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## INDIA'S AGRICULTURAL TRADE WITH EUROPEAN UNION: TRENDS AND PATTERN

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### ABSTRACT

*This paper, tries to focus on trends and pattern of agriculture trade with European Union. As we know percentage of India's agricultural export is only 1.5 percent in the world agricultural export on the other hand in European Union round 45 percent which is huge dominant in the world trade. It can be observed from the some review of literature and on the bases of data analysis India's agricultural export is affected after the WTO formation. This study tries to show time series data of export import. This study is depends on secondary data 1995 to 2014. Data collected from the WITS comrade data. This study only covers total agriculture trades not the commodities wise analysis.*

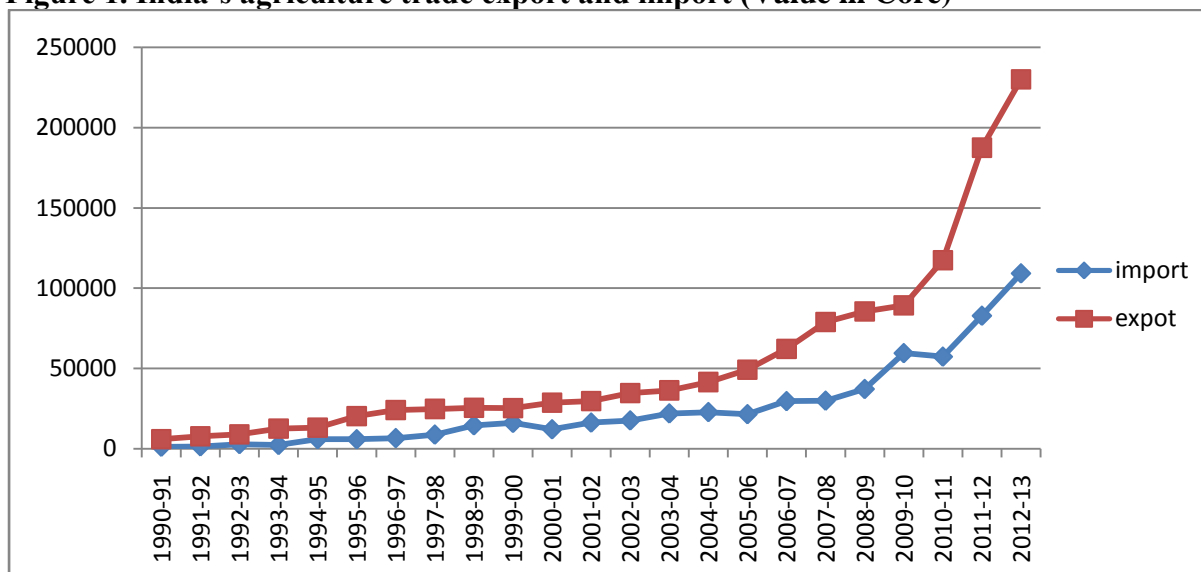
**Keywords:** *India's Agricultural Exports& Import, WTO, WITS, European Union*

### INTRODUCTION

India is one of the fastest growing economies of the world and is currently the focus of a great deal of international attention. It is the seventh largest country in the world in terms of its geographical size. Today it has a population of nearly 1.1 billion which makes it the second most populous nation in the world. With current population growth by 2025 India may even have caught up with China according to the UN In this paper we focus on agriculture and especially on agriculture trade. India has a large and diverse agriculture and is one of the world's leading producers. It is also a major consumer, with an expanding population to feed. For this reason and because of its agricultural and trade policy, its presence on the world market has been modest in relation to the size of its agriculture. India is still a big unknown. While it has been a small net agricultural exporter overall since 1990, in recent years there have been many changes in its agriculture and trade policies and significant changes in its net trade position for many individual products. The leading forecasting institutions expect that India will play a bigger role in world markets in future it is number of markets it is expected to consolidate its position among the world's leading importers (vegetable oils) and exporters (rice). Given the size of Indian agriculture, changes in its balance sheets for key commodities have a potentially large impact on world markets.

