

Is India ready for CPTPP? Is CPTPP ready for India?

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19 June 2026

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Is India ready for CPTPP?

India and PTAs: a reluctant embrace

**India's
current P TA
bings: what
is it?**

**Why now?
m ultilateral
order
changed**

**The new
trade
landscape**

**India's
growth and
investment
agenda**

**India's current PTA Binge : what is
it?**

India : post - WTO bilateral and multi - country agreements

1998–2011: 8 ‘shallow’ agreements: bilateral/ASEAN

2012–2020: Reality bites: Concern with trade deficits

- 2014-19 new coalition elected (NDA, Narendra Modi Prime Minister).
- India suspends RCEP participation, reviews bilateral investment treaties.
- 2019-2024: PM Modi 2nd term; COVID19; deaths in border clash with China; India chairs G20.
- 2021-2026: 9 PTAs negotiated (bilateral, regional) covering 38 countries.

“Shallow phase”: 1998-2011

Year	Agreement	Status (June 2026)
1998	Sri Lanka	In force
2004	MERCOSUR (4 countries)	
2005	Singapore	
2006	Chile	
2009	South Korea	
2010	ASEAN (10 countries)	
2011	Malaysia	
2011	Japan	

Phase 2: 2021-2026

Year	Agreement	Status (June 2026)
2021	Mauritius	In force
2022	UAE	
2022	Australia	
2024	India-EFTA (Switzerland, Norway, Iceland, Liechtenstein)	
2025	UK	Signed; ratification/implementation process underway
2025	Oman	Concluded; legal finalisation/signing process underway
2025	New Zealand	Concluded in principle; implementation pending
2025-26	EU (27 countries)	Negotiations substantially concluded; legal scrubbing and ratification pending
2025-26	US	Under negotiation / phased agreement discussions continuing

India concluded, signed, or operationalised nine trade agreements covering 38 countries in just over three years, marking the most intensive phase of trade negotiation in India's history.

The new PTAs: underlying themes



Active Deliverables

Fast implementation of comprehensive economic partnerships with dynamic markets like the UAE, Australia, and the EFTA block.



Active Pipelines

Successfully concluded high-stakes negotiations with massive consumer jurisdictions including the European Union and the United Kingdom.



Hedging Strategy

Accelerating the India - EU FTA as a deliberate structural hedge against escalating unilateral trade barriers elsewhere.

Why PTAs now? Shifts in multilateral order

Evolution of India's Trade Policy

1991 - 2010s

Reluctant Player:

Transition to defensive FTAs, driven mainly by a fear of regional exclusion.

2020s & Beyond

Proactive Bilateralist :

Fast-tracking deep, mutually beneficial bilateral and now regional trade pacts.

1950 - 1990

Multilateral

Commitments: Strong focus on WTO and non-discriminatory global disciplines.

2019 Exit

The RCEP Pivot:

withdrawal from RCEP given large asymmetric trade balances.

Moving from GATT to WTO

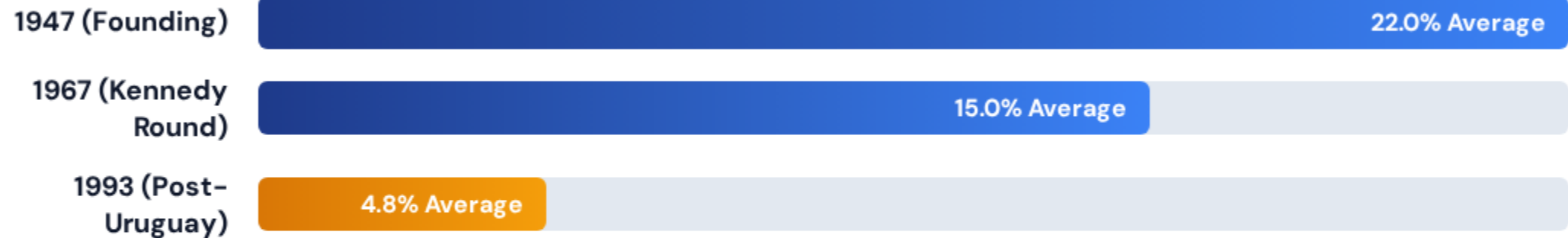
Foundational Signatory

India operated as a crucial founding member of the GATT 1948 framework. This early presence ensured developing - nation perspectives were woven directly into modern global trade rules.

