

Rice (HS: 100630) includes majorly Basmati Rice

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 Rice (HS: 100630):

	Export in billion
Rice (HS: 100630) Export from India	6.9
Total Agri culture export from India	39
Total Export of Rice (HS: 100630) by all Countries	21.4
Total Export of Agriculture from World	1820

RCA Calculation:

X: Rice (HS: 100630) Export from India/ Total Agri culture export from India

Y: Total Export of Rice (HS: 100630) by all Countries/ Total Export of Agriculture from World

$$X: 6.9/39 = 0.177$$

$$Y: 21.4/1820 = 0.012$$

RCA: X/Y

$$X/Y: 0.177/ 0.012 = 15.04$$

RCA Value is 15.04

Note:

If $RCA > 1$, the country is said to have a comparative advantage in the commodity or industry.

If $RCA < 1$, the country is said to have a comparative disadvantage in the commodity or industry.

“As India’s $RCA > 1$ for Rice (HS: 100630), it clearly shows India’s comparative advantage in Rice (HS: 100630) trade. There is need to focus on promoting our Basmati Rice brand in new markets in the world.

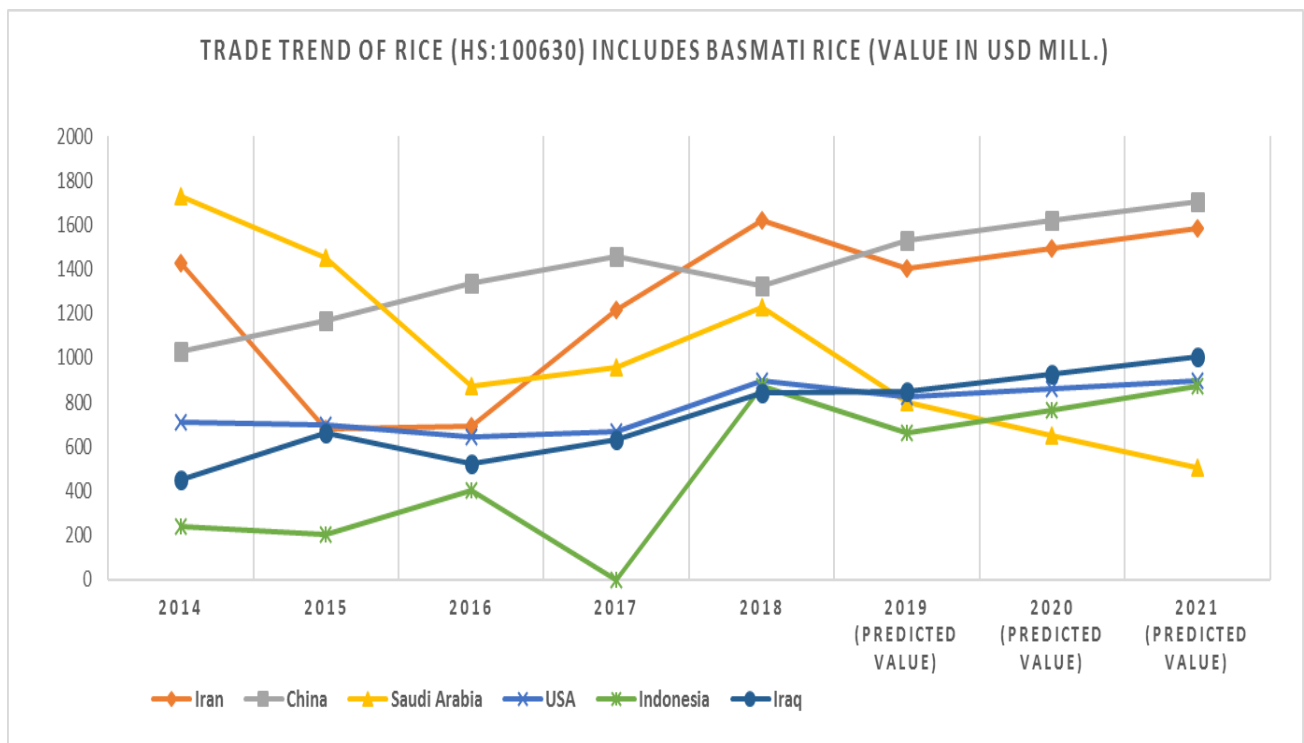
Predictive Demand in Major Market

Major market for Rice (HS: 100630), 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)
Iran	1431	681	690	1214	1622	1402	1494	1585
China	1031	1168	1337	1461	1327	1530	1619	1707
Saudi Arabia	1732	1451	872	957	1231	801	651	502
USA	708	700	644	670	895	826	861	895
Indonesia	240	201	403	0.24	870	660	766	872
Iraq	451	660	520	634	845	850	926	1002

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 Rice (HS: 100630) is given below:

100630000000 Saudi Arabia (as of 30-12-2019)		
1006300	Most Favoured Nation Tariff	0
10063000 United Arab Emirates (as of 05-02-2020)		
10063000	Most Favoured Nation Tariff	0
1006302110 United Kingdom (as of 30-12-2019)		
1006302110	Most Favoured Nation Tariff	175 EUR TNE
1006302110	Generalized System of Preferences Tariff	No Preference
1006302110	Generalized System of Preferences Rules Of Origin	Not Applicable*
10063000 Kuwait (as of 05-02-2020)		
10063000	Most Favoured Nation Tariff	0
10063000 Iran (as of 30-12-2019)		
10063000	Basic Customs Duty Tariff	26
1006301001 China (as of 25-12-2019)		
1006301001	Asia-Pacific Trade Agreement Tariff	No Preference
1006301001	Asia-Pacific Trade Agreement Rules Of Origin	Not Applicable*
1006301001	Most Favoured Nation Tariff	1
1006302110 France (as of 30-12-2019)		
1006302110	Most Favoured Nation Tariff	175 EUR TNE
1006302110	Generalized System of Preferences Tariff	No Preference
1006302110	Generalized System of Preferences Rules Of Origin	Not Applicable*
10063030 Indonesia (as of 05-02-2020)		
10063030	ASEAN-India Free Trade Agreement Tariff	No Preference
10063030	ASEAN-India Free Trade Agreement Rules Of Origin	Not Applicable*
10063030	Most Favoured Nation Tariff	Rp. 450,-/kg
1006301020 United States of America (as of 30-12-2019)		
1006301020	Most Favoured Nation Tariff	11.2
10063030A Philippines (as of 30-12-2019)		
10063030A	ASEAN-India Free Trade Agreement Tariff	No Preference
10063030A	ASEAN-India Free Trade Agreement Rules Of Origin	Not Applicable*
10063030A	Most Favoured Nation Tariff	40

Source: WTO