



Analysis of Trade Pattern between India and ASEAN

APRIL 2018



PHD RESEARCH BUREAU

PHD Chamber of Commerce and Industry



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April 2018

**PHD RESEARCH BUREAU
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Mr. Anil Khaitan
President

From President's Desk

India and Association of South - East Asian Nations (ASEAN) relationship has improved towards a new trajectory. The bridge between 'Look East' policy and 'Act East' policy has been reinforced through constant dialogue between the two groups. India and ASEAN both share common historical experiences, goals, visions, and hurdles, which make them pivotal to shape the world in the coming times.

In the present world, current dynamics amid both regions has been the understanding that led to budding areas of co-operation, which include economic field, energy sector, human resources development, capacity building and security and maritime co-operation. Further, reinforcement of sentiments, confidence, and trade between India and ASEAN engendered prospects of substantial development. Both groups have embarked upon utilizing new dimensions of their relationship.

Indeed, the past few years have witnessed a reorientation in outlook of India-ASEAN trade pattern. In view of the importance of the relationship for sustained economic development, PHD Chambers call for greater and balanced cooperation in the field of trade and investment.

Notably, ASEAN has a significant presence in India's market whereas India holds a meager footprint in ASEAN's market.

With continuous talks and meets, India has evinced signs of forging a long term partnership that will help in promoting sustainable development, security and a better rapport between the people of India and ASEAN group.

PHD Chamber has always noted the importance of ASEAN group in India's Balance of payments, and remains an enthusiastic promoter of India and ASEAN relationship in the coming times.

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Executive Summary

Association of South East Asian Nations (ASEAN) comprising 10 economies, if treated as a single entity, would rank as the 3rd largest economy in Asia and 7th largest in the world. The importance of India's current relationship with ASEAN and its future potential for mutually beneficial growth in trade will require greater political, economic, and strategic engagement with ASEAN.

ASEAN as a region has displayed great dynamism. The total bilateral trade between India and ASEAN nations grew from USD 52.6 billion in 2010 to USD 64.6 billion in 2016. India's exports to ASEAN witnessed a drop from USD 37.89 billion in 2013 to USD 26.38 billion in 2016. Contrary, India's imports declined from USD 42.31 billion to USD 38.22 billion during 2016.

India's trade relations with ASEAN have witnessed a shift during the pre and post ASEAN – India Free Trade Agreement (AIFTA). Interestingly, India's export growth to ASEAN during pre-AIFTA stood at a CAGR of 23.39% whereas import growth stood at a CAGR of 23.71% during 2003-09. Simultaneously, India's trade deficit also grew by 24.69% from USD 1.62 billion to USD 6.07 billion during the same period, respectively.

During the post-AIFTA regime, India's export growth to ASEAN stood at a CAGR of 2.34% compared to the import growth of CAGR 4.33% during 2010-16. In addition, the trade deficit grew at a CAGR of 10.01% during 2010-16. The AIFTA may have decelerated the pace of growth in trade between India and ASEAN.

Over the years, the trade trajectory between India and ASEAN witnessed a shift in significance for each other's market. Given the magnanimous size of trade volume between ASEAN and World, role of India has remained lackluster in ASEAN's market. India has an insignificant presence in ASEAN's top ten imports, wherein ASEAN imported around 11.8 billion valued imports from India, accounting for a share of 1.57% of overall imports of USD 752.35 billion from world during 2016.

On the other hand, India's export share of top ten products at HS-02 stood at USD 154.46 billion, accounting for a share of 59.3% of the total exports during 2016. Of the top ten exports to the world, India exported USD 11.97 billion to ASEAN during the same period, accounting for a share of 7.75% of the total exports of USD 260.33 billion to world.

The trade gap between India and ASEAN has expanded at a greater extent over the years. The primary reason has been the design of the trade between India and ASEAN. ASEAN has greater trade complementarities with India, indicating more aligned export pattern of ASEAN with the import pattern of India. In addition, the drop in tariffs has also played a catalyst, however the extent of change has been limited. ASEAN's export volume of top ten products stood at USD 798.76 billion, accounting for a share of 67.5% of total exports of USD 1.18 trillion during 2016. Of the total exports, ASEAN exported around USD 27.57 billion to India with a share of 3.45% during the same period.

Of the total imports by India, the top ten products accounted for 74.3% share and valued at USD 265.04 billion during 2016. Interestingly, ASEAN group has a very strong significance in India's top ten imports with a share of 10.47%, valued at USD 27.76 billion during the same period.

The analysis also revealed that ASEAN is not a major importer in the world of the product categories where India holds export advantage. For instance, ASEAN as an entire region imports 3.9% of the world's natural and cultured pearls and precious stones, 3.2% of world's vehicles, and 2% of world's pharmaceutical products among others. Although India has a strong presence in case of pharma products in ASEAN, the import volume of pharma products by ASEAN has been moderate over the years.

The major bottlenecks constraining the performance of Indian exports in the ASEAN market are the stiff competition from China and imposition of stringent non-tariff barriers. Proliferation of non-tariff measures (NTMs) in the ASEAN market has contained the economic integration of Indian products in ASEAN. According to WTO Database, between 2000 and 2015, non-tariff measures in ASEAN rose from 1,634 to 5,975, especially for the developing countries.

China has been one of the biggest exporters to ASEAN in majority of the products. India's engagement in ASEAN has been hindered by the enhanced competitiveness of Chinese products such as electrical equipments, mechanical appliances, plastics, iron and steel and organic chemicals among others. ASEAN imports around 24.31% of its biggest import commodity valued at USD 254.29 billion, viz. electrical equipment, and around 41% of its iron and steel import demand of USD 35.57 billion from China during 2016.

Going ahead, to enhance its presence in the ASEAN market, India needs to explore the potential of the ASEAN Economic Community (AEC) to its fullest. Targeting a common market of more than 600 million people with eased tariff rates could miniaturized the European Union's and NAFTA's 500 million and over 400 million markets, respectively.

In addition, to counter the onslaught of trade deficit that India has incurred over the years with ASEAN, an intelligent incentive structure needs to be devised. It is also noted that due to high competitiveness in the international markets, industries are not encouraged much too aggressively to pitch for higher exports.

Therefore, rather than making attempt to protect domestic industry, it is necessary to equip them for global competition. This will help the industry with increasing ability to counter the growing presence of China in ASEAN and able to sail through in ASEAN market with rising exports. ASEAN India Free Trade Agreement holds enormous potential for India; however, economic gains can be substantial only if supply chains are developed with a focus towards intra-industry trade.

