

Groundnut Report

Competitive Advantage:/RCA

In this era of Globalization, it is important for any nation to involve in global trade for national income composition. Given their rapid rate of urbanization and income growth, middle-income countries have become target markets for global trade. The changing consumer preferences are also evident in the year-round consumer demand for important products, which matches year-round availability with consumers willing to pay more for imported out-of-season products. While being an exporter, every country face increasing competition from emerging markets as well as the existing competitors.

To analysis the competition in the market, revealed comparative advantage is an index used in international economics for calculating the relative advantage or disadvantage of a certain country in a certain class of goods or services as evidenced by trade flows.

The RCA (Reveal Comparative Advantage) Value for India Groundnuts:

	Export in billion
Groundnuts Export from India	0.41
Total Agri culture export from India	39
Total Export of Groundnuts by all Countries	2.98
Total Export of Agriculture from World	1820

RCA Calculation:

X: Groundnuts Export from India/ Total Agri culture export from India

Y: Total Export of Groundnuts by all Countries/ Total Export of Agriculture from World

$$X: 0.41/39 = 0.011$$

$$Y: 10.96/1820 = 0.0016$$

RCA: X/Y

$$X/Y: 0.011/ 0.0016 = 1.67$$

RCA Value is 6.42

A comparative advantage is "revealed" if $RCA > 1$. If RCA is less than unity, the country is said to have a comparative disadvantage in the commodity or industry.

As comparative advantage is "revealed" if $RCA > 1$, there is lots of scope for India's Groundnuts export. It clearly shows India's has lot of scope for Groundnuts Export. However, production of Groundnuts currently is much higher than demand in the domestic market. There is need to promote export of groundnuts and its products to sustain present production trend.

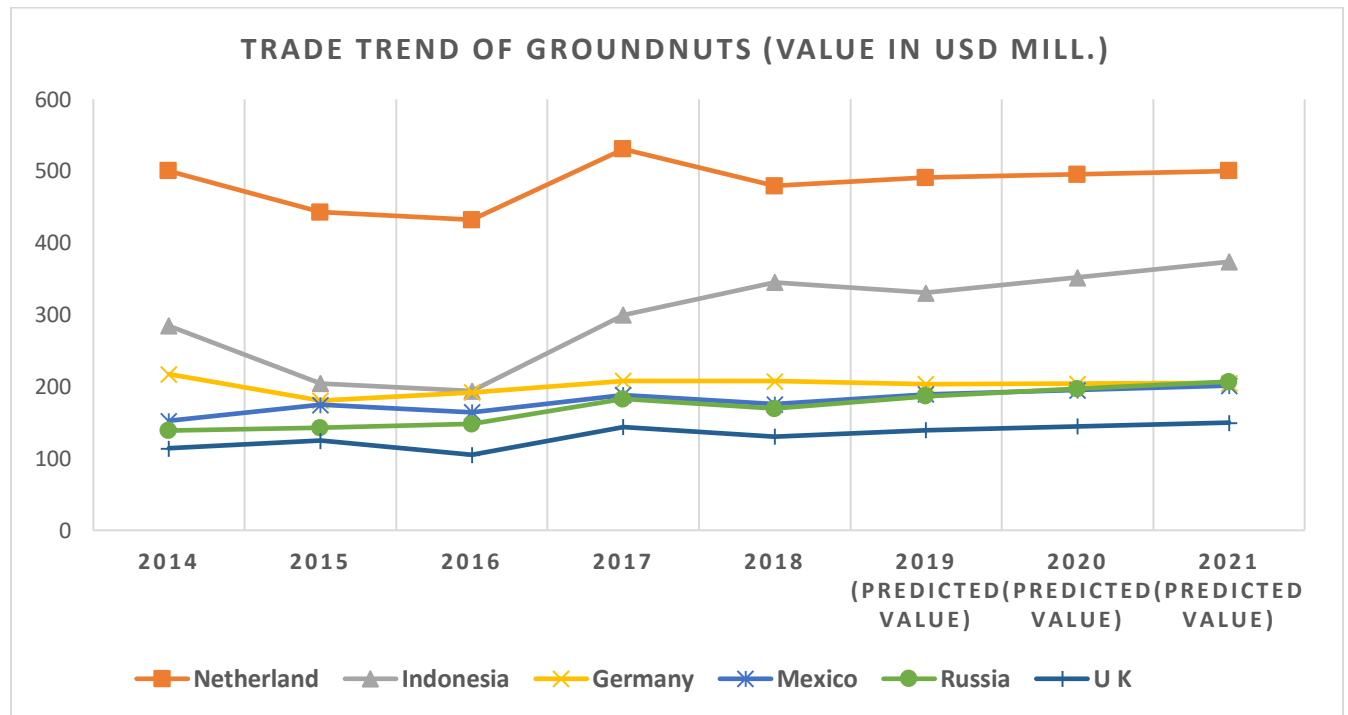
Predictive Demand in Major Market

Major market for Groundnut, now the demand of these shortlisted market has been calculated with the help of Forecast Modelling.