Consensus to WTO

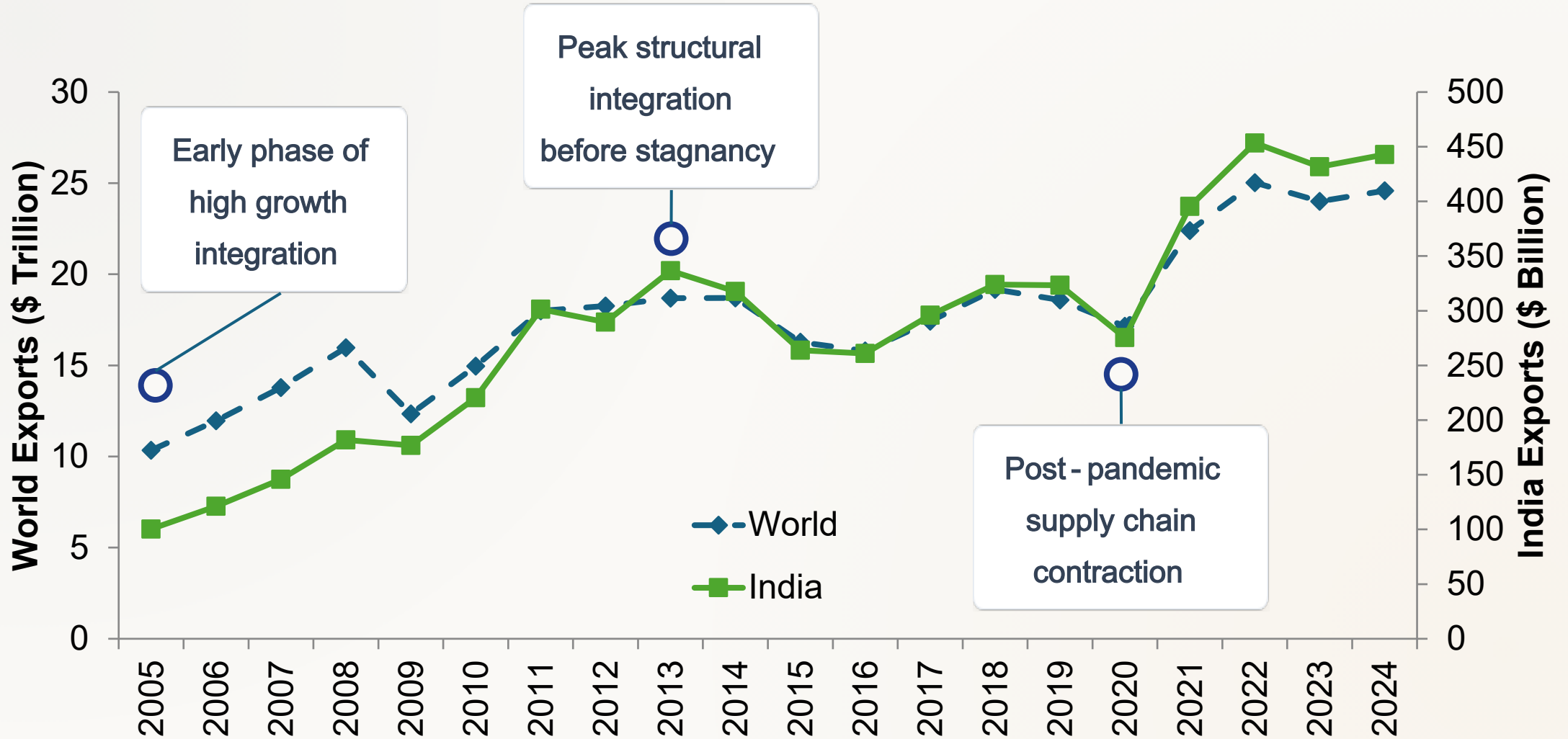
Early rounds moved with high efficiency, taking just a single year each. This trajectory culminated in the Uruguay Round and the birth of the World Trade Organisation (WTO) in 1995.