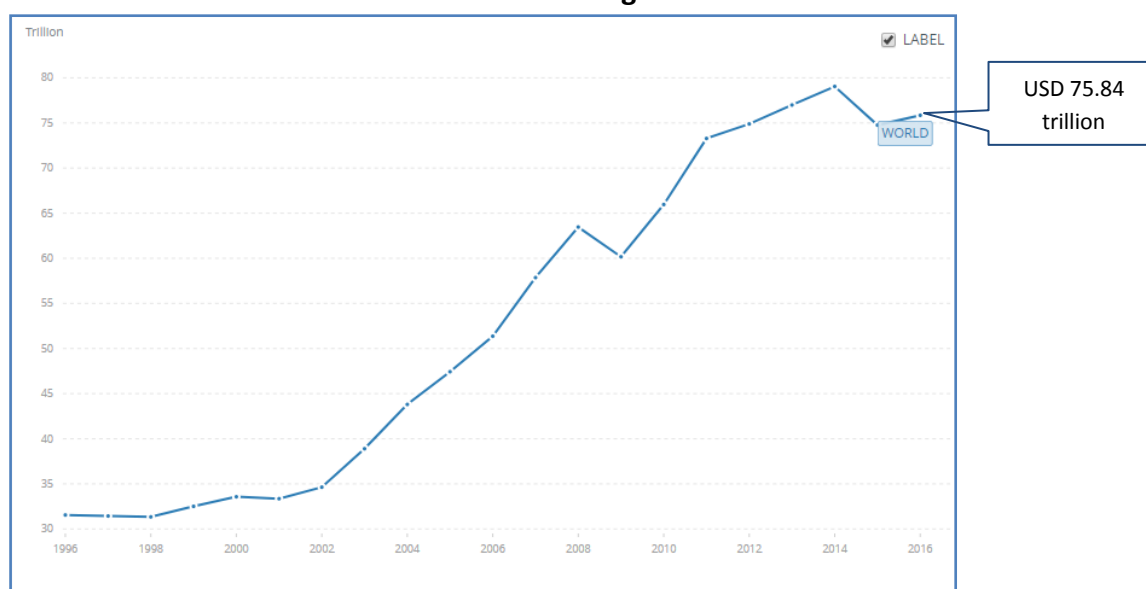
Chapter 1

Global Trade and Investment Scenario

1.1 Introduction

According to the World Bank estimates, the global economic growth is expected to cross 3.1% in 2018 after a much stronger-than-expected 2017, on the back of recovery in investment, manufacturing, and trade. Growth in advanced economies is expected to moderate slightly to 2.2% in 2018, as central banks gradually pursue the investment friendly policy measures. Growth in emerging market and developing economies as a whole is expected to strengthen to 4.5% in 2018, as activity in commodity exporters continues to recover amid firming prices.

Global GDP at Current Prices during 1996 – 2016



Source: PHD Research Bureau; Compiled from World Bank Database

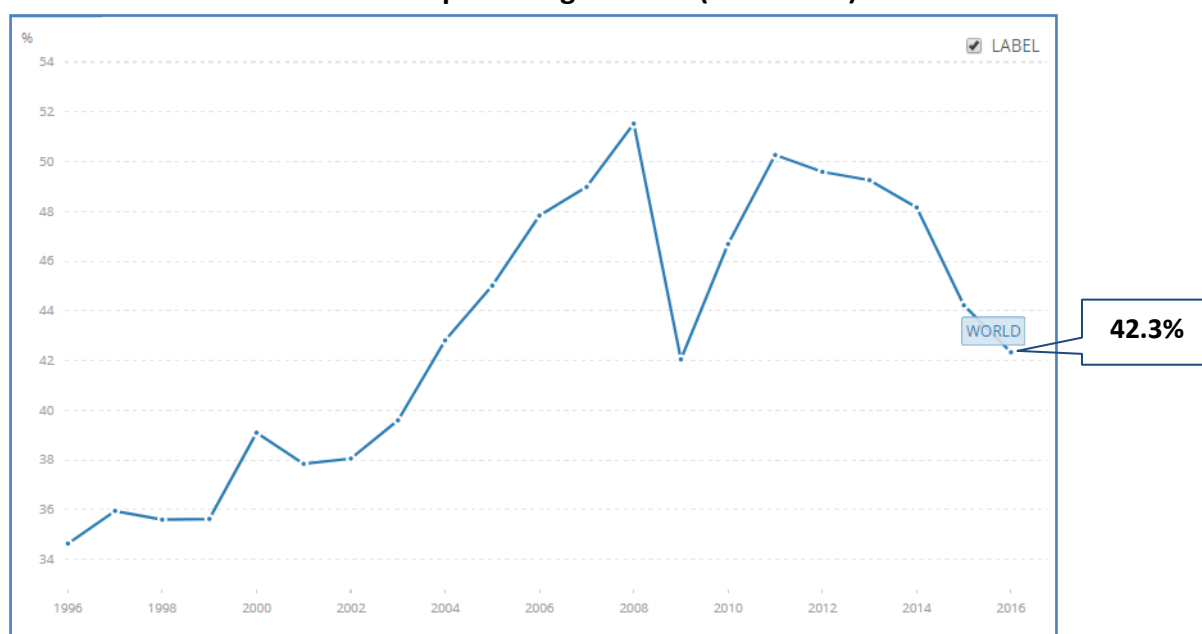
The global GDP at current prices have expanded from USD 31.5 trillion in 1996 to USD 75.84 trillion in 2016. Since the global financial crisis of 2008, the economic growth in both developing and advanced economies has slowed down. Asia's growth has also moderated after the crisis, to a large extent driven by the slowdown in the China. The region's economy expanded on average 7.6% annually during 2001–2010, but growth slowed to an annual average of 6.5% during 2011–2015. The Global economic activity continues to firm up as the global output have grown by 3.7% in 2017, which is 0.1 percentage points faster than projected in the fall and ½ percentage points higher than in 2016. The pickup in growth has been broad based, with notable upside surprises in Europe and Asia.

The cyclical factors like weak global recovery has curtailed exports of developing economies that are open and highly reliant on external demand, including those closely integrated in

global value chains. The flagging global recovery, coupled with the China's growth moderation, has contributed to softening global commodity prices and constrained the growth of commodity-exporting countries. Effective demand management, including both monetary and fiscal measures, is important to respond to cyclical slowdowns.

The global economy is going strong and the prospects seems bright in the coming times, but global risks like protectionist policy measures pursued by various countries especially the prevalence of trade war between USA and China may threaten momentum of growth in the trade and economy. The global trading system is being fuelled by the dramatic reduction in global transport and communication costs however, geopolitics like trade wars are also playing a decisive role in restructuring and reinforcing the global trading patterns.

Global Trade as a percentage of GDP (1996-2016)



Source: PHD Research Bureau; Compiled from World Bank Database

The global merchandise trade volume is expected to grow at 2.4% in 2017-18, but due to a high level of uncertainty, this is placed within a range of 1.8-3.6%, according to the WTO estimates. Global economic performance goes hand in hand with the global trade performance. The weak international trade growth in the last few years largely reflects continuing weakness in the global economy. Trade has the potential to strengthen global growth if the movement of goods and supply of services across borders remains largely unregulated.

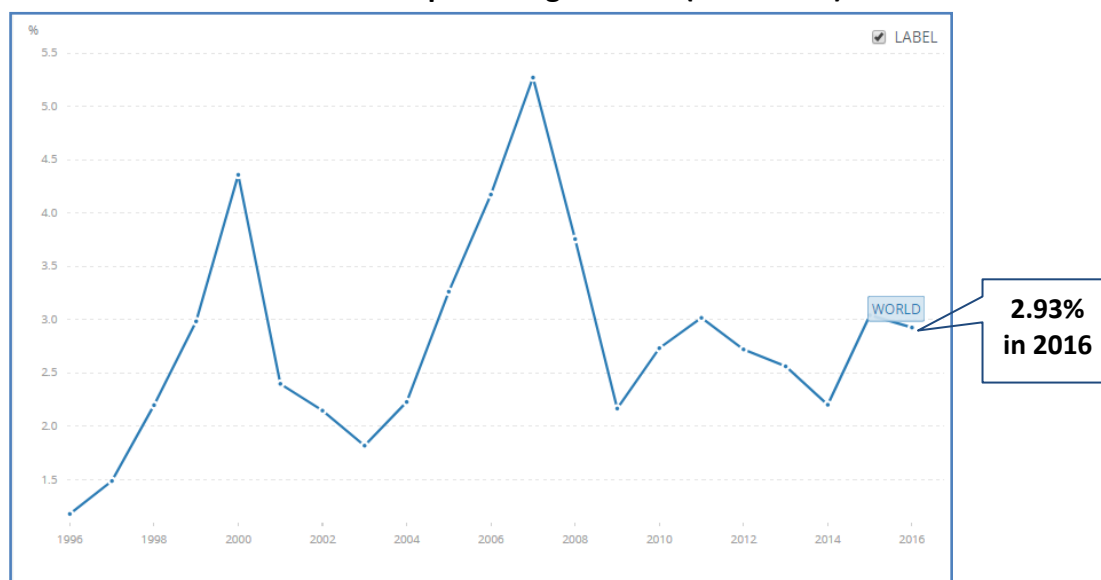
The share of global trade as a percentage of global GDP grew from 34.6% in 1996 to 42.3% in 2016; however, the share has witnessed a fall from a high of 50.3% in 2011.