### India's Agricultural Trade-Trends

The temporal behaviour of India's exports and imports shows that India has consistently remained a net exporter of agri-products during the last two decades. Agri-Exports have increased more than ten times from US\$ 3.5 billion in 1990-91 to US\$ 37.1 billion in 2011-12 growing at an annual average rate of 13.6 percent. Agri-Imports have increased from US\$ 0.7 billion in 1990-91 to US\$ 17.2 billion in 2011-12 growing at an even higher annual average rate of 21.4 percent. Though agri-imports have risen at a higher rate, the trade surplus has widened during this period as is clearly depicted in Figure

**Figure 1. India's agriculture trade export and import (Value in Core)****India and European Union agriculture trade performance.**

In the table 1 have shown performance of India and European of agriculture export during the period 1990 to 2014, it is clear that the % share of agriculture in the world is very less around only 2.5 percent but on the other hand European Union is the world largest exporter whose export is around 40.7. In the year 1995 India's agriculture share of export was 1.3 percent that which decline to 1.1 in 2000. The period between new economic policy and formulation of WTO till 1995 is show the trade increased by 1.1% On the other hand; European Union % share of agri export in world is much higher than India around 40%. But interesting thing % share of agri export in total export of both the countries has been decline. In 1990 % share of agriculture export in total export was 14% but decline at 10.9 % in 2014. on the other hand European Union countries agriculture export in total export is less than India. The % share of European union in total export has been counted at 7.7 % in 1990 that increased at 9.9 %.

**Table 1 Percentage Share of Agricultural Exports India and European Union**

Year	India		European union	
	% in world Export	% in total Exports	% in world Export	% in total Export
1990	2.5	14.6	40.7	7.7
1995	1.3	17.4	51.6	10.4
2000	1.1	11.2	46.5	8.1
2005	1.3	8.4	48.2	8.0
2010	1.6	8.0	42.0	9.2
2014	2.4	10.9	41.0	9.9

Source: Author's calculations based on WITS data base

In the table 2 have shown performance of India and European of agriculture import during the period 1990 to 2014, it is clear that the % share of agriculture import in the world is very less than 1% but on the other hand European Union is around 10.3. in 1990. In the year 1995 India's agriculture share of import has been decline at 0.4% on the other hand European Union import increased at 46.7 to 53.2 %. The post WTO period till 2014 5 share of import has been continuously increased in 2014 % share of import counted 1.5 %, on the other hand

in the European Union has been continuously declined the % share of import is counted at 40.8 % in 2014. it can be found from the table the India's % share of agricultural import in total import is counted at 3.6 percent in 1990 on the other hand 10.3 % counted for European union. It is clear from the table number 2 % share of agriculture import in total import has been increased at 4.4 % in 2014 on the other hand % share of agriculture import has been decreased at 9.4 % .

**Table 2 Percentage Share Agricultural import India and European Union**

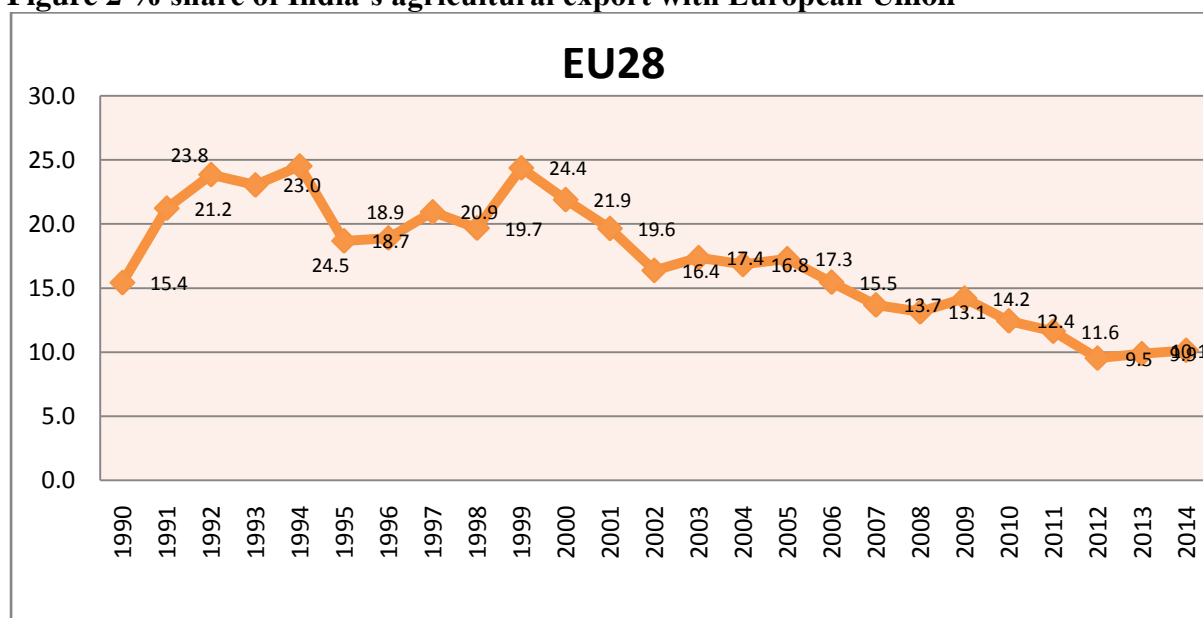
Year	India		European union	
	% in world Import	% in total Import	% in world Import	% in total Import
1990	0.7	3.6	46.7	10.3
1995	0.4	4.7	53.2	10.6
2000	0.6	4.5	44.4	7.5
2005	0.8	3.6	47.6	7.8
2010	1.2	3.7	41.7	8.5
2014	1.5	4.4	40.8	9.4