Note: Impact of Pandemic (Covid-19) is not taken into account.

Trade Trend and Predicted Demand Analysis for Major Market								
Value in USD Million								
Country	2014	2015	2016	2017	2018	2019 (Predicted Value)	2020 (Predicted Value)	2021 (Predicted Value)
Netherland	500	443	432	530	479	491	495	500
Indonesia	285	204	194	300	345	330	352	374
Germany	217	181	192	208	208	203	204	205
Mexico	153	175	164	189	176	189	195	201
Russia	139	142	148	183	169	187	197	207
U K	114	125	105	144	131	139	145	150

Source: UN Comtrade



Import Tariff

A **tariff** is a tax on imports or exports between the nations. It is a form of regulation of foreign trade and a policy that taxes foreign products to encourage or safeguard domestic industry. Traditionally, states have used them as a source of income. Now, they are among the most widely used instruments of protectionism, along with import and export quotas.

Import Tariff in the above-mentioned major market for India's Groundnut is given below:

Product Name	HS Code	Importing Country	Average of AV Duties
Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken.	1202	China	10.0
Groundnut seed, for sowing	120230	China	0.0
Groundnuts, in shell (excl. seed for sowing, roasted or otherwise cooked)	120241	China	15.0
Groundnuts, shelled, whether or not broken (excl. seed for sowing, roasted or otherwise cooked)	120242	China	15.0
Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken.	1202	Netherland	0.0
Groundnut seed, for sowing	120230	Netherland	0.0
Groundnuts, in shell (excl. seed for sowing, roasted or otherwise cooked)	120241	Netherland	0.0
Groundnuts, shelled, whether or not broken (excl. seed for sowing, roasted or otherwise cooked)	120242	Netherland	0.0
Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken.	1202	Germany	0.0
Groundnut seed, for sowing	120230	Germany	0.0
Groundnuts, in shell (excl. seed for sowing, roasted or otherwise cooked)	120241	Germany	0.0
Groundnuts, shelled, whether or not broken (excl. seed for sowing, roasted or otherwise cooked)	120242	Germany	0.0
Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken.	1202	UK	0.0
Groundnut seed, for sowing	120230	UK	0.0
Groundnuts, in shell (excl. seed for sowing, roasted or otherwise cooked)	120241	UK	0.0
Groundnuts, shelled, whether or not broken (excl. seed for sowing, roasted or otherwise cooked)	120242	UK	0.0
Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken.	1202	Mexico	0.0
Groundnut seed, for sowing	120230	Mexico	0.0
Groundnuts, in shell (excl. seed for sowing, roasted or otherwise cooked)	120241	Mexico	0.0
Groundnuts, shelled, whether or not broken (excl. seed for sowing, roasted or otherwise cooked)	120242	Mexico	0.0
Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken.	1202	Poland	0.0
Ground-nuts in shell, not roasted or otherwise cooked	120210	Poland	0.0
Shelled ground-nuts, whether or not broken (excl. roasted or otherwise cooked)	120220	Poland	0.0
Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken.	1202	Russian	0.0
Groundnut seed, for sowing	120230	Russian	0.0
Groundnuts, in shell (excl. seed for sowing, roasted or otherwise cooked)	120241	Russian	0.0
Groundnuts, shelled, whether or not broken (excl. seed for sowing, roasted or otherwise cooked)	120242	Russian	0.0

Note: Ad valorem tariffs (AV) are those imposed as a percentage of the custom value of the product imported

Source: WTO

Sanitary & Phytosanitary (SPS) measure published since 1st January 2019, which may have direct or indirect impact on Groundnuts/Peanuts exports from India

Circulation Date	Notifying Member	Region/ Country Affected	Product Covered	Notification	Information for Exporters
14/05/19	Uganda	All trading partners	Full fat groundnut flour	G/SPS/N/UGA/79	This Draft Standard specifies requirements, methods of sampling and testing for full fat groundnut flour suitable for human consumption notified by Uganda.
15/11/19	Canada	All trading partners	Pesticide flutolanil in or on potatoes and peanuts (ICS...	G/SPS/N/CAN/1255/Add.1	This regulation establishes the listed maximum residue limits (MRLs) for flutolanil, trading partners need to comply with the same.