1.2 Global Investments

Global Foreign Direct Investment (FDI) flows fell by 16% to USD 1.52 trillion from USD 1.81 trillion in 2016-17 but a significant rebound is projected for emerging as well as developing economies in 2017-18¹. India ranked at 10th spot among the top host economies for FDI inflows in 2017 with USD 45 billion overseas investment.

Despite a decline in FDI inflows to developing Asia in 2016 by 22%, falling to USD 413 billion, inflows to the China rose by 2.3%, and there was a rise in investments to the Republic of Korea, and to Pakistan. FDI to developing economies remained stable, at an estimated USD 653 billion, 2% more than the previous year. Developing Asia regained its position as the largest FDI recipient region in the world, followed by the European Union and North America.

Global FDI inflows as a percentage of GDP (1996-2016)



Source: PHD Research Bureau; Compiled from World Bank Database

The global share of FDI inflows as the percentage of GDP grew from 1.2% in 1996 to 2.9% in 2016. Going forward, higher economic growth prospects, trade volumes and commodity prices aims towards a potential increase in global FDI in 2018.

1.3 India's position in global trade and investments

India is one of the most important players in the global economic landscape. India's attractiveness as a global investment destination has strengthened on account of the country's political will to attract and protect investment growths. India's inclusion in the top investment destination is a testament of this confidence.

¹ World Investment Report 2017, UNCTAD

India is not only the fastest growing economy in the world but also a bright spot in the global economic system as its participation in the world economic system is increasing significantly year after year. India's share in the world GDP increased from 1.7% in 2010 to around 3.2% in 2017, and is expected to further expand to around 5% in 2021, as per the International Monetary Fund (IMF) estimates. The IMF has advocated for India's growth potential and has retained its GDP forecast for the country at 6.7% in 2017 and 7.4% in 2018.

According to United Nations Conference on Trade and Development's (UNCTAD's) World Investment Report 2017, India has improved its ranking by one notch to 9th position as one of the highest recipients of foreign direct investment (FDI) in 2016, at a time when global FDI flows fell. During April 2000 – December 2017, India attracted around USD 368 billion FDI inflows from the world. On the back of liberalization of FDI norms and advent of GST, the FDI have witnessed a surge in flows.

On the trade front, after remaining in negative territory for a couple of years, growth of exports rebounded into positive one during 2016-17 and strengthened further in 2017-18. After nearly stagnating in 2014-15 and declining in 2015-16, exports of goods and services began to pick up in 2016-17. Imports also increased but at a slower pace, thus helping in narrowing the current account deficit in 2016-17. Exports are expected to grow at 4.5% in 2017-18, while imports are expected to grow at a faster rate.

Going ahead, for India's trade balance to improve, exports need to post a sustained growth in 2018-19. Additionally, improvement in trade balance will be highly dependent on the pace of global economic recovery, valuation of rupee, and import demand.

Chapter 2

Economic Outlook and Structure of ASEAN

2.1 Introduction

Association of South East Asian Nations (ASEAN) is one of the growth centers in the world economy. The current trend in the 21st century is an integration of the South East Asian region. The ASEAN was established on 8th August 1967 in Bangkok, Thailand with the signing of the ASEAN Declaration (Bangkok Declaration) by the Founding Fathers of ASEAN, namely Indonesia, Malaysia, Philippines, Singapore and Thailand. Brunei Darussalam, then, joined on 7th January 1984, Viet Nam on 28th July 1995, Laos and Myanmar on 23rd July 1997, and Cambodia on 30th April 1999, making up what is today the ten Member States of ASEAN.

ASEAN Bloc at a Glance



Source: ASEAN

ASEAN encompasses of nations such as Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam—economies at vastly different stages of development but all sharing immense growth potential. ASEAN is a major global hub of manufacturing and trade, as well as one of the fastest-growing consumer markets in the world.

Some of the key characteristics of ASEAN region:-

1. ASEAN's ten member states form an economic powerhouse: If ASEAN were a single country, it would already be the 7th largest economy in the world, with a combined GDP of USD 2.6 trillion in 2016. It is projected to rank as the 4th largest economy by 2050.

Labor-force expansion and productivity improvements drive GDP growth and ASEAN is making impressive strides in both areas. Home to more than 600 million people, it has a larger population than the European Union or North America. ASEAN has the third-largest labor force in the world, behind China and India; its youthful population is producing a demographic dividend. Almost 60% of total growth since 1990 has come from productivity gains, as sectors such as manufacturing, retail, telecommunications, and transportation grow more efficient.

2. ASEAN is not a monolithic market: ASEAN is a diverse group. Indonesia represents almost 40% of the region's economic output and is a member of the G20, while Myanmar, emerging from decades of isolation, is still a frontier market working to build its institutions. GDP per capita in Singapore, for instance, is more than 30 times higher than in Laos and more than 50 times higher than in Cambodia and Myanmar; in fact, it even surpasses that of mature economies such as Canada and the United States.

That diversity extends to culture, language, and religion. Indonesia, for example, is almost 90% Muslim, while the Philippines is more than 80% Roman Catholic, and Thailand is more than 95% Buddhist. Although ASEAN is becoming more integrated, investors should be aware of local preferences and cultural sensitivities; they cannot rely on a one-size-fits-all strategy across such widely varying markets.

3. Macroeconomic stability has provided a platform for growth: The ASEAN region proved to be remarkably resilient in the aftermath of the 2008 global financial crisis, and presently is in a much stronger fiscal position; government debt is under 50% of GDP, viz. far lower than the 90% share in the United Kingdom or 105% in the United States.

4. ASEAN is a growing hub of consumer demand: ASEAN has dramatically outpaced the rest of the world on growth in GDP per capita since the late 1970s. Income growth has remained strong since 2000, with average annual real gains of more than 5%. Some member nations have grown at a rapid pace, for instance Vietnam took just 11 years (from 1995 to 2006) to double its per capita GDP from USD 1,300 to USD 2,600. Extreme poverty is rapidly reducing in the region. In 2000, 14% of the region's population was below the international poverty line of USD 1.25 a day (calculated in purchasing-power-parity terms), but by 2013, that share had fallen to just 3%.

Around 67 million households in ASEAN states are part of the consuming class with incomes exceeding the level at which they can begin to make significant discretionary purchases. It is expected that the number could almost double to 125 million households by 2025, making

ASEAN a pivotal consumer market of the future. There is no typical ASEAN consumer, but some broad trends have emerged: a greater focus on leisure activities, a growing preference for modern retail formats, and increasing brand awareness.

5. ASEAN is well positioned in global trade flows: ASEAN is the 4th largest exporting region in the world, trailing only the European Union, North America, and China. It accounts for 7% of global exports and as its member states have developed more sophisticated manufacturing capabilities, their exports have diversified.

Vietnam specializes in textiles and apparel, while Singapore and Malaysia are leading exporters of electronics. Thailand has joined the ranks of leading vehicle and automotive-parts exporters. Other ASEAN members have built export industries around natural resources. Indonesia is the world's largest producer and exporter of palm oil, the largest exporter of coal, and the 2nd largest producer of cocoa and tin. While Myanmar is just beginning to open its economy, it has large reserves of oil, gas, and precious minerals. In addition to exporting manufactured and agricultural products, the Philippines have established a thriving business-process-outsourcing industry. China, a competitor, has become a customer. In fact, it is now the most important export market for Malaysia and Singapore. But demand from the United States, Europe, and Japan continues to propel growth.

ASEAN Free Trade Agreement

The implementation of the ASEAN Free Trade Area (AFTA) provides a stepping-stone to broader liberalization, and, in turn, to promote globalization in the ASEAN region. The evidence lies in the deliberate decision by original members to offer preferential tariff rates to non-members on a most favored nation (MFN) basis. More than 90% of ASEAN countries' tariff lines have a preference margin of zero, where preferential tariffs are no lower than the MFN rate. Over 70% of intra-ASEAN trade is also conducted at MFN rates at zero. For goods, progress in tariff liberalization has been offset by the rise in non-tariff impediments to trade, which increased from 1,634 to 5,975 between 2000 and 2015.