Dramatic Global Tariff Reductions



GATT rounds systematically lowered global merchandise tariffs, creating the open trade environment that drove late-20th-century growth.

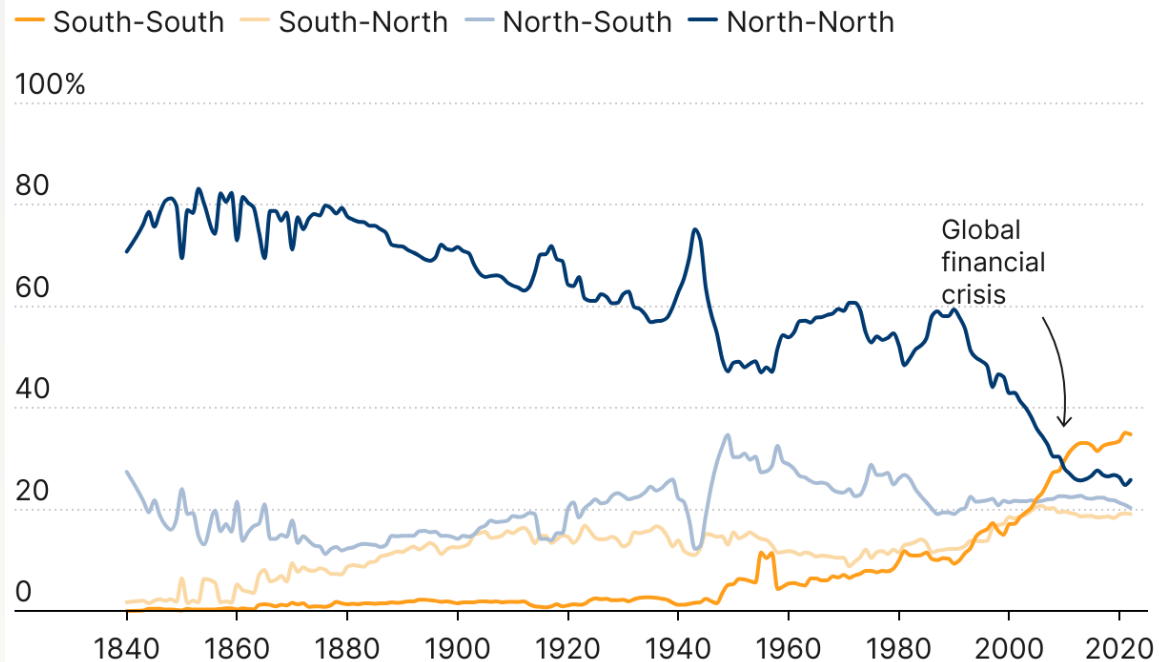
Global vs Indian Merchandise Export Trends



The Rise of South - South Trade

South-South trade surpassed North-North around the 2007-2009 global financial crisis

Share of global exports by income level of the trade partner, 1840-2022



Source: Author's computations, based on Fouquin and Hugot (2016) and IMF Direction of Trade Statistics (2023)

Shattering the Rich - to - Rich Monopoly

Prior to World War II, global trade was almost exclusively dominated by transactions within a small group of advanced, rich economies.

Over the last two decades, this reality has flipped completely. Trade between non - rich developing countries (South - South trade) is now just as vital as classical North - North trade corridors.

What next? The new trade landscape

Asymmetry in Regional Strategies



High Negotiation Costs

Advanced economies can afford the deep intellectual and administrative capacity to run multiple complex regional tracks in parallel with WTO processes.