Source: Author's calculations based on WITS data base

### India's agricultural export with European Union

The European Union is the major agriculture trade partners of India since independence. In the figure 1 has shown % share of India's agriculture export to European it is clear from the figure the % share has been sharply declined. It can be found from the figure % of agriculture export has been counted 15.4 % in 1990 but after 1995 it completely decline at 9.1 percent in 2014.

**Figure 2 % share of India's agricultural export with European Union**

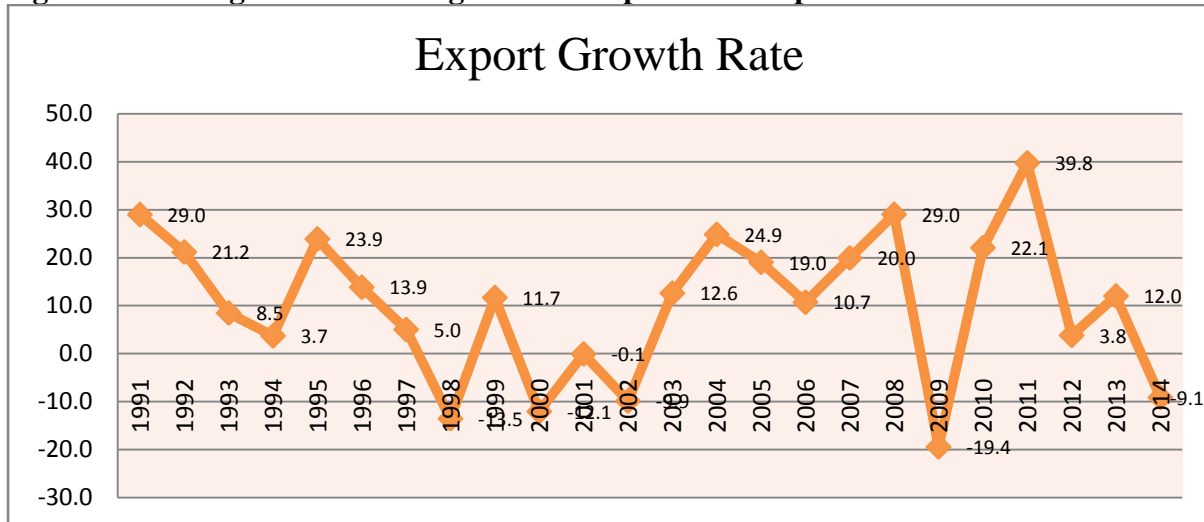


Source: Author's calculations based on WITS data base

Figure 3, shows demonstrates that although this achieved agriculture export growth rate with European Union, India's have been characterizing by fluctuations over time. The export growth rate has been declined during the period 1991-1994. Turned into a strong growth of about 39.8 percent in 2011, and then after dropped continually percent in the following year

till 2014. It can be observed after 1995 becoming the part of WTO annual growth rate has been fallen, it seem negative impact beginning year of the WTO. After 200 export growth rate continuously increase till 2008 but after that in 2009 register worst growth rate -19.4 percent after the liberalization period it might be world recession.