The ASEAN's economy has lost some speed but retained solid momentum in the first quarter of the 2017, weighed down by marginally higher borrowing costs but supported by solid FDI, improving labor conditions and upbeat global trade flows. Building on a notable 2017 performance, the region is seen growing 5.2% in the coming quarter of 2018, only marginally below the 5.3% increase recorded in the previous quarter.

An upturn in global trade flows, tightening labor conditions and increased public infrastructure programs in some of the region's largest economies—including Indonesia and the Philippines—should see growth holding up following a five-year high of 5.2% in 2017. The ASEAN economy is expected to increase 5.1% in 2018, which is unchanged from last

month's estimate, and remain stable at a 5.1% rise in 2019. Further, strengthened Chinese and Indian demand for goods and services from ASEAN countries will support the region's outlook, while moderate inflationary pressures and still-supportive monetary conditions should contribute to healthy private spending.

2.2 Macroeconomic Performance

ASEAN accounts for just 3.3% of global GDP; it produces more than 7% of global exports. The size of ASEAN economy is USD 2.6 trillion in 2016 and over 622 million people resides in the region. The bloc is currently the 7th largest economy in the world, and is projected to become the 4th largest by 2050. The per capita GDP at current prices of ASEAN stood at USD 4,034.

Countries	GDP at Current Prices (USD Million)	GDP Per Capita at Current Prices (USD)	GDP Share (%)			Inflation (Y-o-Y) Average (%)	Government Budget Deficit as a percentage of GDP (%)
			Agriculture	Industry	Services		
Brunei	11,206	26493	0.8	61.9	37.3	-0.7	-13.96
Cambodia	19,194	1266	21.7	35.7	42.6	3	-4.2
Indonesia	9,31,216	3600	12.8	40.6	46.6	3.5	-2.49
Lao PDR	15,903	2402	17.6	37.5	44.9	1.6	-5.2
Malaysia	2,99,632	9464	8.1	38.9	53	2.1	0.18
Myanmar	68,636	1297	27.5	30.9	41.6	7	-
Philippines	3,11,453	3017	8.8	33.8	57.5	1.8	0.91
Singapore	2,96,977	52963	0	26.3	73.7	-0.5	1.26
Thailand	4,07,048	6034	6.3	36.1	57.6	0.2	-2.38
Vietnam	1,98,196	2138	17.3	39.1	43.6	2.7	-
ASEAN	2,559,463	4034	-	-	-	-	-

Source: PHD Research Bureau; Compiled from ASEAN Statistical Yearbook 2016-17

Indonesia is the biggest economy in ASEAN region with GDP at current prices of USD 9.3 trillion whereas Brunei is the smallest economy in ASEAN in 2016. On the other hand, Singapore has the biggest per capita income in ASEAN region at USD 52,963 whereas Cambodia has the lowest per capita income in ASEAN region at USD 1,266.

2.3 Education and Health

Education and Health sectors are two of the sectors identified as having a pivotal role in community development of ASEAN region.

Countries	Adult Literacy Rate (%) 2016	Crude Birth Ratio* (per 1000) 2015	Crude Death Ratio* (per 1000) 2015	Life Expectancy Rate* (%) 2016
Brunei	97.6	15.7	3	77.4
Cambodia	80.5	23.8	6	69.1
Indonesia	95.9	19.6	7.2	70.9
Lao PDR	84.7	26.3	6.6	68
Malaysia	94.9	16.8	5	74.8
Myanmar	89.6	17.5	8.3	69.4
Philippines	96.5	23.3	6.8	70.4
Singapore	97	9.7	4.8	82.9
Thailand	96.1	10.5	8	74.3
Vietnam	95	16.9	5.8	73.4

Source: PHD Research Bureau; Compiled from ASEAN Statistical Yearbook 2016-17; *Based on latest year available

The socio – economic parameters in ASEAN indicated ameliorating numbers in terms of strong literacy and life expectancy rate, and balanced crude birth and death rate. The adult literacy rate recorded strong figures for Brunei (97.6%), Philippines (96.5%), Thailand (96.1%), and Indonesia (95.9%) in ASEAN region. The crude birth rate for Laos, Cambodia and Philippines registered numbers greater than 20 whereas the death rate remained in the range of 6 per thousand people, respectively.

2.4 Employment

The employment trend in ASEAN economies is witnessing a structural shift. In most ASEAN economies, manufacturing as a share of total employment is falling, while services share is rising. This could reduce the share of wage workers more and service sector tends to have more self employed people. This also has implications for overall productivity growth, since productivity in manufacturing is highest in the ASEAN region, especially in electronics, textiles, and machineries among others.

Although Asia has been growing in a stable scenario, global uncertainty looms large on its employment scenario as most countries in ASEAN are largely export dependent. Unemployment rates low in most ASEAN countries especially those with large rural economies, but women and youth face higher unemployment prospects.

Employment Scenario in ASEAN region

Countries	Unemployment rate (Age 15 years and above) 2016	Number of Unemployed (in thousands) 2016
Brunei	6.9	14.1
Cambodia	1	8

Indonesia	5.6	7031.8
Lao PDR*	1.9	3886.6
Malaysia	3.4	504.1
Myanmar	4	168
Philippines	5.5	2363
Singapore	3	67.4
Thailand	1	377.5
Vietnam	2.1	1143

Source: PHD Research Bureau; Compiled from ASEAN Statistical Yearbook 2016-17; *for 2010

Thailand and Cambodia registered the lowest unemployment rates in ASEAN region in 2016, viz. at 1%. On the other hand, Brunei, Indonesia, and Philippines registered the highest rates at 6.9%, 5.6%, and 5.5%, respectively. Based on head counts, Indonesia employed the 7 million people during 2016; followed by Laos at 3.9 million and Philippines at 2.4 million during the same period.

2.5 Population

In 2016, the total population of all ASEAN states amounted to an estimated 634 million inhabitants. The most populous nations in ASEAN are Indonesia (258 million); followed by Philippines (103 million) and Vietnam (92 million).

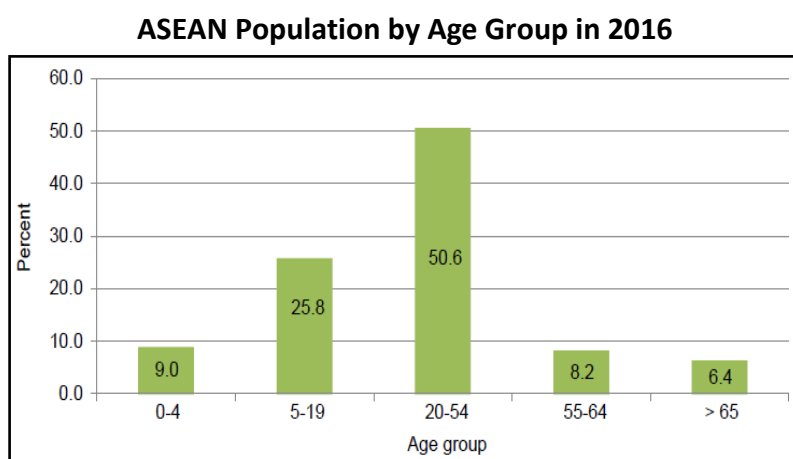
In ASEAN, the proportion of the aging population nearly doubled over two decades, from 7.73% in 2016 to 15.49% in 2035. The two countries with the largest portion of aging population are Singapore with 31.74% and Thailand with 23.39% and the two countries with the lowest proportion of aging population are Lao PDR (8.38%) and the Philippines (8.72%). In the case of the Philippines, the high birth rates increased the total number of population, which keeps the proportion of aging population low.

ASEAN Population at a Glance (2016)

Country	Population (in thousands)	Population growth (%)	Urban Population (%)
Brunei	423	1.4	78
Cambodia	15158	1.2	21
Indonesia	258705	1.3	54
Lao PDR	6621	2	40
Malaysia	31661	1.5	75
Myanmar	52917	0.9	35
Philippines	103243	1.7	44
Singapore	5607	1.3	100
Thailand	67455	0.3	52
Vietnam	92695	1.1	34
ASEAN	634485	1.2	48.2

Source: PHD Research Bureau; Compiled from ASEAN Statistical Yearbook 2016-17

Another implication of a growing aging population is increasing burden on the working population. The dependency ratio measures the amount of people one working individual can support. In ASEAN, this ratio will increase from 0.48 in 2016 to 0.59 in the coming times. The highest will be in Singapore, where one working person will have to support 0.83 persons in 2035.



