3	0.0	2.6	0.5	0.4	0.2	0.9
2015-16	0.0	0.0	2.1		3.1	0.0	2.2	0.7	0.1	0.3	1.2

***Source*:** Computed by author

Imposes on tariffs. In recent years during 2015-16, India has comparative advantage in exporting tea to ASEAN market. Among ASEAN countries India has more advantageous in exporting tea to Philippines followed by Malaysia and Indonesia.

Conclusion

From the analysis of tea trade concerns for India under FTA with ASEAN with regard to tea, India is in a disadvantageous position to gain from the FTA with ASEAN countries. ASEAN tea exporting countries have vast tea export market in India under FTA. Among all ASEAN tea exporting countries, Vietnam has more export price advantage in Indian market. There is possible trade creation between India and Vietnam. This is concern for Indian economy also.

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