**Figure 3 annual growth rate of agriculture export to European Union**

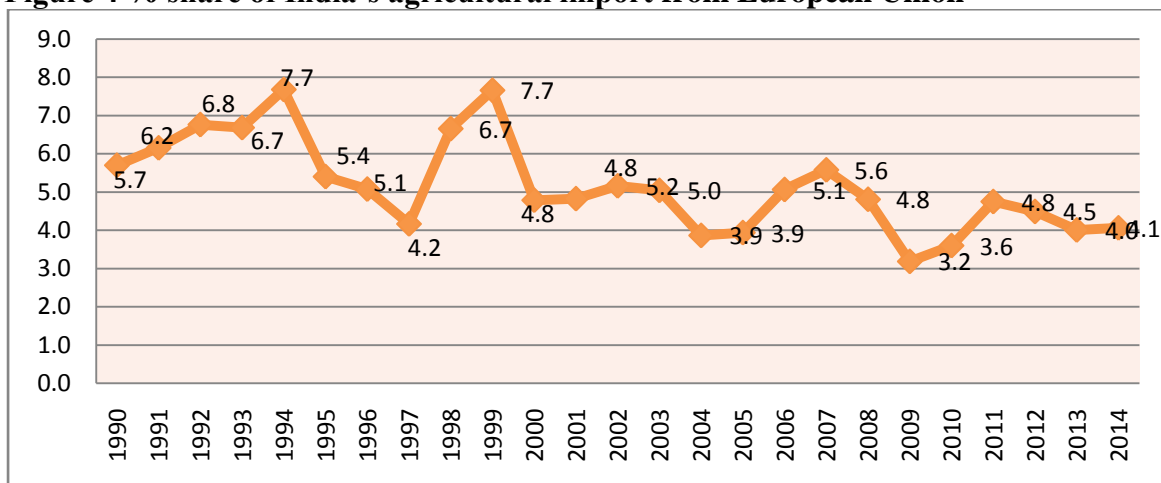


Source: Author's calculations based on WITS data base

**India's agriculture import from European Union**

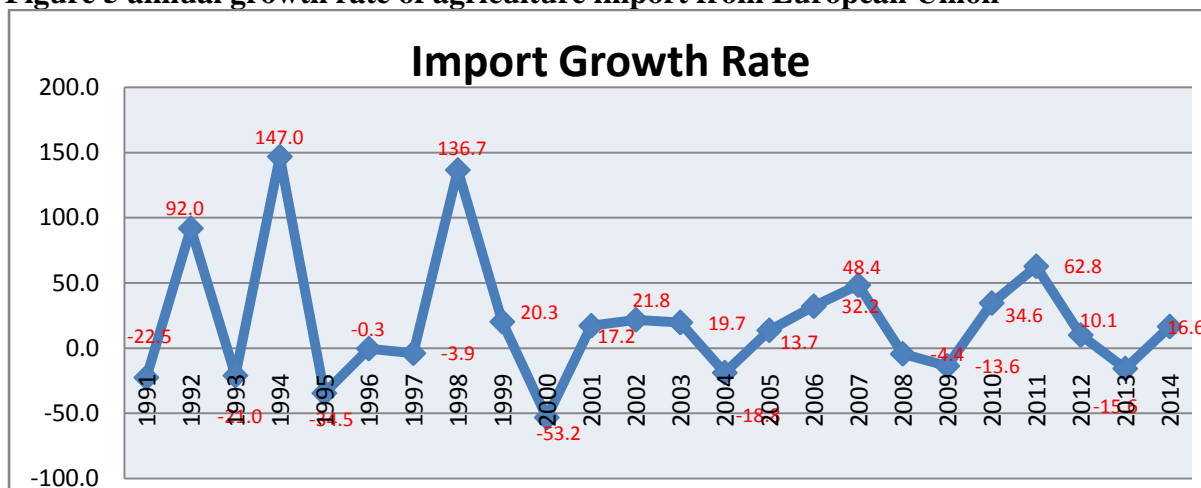
It is clear from the figure 4 The European Union is not the major agriculture trade partners of India since independence. In the figure 4 has shown % share of India's agriculture import from European Union, it is clear from the figure the % share has been sharply increased from 5.7 to 7.7 beginning era liberalization. It can be found from the figure % of agriculture export has been counted 7.7 % in 1999 but after it completely decline at 4.1 percent in 2014.