Source: ASEAN Stats

Majority of the ASEAN population lies between 20-54 year age group, viz. 51% of the population, indicating a strengthened demographic dividend whereas 25.8% of the population lies in the age group of 5-19 years, among others.

Going ahead, according to the estimates of United Nations Population Division, the population of ASEAN will increase from 634 million people in 2016 to 717 million in 2030 and 741 million people in 2035, a rate of 0.85% per annum.

2.6 Foreign Direct Investment

FDI flows in ASEAN remained at a high level in 2017 at USD 98 billion. Flows to the region fell by around 20%, reflecting the general decline in global FDI flows and in flows to developing economies. The cross-border Mergers and Acquisition sales in ASEAN fell by 25%, from USD 10.3 billion in 2015 to USD 7.7 billion in 2016, which also contributed to the fall in FDI inflows. Intra-ASEAN investment rose to a record level of USD 24 billion in 2016 and accounted for around 25% of total FDI flows in the region.

FDI flow in ASEAN during 2016

Countries	Net FDI Inward Flows (USD Million)	Net Intra-ASEAN FDI Inward Flows (USD Million)
Brunei	-150.4	195.1
Cambodia	2279.7	-5.4
Indonesia	3520.8	1086.8

Lao PDR	1075.7	23.7
Malaysia	11328.8	5248.5
Myanmar	2989.5	51.8
Philippines	7933.1	157.9
Singapore	53912.2	15053.5
Thailand	2553.2	2534.5
Vietnam	12600	283.4
ASEAN	98042.5	24662

Source: PHD Research Bureau; Compiled from ASEAN Statistical Yearbook 2016-17

The rise in intra-ASEAN investment in 2016 was driven by a two-thirds increase in investment in manufacturing, to USD 8.3 billion, and a doubling of investment in finance, to USD 5 billion. Intraregional investment from seven member states rose wherein Singapore, Malaysia and Thailand dominated the intra-ASEAN investment.

ASEAN Top Ten FDI Country Source in 2016 (USD Million)

Country	Value	Share
EU-28	32,239.0	32.9
ASEAN	24,662.0	25.2
USA	12,214.4	12.5
Japan	11,535.6	11.8
Hong Kong	9,885.0	10.1
China	9,799.3	10.0
Republic of Korea	5,743.5	5.9
Taiwan	4,197.4	4.3
Australia	3,397.3	3.5
India	1,046.8	1.1
Top Ten Countries	114,720.3	117.0
Others	(16,677.8)	(17.0)
TOTAL	98,042.5	100.0

Source: PHD Research Bureau; Compiled from ASEAN Statistical Yearbook 2016-17

On the FDI front, European Union has been the biggest investor in ASEAN (32.9%); followed by Intra-ASEAN region (25.2%), USA (12.5), among others. Major factors behind the rise in intra-regional investment are the growing financial strength and significant cash holdings of ASEAN firms and their increasing drive to internationalize to build competitiveness and to access markets, natural resources and strategic assets.

2.7 Infrastructure

ASEAN covers a land area of 4.4 million sq. kms. and 3% of the total land area of Earth. ASEAN territorial waters cover an area about three times larger than its land counterpart, making it particularly important in terms of sea lanes and fisheries. The role of infrastructure is critical to promoting sustainable growth and improving connectivity among the ASEAN economies.

Increased connectivity and quality of infrastructure will facilitate business and trade growth. Countries with strengthened and robust infrastructure tend to have better quality infrastructure and are more competitive.

Countries	Road Infrastructure - Total Length (Km)	Railway Route Length (Km)	No. of Domestic ports	No. of International Ports	No. of Domestic airports	No. of International airports
Brunei	2,999	-	-	1	-	1
Cambodia	54,541	652	5	3	5	3
Indonesia	5,18,153	5,204	2150	136	208	29
Lao PDR	58,885	3.5	-	-	9	4
Malaysia	2,38,823	1,641	13	15	25	6
Myanmar	1,36,102	6,077	22	9	31	3
Philippines	32,633	495	412	150	73	11
Singapore	3,496	200	-	2	-	2
Thailand	2,34,754	4,034	242	8	31	6
Vietnam	3,26,000	2,554	-	240	12	9

Source: PHD Research Bureau; Compiled from ASEAN Statistical Yearbook 2016-17; Note: Based on latest available period

Among ASEAN nations, Indonesia, Vietnam, Malaysia, Thailand and Myanmar have one of the strengthened road infrastructure in terms of length of kms. Compared to other ASEAN Nations, Indonesia holds a robust infrastructure ecosystem wherein number of domestic and international airports and ports are expanding year after year.

2.8 Tourism prospects

Travel and tourism sector is a significant contributor to ASEAN's GDP and GDP growth. Travel and tourism accounted for 12.4% of ASEAN's GDP in 2015, according to the World Travel & Tourism Council (WTTC), compared with an average of 8.5% in Asia Pacific and 9.8% globally. The ASEAN Tourism Strategic Plan (ATSP) targets tourism to make up 15% of ASEAN GDP by 2025 and to account for 7% of total employment, from 3.7% presently.

Countries	Foreign Tourist Arrival (in Thousands) 2015	Intra-ASEAN Foreign Tourist Arrival (in Thousands) 2015	Extra-ASEAN Foreign Tourist Arrival (in Thousands) 2015
Brunei	218	119	99
Cambodia	4775	2098	2677
Indonesia	10407	3861	6546
Lao PDR	4684	3589	1096
Malaysia	25721	19147	6575
Myanmar	4681	1763	2918

Philippines	5361	482	4879
Singapore	15231	5748	9483
Thailand	29881	7886	21995
Vietnam	7944	1301	6643
ASEAN	108904	45992	62912

Source: PHD Research Bureau; Compiled from ASEAN Statistical Yearbook 2016-17; Note: Intra means within ASEAN and Extra means outside of ASEAN region

Majority of the foreign tourists arrived at Thailand (22 million); followed by Singapore (9.5 million), Vietnam (6.6 million) among others. Thailand has remained ASEAN's tourism crown jewel wherein tourism directly and indirectly accounted for over 20% of Thailand's GDP in 2015, accompanied by a 20% year-on-year (y-o-y) increase in international tourists to 30 million.

Chapter 3

India's Engagement with ASEAN

3.1 Introduction

India and ASEAN are together a home to 1.8 billion people, having a combined economy of USD 3.8 trillion and a substantial share of world resources. With shared land and maritime boundaries, ASEAN-India relations are firmly embedded in Culture, Commerce and Connectivity.

Hon'ble Former Prime Minister Shri Narasimha Rao's visit to Southeast Asian countries marked the start of India's Look East policy in the early 1990's. In 1992, India became a dialogue partner across limited sectors in ASEAN, which was graduated to the status of full dialogue partnership in 1995. In 1996, India became a full member of the ASEAN Regional Forum (ARF). Since then, India-ASEAN relations have continued to mature. Issues concerning economics, security, and connectivity have always been at the forefront of India-ASEAN relations.

To take the plurilateral relationship to the next level, India signed an FTA in goods with ASEAN in 2009. Later on, an FTA in services and investments was signed in 2014. Apart from this, India intensified its relations by signing the Comprehensive Economic Cooperation Agreement (CECA) with various countries of ASEAN.

3.2 ASEAN - India Free Trade Agreement (AIFTA)

The ASEAN-India Free Trade Area (AIFTA) is a free trade area among the ten member states² of the Association of Southeast Asian Nations (ASEAN) and India. The initial framework agreement was signed on 8th October 2003 in Bali, Indonesia and the final agreement was on 13 August 2009. The free trade area came into effect on 1st January 2010. AIFTA emerged from a mutual interest of both parties to expand their economic ties in the Asia-Pacific region. India's Look East policy was reciprocated by similar interests of many ASEAN countries to expand their interactions westward.