For developing countries, mimicking these mega-regional pathways often causes them to divert scarce resources away from safeguarding multilateral forums.

Global Structural Challenges

-  **Hyper - Globalisation Fallouts:** Decades of rapid deregulation have led to extreme GVC vulnerabilities and massive corporate concentration.
-  **Tapering Liquidity:** Sharp rises in global interest rates and macro inflation driven directly by localised conflicts.
-  **The Green Premium:** High transitional capital requirements necessary to transform conventional carbon - based logistics.

Mercantilism vs. Productivity

The Mercantilist Impulse

Indian policy historically reflects mercantilist priorities: export maximisation, domestic substitution, and protective ring - fencing of local industry.

The Productivity Paradigm

Modern trade theory emphasises that well-structured FTAs drive deep domestic productivity by exposing local sectors to global standards and sourcing cheaper intermediate inputs.

WTO Paralysis

Doha Round Deadlock

The Doha Development Round famously missed its completion targets and remains effectively dead, marking an end to traditional, broad - consensus multilateral rounds.

Appellate Body Paralysis

The U.S. dismantled enforcement by systematically blocking member appointments. This removal of enforcement has severely weakened rules-based trade compliance.

Challenges Facing Multilateralism

-  **Stalled Negotiations:** A distinct lack of leadership from G7 nations combined with a failure to reflect the aspirations of rising markets.
-  **Unfairness Perceptions:** Developing countries widely perceive that the promised benefits of WTO agreements remain largely unmaterialised.
-  **Non-Tariff Barriers:** The aggressive emergence of complex NTBs as the primary mechanism of modern border protection.
-  **Inability to Evolve:** Failure to rapidly adapt to the "trade - investment - service nexus" powering modern fragmented value chains.

Green Shifting & Clean Subsidies

EU's CBAM Impact

The Carbon Border Adjustment Mechanism (CBAM) levies a carbon tariff on key imports (steel, aluminium), threatening developing nations reliant on fossil fuels and challenging the principle of Common but Differentiated Responsibilities.

Capital Market Distortions

Massive clean tech subsidies in Western economies are capturing the global green capital flows. Asia must counter with localised industrial instruments like India's Production - Linked Incentives (PLI).

How important? India's growth agenda

India's Trade Imperatives

Industrial Deficits

Persistent weaknesses in core domestic manufacturing coupled with high reliance on imported low - value inputs remain structural vulnerabilities.

Strategic Sovereignty

Shifting from dogmatic laissez - faire to active industrial strategy. Secure domestic supply chains are required to buffer against geopolitical weaponisation of finance.

PTAs as Engines of Investment, Technology and Employment

- Recent PTAs have been concluded primarily with advanced economies possessing capital, technology and innovation ecosystems.
- Partnership between India and the European Free Trade Association (EFTA), comprising Switzerland, Norway, Iceland, and Liechtenstein includes a commitment to facilitate USD 100 billion of investment over 15 years and support 1 million direct jobs.
- Facilitate technology transfer, R&D collaboration, and participation in emerging sectors such as semiconductors, clean energy, and advanced manufacturing.
- Create employment opportunities in labor-intensive sectors, including textiles, apparel, footwear, gems & jewellery, toys, and marine products.

Why PTAs Are Essential for India



Scaling Jobs

India must generate an estimated 100+ million new jobs through export scaling over the coming decade.



Level Playing Field

Bilateral Preferential Trade Agreements eliminate high reciprocal tariffs, allowing Indian exporters to match competitor pricing.



Value Chain Shifting

Deepening regional ties overcomes low regional trade indices; currently, SAARC holds the lowest intra - regional trade globally.

Is CPTPP ready for India?

Issues

- Earlier consensus (Pre-Trump 1) : RCEP less demanding, India should accept those disciplines before aspiring to TPP.
- TPP based on APEC (India not a member)
- Long list of accession candidates.
- India considered a difficult negotiating partner
- Agriculture, services, investment protection all difficult issues.

Thank you

Questions and Discussion