**Figure 4 % share of India's agricultural import from European Union**



Source: Author's calculations based on WITS data base

It can be found shows demonstrates that although this achieved agriculture import growth rate with European Union, India's have been characterizing by fluctuations over time. The strong growth has been counted 147.0 %. It can be observed after 1995 becoming the part of WTO annual growth rate has been fallen, it seemed negative growth rate in 2000 at -53.2 %

**Figure 5 annual growth rate of agriculture import from European Union**

Source: Author's calculations based on WITS data base

### India's agriculture export with majors European Union partners

When we talk about agriculture trade with European Union 28 but it is necessary to understand from which countries we import and for which countries we export. The table 3 show the % share of India's agriculture export.

**Table 3 Percentage Share of India's Agriculture Exports with majors' EU partners**

	1990	1995	2000	2005	2010	2014
Germany	0.0	15.3	15.0	14.4	14.5	14.2
<b>United Kingdom</b>	<b>33.8</b>	<b>21.8</b>	<b>23.8</b>	<b>20.8</b>	<b>17.8</b>	<b>18.5</b>
Italy	8.5	11.3	7.2	10.0	9.8	9.9
Belgium	0.0	0.0	5.4	8.1	11.5	11.5
France	6.17	12.19	11.23	10.08	10.81	11.12
Greece	0.77	2.50	1.60	2.41	2.00	1.94
Netherlands	22.0	19.9	21.8	19.2	19.5	17.0
Poland	12.6	5.9	2.6	1.4	2.2	2.7
Spain	2.3	3.5	4.7	5.7	4.0	4.1
<b>Rest of EU-19</b>	<b>13.9</b>	<b>7.6</b>	<b>7.9</b>	<b>7.8</b>	<b>7.8</b>	<b>9.0</b>

Source: Author's calculations based on WITS data base

It can be found from the table united kingdom is the major trade partners of India whose share has been counted 33 percent in 1990 the same year Netherlands was the second largest agriculture trade partners whose share was at 22 % third rank was Poland. And rest of the European Union agriculture export counted at 13.9 %. It can be observed from the table the % share with United Kingdom, Germany, Netherlands these countries has been decline but on the other hand Belgium Italy has been increased in 2014 united kingdom was the majors agriculture export partners of India after that Germany, Netherlands and France also the majors importer from India. On the whole India concentrate with very few countries, Spain, Greece, and rest of the European Union % share of agriculture import from India is the negligible.

### India's agriculture export with majors European Union partners

It can be observed from the table 4 it is very interesting story of India's import from the European Union that Hungary was the main exporter countries to India in 1990 around the half of the import 43.2 percent. United Kingdom was the second importer from the European Union to India after France, Italy also the export to India, it can be observed from the table there is fluctuated 5 share of import from the European countries. Italy was one of the countries whose export has been increase to India. Spain also the increased their agriculture exports to India. But finally in 2014 United Kingdom was the majors exporter to India at 29.6 % second rank was France at 13.4. Rest of European Union has been counted at 6.3 %

**Table 4 Percentage Share of Agriculture import from EU partners**

	1990	1995	2000	2005	2010	2014
Germany	0.0	21.8	23.3	13.5	11.4	9.3
United Kingdom	20.0	24.4	16.4	22.5	23.8	29.6
Italy	3.9	5.6	9.9	9.9	11.1	11.5
Austria	0.1	0.4	0.6	1.1	3.3	2.1
Belgium	0.0	0.0	7.6	5.9	3.7	5.1
Bulgaria	3.1	0.4	0.4	0.3	0.5	2.0
France	14.7	10.2	12.7	18.6	14.2	13.4
Hungary	43.2	4.5	0.0	0.3	0.2	0.1
Netherlands	9.9	20.4	17.7	14.3	10.5	13.1
Spain	1.9	3.7	2.7	4.9	11.7	7.5
<b>Rest of EU</b>	<b>3.0</b>	<b>8.7</b>	<b>8.7</b>	<b>8.7</b>	<b>9.6</b>	<b>6.3</b>

Source: Author's calculations based on WITS data base

### CONCLUSION

India has a modest share in world agricultural exports. It has recorded a small surplus in the trade balance a definite change in the direction of exports was observed in between 1990 and 2014. This study found the % share of total agriculture export as well as import with European Union has been declined. India's agriculture export and import only concentrate on very few countries. Growth rate also fluctuated over the period 1990 to 2014. This study is very useful for those to know about the agriculture trade.

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