Both the groups have made significant progress in the lowering of intra-regional tariffs through the Common Effective Preferential Tariff (CEPT) Scheme for AFTA. More than 99% of the products in the CEPT Inclusion List (IL) of ASEAN – 6, comprising of Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand, have been brought down to 0-5% tariff range.

² ASEAN group includes Thailand, Indonesia, Malaysia, Vietnam, Philippines, Singapore, Myanmar, Cambodia, Laos and Brunei.

For entire ASEAN region, both groups have agreed to progressively eliminate tariffs on 80% of the tariff lines, accounting for 75% of the trade.³ India has excluded 489 tariff lines (HS-06 Digit level) from the list of tariff concessions and 590 tariff lines from the list of tariff elimination to address sensitivities in agriculture, textiles, auto, chemicals, petrochemicals, crude and refined palm oil, coffee, tea, pepper, etc.

Benefits to Indian exporters under AIFTA:

- Preferential tariff access for Indian products throughout 10 member countries.
- The elimination of tariffs of importing countries should result reduction in price of products throughout ASEAN.
- Encouraging higher market completion
- Help Indian products gain access to a regional market that incorporates many substantial advantages.
- ASEAN consumers benefit from cheaper prices of goods given lower tariffs of raw materials used by region's producers.
- Some of the ASEAN's processing factories enjoy cheaper imported raw materials from India in the face of tariff elimination, cutting their production costs.
- ASEAN countries integrated into a single market which is an important point because the market is stronger and larger with a high population.
- The export and investment sectors generate higher potential in the long term.
- India's export complementarities are higher with the ASEAN countries compared to other regions.

ASEAN – India Agreement on Trade in Services and Investment Agreement

The ASEAN-India Trade in Services and Investment Agreement came into effect in 2015. Select articles contained in the Services Agreement include transparency, domestic regulations, recognition, market access, and national treatment, increasing participation of developing countries, joint committee on services, review, dispute settlement and denial of benefits. The Investment Agreement primarily focuses on protection of investment to ensure fair and equitable treatment for investors, non-discriminatory treatment in expropriation or nationalization, and fair compensation.

Benefits of FTA in services and investment

- Facilitates the movement of manpower and investment between India and ASEAN.
- Assists to reduce our trade deficit with ASEAN.
- It has the potential to boost Indian – ASEAN trade to USD 100 billion.
- Provides joint review, dispute settlement and other mechanisms to iron out problems.

³ Ministry of Commerce and Industry, Government of India

- Contains an annex on movement of natural persons – business visitors, managers, executives, specialists and contractual service suppliers. This annexure facilitates movement of Indian service professional in ASEAN countries.
- It acts as a fundamental stone in moving towards the Regional Comprehensive Economic Partnership (RCEP) agreement.

ASEAN’s tariff reduction Framework for India

Category	India, Singapore, Brunei, Indonesia, Malaysia and Thailand	India and Philippines	India, Cambodia, Laos, Myanmar and Vietnam
Normal Track 1	0% by 2013	0% by 2018	India: 0% by 2013 CLMV: 0% by 2018
Normal Track 2	0% by 2016	0% by 2019	India: 0% by 2016 CLMV: 0% by 2021
Sensitive Track	No more than 5% by 2016	No more than 5% by 2019	India: No more than 5% by 2016
Highly Sensitive Track	Reduced to 25% or 50% by 31 st December 2019 for Indonesia, Malaysia and Thailand	Reduced to 25% or 50% by 31 December 2022 for the Philippines	Reduced to 25% or 50% by 31 December 2024 for Cambodia and Vietnam
Special Products	Reduced to 37.5% for crude palm oil, 50% for pepper, and 45% for the rest by 31 st December 2019	Reduced to 37.5% for crude palm oil, 50% for pepper and 45% for the rest by 31 st December 2019	Reduced to 37.5% for crude palm oil, 50% for pepper and 45% for the rest by 31 st December 2019
Exclusion List	Products subject to annual tariff review with a view to improve market access.	Products subject to annual tariff review with a view to improve market access.	Products subject to annual tariff review with a view to improve market access.

Rules of origin

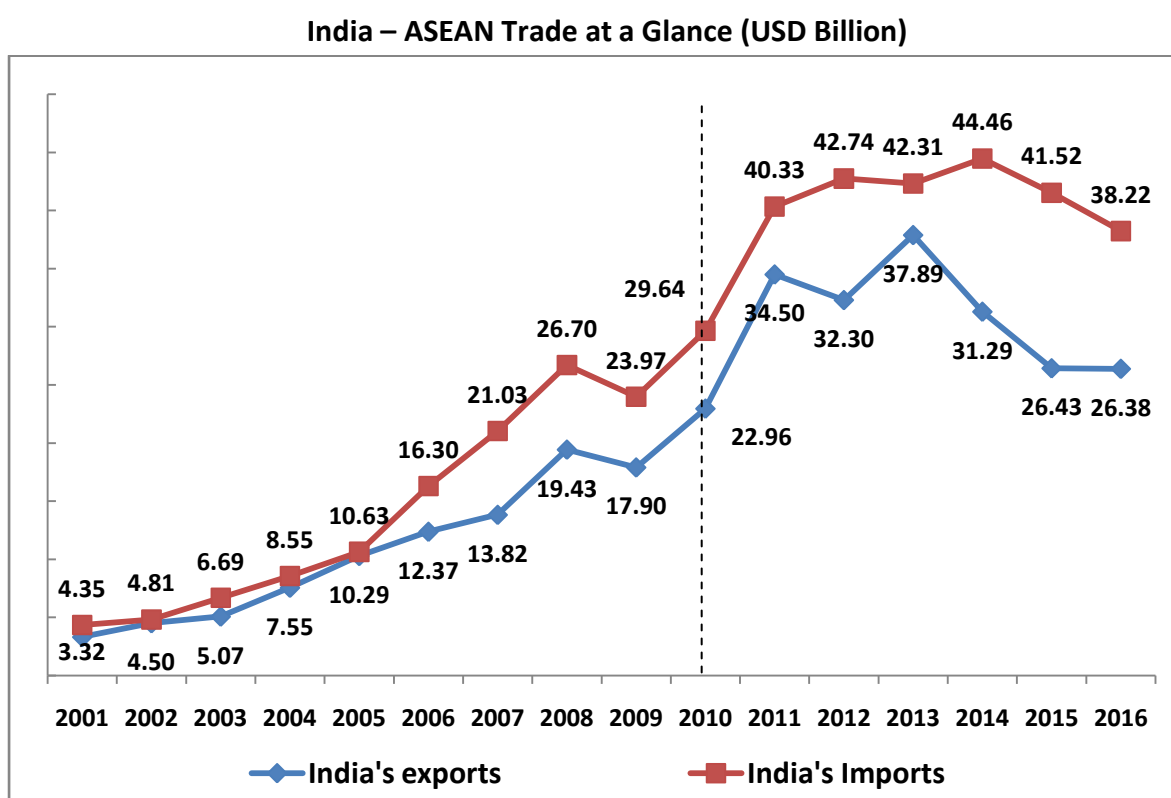
A good shall qualify as an originating good of a party if:

- It is wholly obtained or produced entirely in the exporting party as set out and defined in Rule 3; or
- The good has regional value content (RVC), of not less than 35% of free on board (FOB) value, and the non-originating materials have undergone at least a change in HS classification on the 6-digit level, provided that the final process of the manufacture is performed within the territory of the exporting party.

Other major agreements between ASEAN and India include:

- Plan of Action to Implement the ASEAN-INDIA Partnership for Peace, Progress and Shared Prosperity (2016- 2020)
- Instrument of Accession to the Treaty of Amity and Cooperation in Southeast Asia by India
- ASEAN - India Joint Declaration for Cooperation to Combat International Terrorism, Bali, Indonesia, October 2003

Post the implementation of India-ASEAN CECA in 2010, trade between India and ASEAN nations grew from USD 52.6 billion in 2010 to USD 64.6 billion in 2016. India’s exports to ASEAN witnessed a drop from USD 37.89 billion in 2013 to USD 26.38 billion in 2016. Contrary, India’s imports declined from USD 42.31 billion to USD 38.22 billion during the same period.



Source: PHD Research Bureau; Compiled from Trade Map Database

3.2 Growth of Trade

India’s trade relations with ASEAN have witnessed a shift during the pre and post AIFTA. Interestingly, India’s export growth to ASEAN during pre-AIFTA stood at a CAGR of 23.39% whereas import growth stood at a CAGR of 23.71% during 2003-09.

Simultaneously, India's trade deficit also grew by 24.69% during the same period from USD 1.62 billion to USD 6.07 billion, respectively.

India – ASEAN trade in the pre-AFTA (USD Billion)

Year	India's exports to ASEAN	India's imports from ASEAN	India's Trade Deficit/Surplus
2003	5.07	6.69	-1.62
2004	7.55	8.55	-1.00
2005	10.29	10.63	-0.35
2006	12.37	16.30	-3.93
2007	13.82	21.03	-7.21
2008	19.43	26.70	-7.26
2009	17.90	23.97	-6.07
CAGR (%)	23.39%	23.71%	24.69%

Source: PHD Research Bureau; Compiled from Trade Map Database

During the post-AFTA regime, India's export growth to ASEAN stood at a CAGR of 2.34% compared to the import growth of CAGR 4.33% during 2010-16. In addition, the trade deficit grew at a CAGR of 10.01% during 2010-16. The AFTA may have decelerated the pace of growth in trade between India and ASEAN, as evident from the table below.

India – ASEAN trade in the post-AFTA (USD Billion)

Year	India's exports to ASEAN	India's imports from ASEAN	India's Trade Deficit/Surplus
2010	22.96	29.64	-6.68
2011	34.50	40.33	-5.83
2012	32.30	42.74	-10.44
2013	37.89	42.31	-4.42
2014	31.29	44.46	-13.16
2015	26.43	41.52	-15.09
2016	26.38	38.22	-11.84
CAGR (%)	2.34%	4.33%	10.01%

Source: PHD Research Bureau; Compiled from Trade Map Database

Chapter 4

An Analysis of Trade between India and ASEAN

4.1 Significance of ASEAN in India's exports

Of the total exports of India to the world, India exported USD 11.97 billion to ASEAN during the same period, accounting for a share of 7.75% of the total exports of USD 260 billion in 2016. India's export share of top ten products at HS-02 stood at USD 154.46 billion, accounting for a share of 59.3% of the total exports during 2016.

Of the top ten exports from India (Table II), Natural Pearls and Precious stones (HS-71) stood as the major exportable product from India in 2016. India exported around USD 42.29 billion to world, wherein USD 1.16 billion was exported to ASEAN accounting for a share of 2.73% during 2016. The major export destinations for India for the aforementioned products includes UAE (31.4%); followed by Hong Kong (28.5%), USA (23.5%), Belgium (5.7%), and Israel (2.4%).

The other major exported product from India includes Mineral Oils and fuels (HS – 27) (Table II). The export volume stood at USD 27.7 billion during 2016, wherein top export destinations for India include UAE (13.3%); followed by Singapore (12.6%); USA (7.1%); Gibraltar (6%) and Oman (4.8%). Interestingly, ASEAN is also a major destination for India with a share of 15.6% of the total exports during 2016.

The vehicles and automotive products' exports stood at USD 14.99 billion and accounted for 5.8% of the total exports from India (Table II). The major export destinations include Mexico (12.2%), USA (8.7%), Nepal (4.9%), Bangladesh (4.4%), and UK (4.2%). ASEAN has also been a major export destination for India with a share of 6.78% of India's total exports to world.

The Machinery and mechanical appliances' exports from India stood at USD 13.5 billion and accounted for 5.2% of the overall exports from India (Table II). The top export destinations for India include USA (13.9%), UAE (4.9%), UK (4.8%), Germany (4.8%), and Turkey (3.7%). On the other hand, ASEAN has remained a significant export destination for India with a share of 12.8% of the total exports from India.

The pharmaceutical products' exports from India stood at USD 13.04 billion and accounted for a share of 5% during 2016 (Table II). The top export destinations for India include USA (39.8%), UK (3.6%), South Africa (3.2%), Nigeria (2.7%) and Russia (2.6%). For pharma products, ASEAN's share in India's total exports stood at 5.7% indicating a moderately intensified market for India.

The organic chemical exports from India stood at USD 11.25 billion, accounting for 4.3% of the total exports from India during 2016 (Table II). The top ten export destinations for India include USA (12.4%), China (7%), Germany (4.8%), Japan (3.5%), and Netherlands (3.2%) among others. In addition, the significance of ASEAN for Indian organic chemicals remains quite strong with a share of 10.4% of the total exports from India.

The non-knitted apparel exports from India stood at USD 9.05 billion, comprising of a share of 3.5% of the overall exports during 2016 (Table II). The top export destinations for the same for India include USA (23.4%), UAE (18.3%), UK (9.4%), Spain (5.9%), and Germany (5.8%). Given that ASEAN is one of the biggest producer of apparels, India's exports to ASEAN remained low at USD 0.15 billion and accounted for 1.6% of the total exports to world.

The electrical machinery and equipment exports from India stood at USD 8.22 billion, comprising of a share of 3.2% of the overall exports in 2016 (Table II). The major export destinations for electrical machinery from India include USA (14.2%), UAE (9.2%), Germany (4.9%), China (4.7%), and UK (4.7%). In addition, India's exports to ASEAN remained strong at USD 0.84 billion, accounting for a share of 10.16% of India's total exports to world during 2016.

The knitted apparels' exports from India stood at USD 7.91 billion, accounting for a share of 3% of the overall exports during 2016 (Table II). The top ten export destinations for India include UAE (23.5%), USA (21.5%), UK (10.4%), Germany (7.7%), and France (5.6%). India's export volume to ASEAN remained low at USD 0.07 billion, accounting for a share of 0.83% of India's total exports.

Table 2 - Significance of ASEAN in India's exports (HS-02)

S. No.	HS Code	Product Description	India's exports to World (2016)		India's exports to ASEAN (2016)		Other top Export Destinations for India	
			Value (in USD Billion)	Share in total exports (%)	Value (in USD Billion)	Share (%)	Country	Share (%)
1	'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad	42.29	16.2%	1.16	2.73%	UAE	31.40%
							Hong Kong	28.50%
							USA	23.50%
							Belgium	5.70%
							Israel	2.40%
2	'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral	27.72	10.6%	4.32	15.60%	UAE	13.30%
							Singapore	12.60%
							USA	7.10%
							Gibraltar	6.00%
							Oman	4.80%
3	'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	14.99	5.8%	1.02	6.78%	Mexico	12.20%
							USA	8.70%
							Nepal	4.90%
							Bangladesh	4.40%
							UK	4.20%
4	'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	13.56	5.2%	1.74	12.83%	USA	13.90%
							UAE	4.90%
							UK	4.80%
							Germany	4.80%
							Turkey	3.70%
5	'30	Pharmaceutical products	13.04	5.0%	0.75	5.71%	USA	39.80%
							UK	3.60%
							South Africa	3.20%
							Nigeria	2.70%

							Russia	2.60%
6	'29	Organic chemicals	11.25	4.3%	1.17	10.41%	USA	12.40%
							China	7.00%
							Germany	4.80%
							Japan	3.50%
							Netherlands	3.20%
7	'62	Articles of apparel and clothing accessories, not knitted or crocheted	9.05	3.5%	0.15	1.60%	USA	23.40%
							UAE	18.30%
							UK	9.40%
							Spain	5.90%
							Germany	5.80%
8	'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television	8.22	3.2%	0.84	10.16%	USA	14.20%
							UAE	9.20%
							Germany	4.90%
							China	4.70%
							UK	4.70%
9	'61	Articles of apparel and clothing accessories, knitted or crocheted	7.91	3.0%	0.07	0.83%	UAE	23.50%
							USA	21.50%
							UK	10.40%
							Germany	7.70%
							France	5.60%
10	'72	Iron and steel	6.44	2.5%	0.77	11.95%	Italy	7.90%
							Nepal	7.90%
							Belgium	7.80%
							Bangladesh	5.80%
							UAE	5.50%
Total Exports of top 10 products			154.46	59.3%	11.97	7.75%		
Total Exports			260.33	100.0%				

4.2 Significance of India in ASEAN's exports

ASEAN's volume of top ten exports stood at USD 798.76 billion during 2016, accounting for a share of 67.5%. Of the total exports, ASEAN exported around USD 27.57 billion to India with a share of 3.45% during the same period.

Among the top ten exports by ASEAN (Table III), Electrical machinery and equipments were placed at the top, accounting for USD 316.86 billion and a share of 26.8% of the total exports. The top export destinations for the product include Hong Kong (15.76%); followed by China (14.47%); USA (11.64%); Japan (6.52%) and Singapore (5.58%) among others. In addition, ASEAN's exports to India stood at USD 5.18 billion, accounting for a share of 1.63% indicating weak significance for ASEAN's electrical machinery and equipments in India.

The Machinery and Mechanical appliances exports by ASEAN stood at USD 137.2 billion, accounting for a share of 11.6% during 2016 (Table III). The major export destinations for ASEAN include USA (14.21%), China (9.8%), Japan (6.41%), Hong Kong (6.14%), and Indonesia (5.48%) among others. Further, ASEAN's exports to India for the same stood at USD 4.27 billion, accounting for a share of 3.11% of total ASEAN's exports during 2016.

The Mineral fuels and oils' exports by ASEAN stood at USD 109.55 billion, accounting for a share of 9.3% during 2016 (Table III). The major export destinations include China (14.30%), Japan (11.09%), Malaysia (11.04%), Singapore (8.73%), and Indonesia (7.81%). The share of India in ASEAN's exports of Mineral fuels stood at 5.46%, accounting for USD 5.98 billion during 2016 indicating a moderately strong significance for ASEAN's mineral fuels.

The Vehicles and automotive exports from ASEAN stood at USD 42.28 billion, accounting for 3.6% of the overall exports by ASEAN during 2016 (Table III). The top export destinations for ASEAN include Australia (13.20%), Philippines (9.48%), Japan (6.2%), Indonesia (5.32%) and Malaysia (5.14%). However, the role of Indian market in ASEAN's vehicle and automotive exports remained low as ASEAN's exports to India stood at USD 0.62 billion at a share of 1.46% of total ASEAN vehicle exports during 2016.

The volume of plastics exports by ASEAN stood at USD 37.18 billion, accounting for 3.1% of the overall exports by ASEAN (Table III). The top export destinations include China (22.82%), Japan (9.74%), Indonesia (8.81%), Vietnam (6.08%), and Malaysia (6.04%) among others. India is also among the top ten export destinations for ASEAN, accounting for USD 1.79 billion exports at a share of 4.82% of the total exports of plastics by ASEAN.

The optical, photographic and medical equipment exports by ASEAN stood at USD 34.32 billion, accounting for a share of 2.9% during 2016 (Table III). The major export destinations for ASEAN include USA (17.23%), China (16.6%), Japan (9.46%), Germany (5.52%), and

Netherlands (4.50%) among others. Further, ASEAN's exports to India for the same stood at USD 0.94 billion, accounting for a share of 2.74% of total ASEAN's exports during 2016.

The natural and cultured pearls and precious stones' exports by ASEAN stood at USD 34.19 billion, accounting for a share of 2.9% during 2016 (Table III). The major export destinations include Switzerland (28.12%), Hong Kong (16.12%), Singapore (11.09%), UAE (8.01%), and USA (5.6%). The share of India in ASEAN's exports of the same stood at 2.21%, accounting for USD 0.76 billion during 2016 indicating weak significance for ASEAN's precious stones in India.

The Animal and Vegetable oils' exports from ASEAN stood at USD 32.66 billion, accounting for 2.8% of the overall exports by ASEAN during 2016 (Table III). The top export destinations for ASEAN include India (16.20%), China (13.06%), Netherlands (7.38%), USA (6.09%) and Pakistan (5.79%). Astoundingly, the role of Indian market in ASEAN's Animal and Vegetable oils' exports remained very strong as ASEAN's exports to India stood at USD 5.29 billion at a share of 16.21% of total ASEAN Animal and Vegetable oils' exports during 2016.

The volume of rubber exports by ASEAN stood at USD 28.66 billion, accounting for 2.4% of the overall exports by ASEAN (Table III). The top export destinations include China (24.53%), USA (19.73%), Japan (6.95%), Malaysia (4.71%), and Germany (3.59%) among others. India is also among the top ten export destinations for ASEAN, accounting for USD 0.96 billion exports at a share of 3.36% of the total exports of rubber by ASEAN.

The export volume of organic chemicals from ASEAN stood at USD 25.89 billion, accounting for a share of 2.2% of the total exports by ASEAN (Table III). The top export destinations for the product include China (18.28%); followed by Belgium (16.37%); India (6.87%); Panama (6.69%) and USA (6.40%) among others. In addition, ASEAN's exports to India stood at USD 1.78 billion, accounting for a share of 6.87% indicating strong significance for ASEAN's organic chemicals in India.

Table 3: Significance of India in ASEAN's exports (HS-02)

S. No.	HS Code	Product Description	ASEAN exports to World (2016)		ASEAN's exports to India		Other top Export Destinations for ASEAN	
			Value (in USD Billion)	Share in total exports (%)	Value (in USD Billion)	Share (%)	Country	Share (%)
1	'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television	316.83	26.8%	5.18	1.63%	Hong Kong	15.76%
							China	14.47%
							USA	11.64%
							Japan	6.52%
							Singapore	5.58%
2	'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	137.20	11.6%	4.27	3.11%	USA	14.21%
							China	9.80%
							Japan	6.41%
							Hong Kong	6.14%
							Indonesia	5.48%
3	'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	109.55	9.3%	5.98	5.46%	China	14.30%
							Japan	11.09%
							Malaysia	11.04%
							Singapore	8.73%
							Indonesia	7.81%
4	'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	42.28	3.6%	0.62	1.46%	Australia	13.20%
							Philippines	9.48%
							Japan	6.20%
							Indonesia	5.32%
							Malaysia	5.14%
5	'39	Plastics and articles thereof	37.18	3.1%	1.79	4.82%	China	22.82%
							Japan	9.74%
							Indonesia	8.81%

							Vietnam	6.08%
							Malaysia	6.04%
6	'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	34.32	2.9%	0.94	2.74%	USA	17.23%
							China	16.60%
							Japan	9.46%
							Germany	5.52%
							Netherlands	4.50%
7	'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	34.19	2.9%	0.76	2.21%	Switzerland	28.12%
							Hong Kong	16.12%
							Singapore	11.09%
							UAE	8.01%
							USA	5.60%
8	'15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	32.66	2.8%	5.29	16.21%	India	16.20%
							China	13.06%
							Netherlands	7.38%
							USA	6.09%
							Pakistan	5.79%
9	'40	Rubber and articles thereof	28.66	2.4%	0.96	3.36%	China	24.53%
							USA	19.73%
							Japan	6.95%
							Malaysia	4.71%
							Germany	3.59%
10	'29	Organic chemicals	25.89	2.2%	1.78	6.87%	China	18.28%
							Belgium	16.37%
							India	6.87%
							Panama	6.69%
							USA	6.40%
Total Exports of top 10 products			798.76	67.5%	27.57	3.45%		
Total Exports			1182.80	100.0%				

4.3 Significance of India in ASEAN's imports

ASEAN group is one of the biggest importers in the world. The total imports by ASEAN stood at USD 1.10 trillion during 2016. Of the total imports, top ten products comprise of a share of 68.1% accounting for an import volume of USD 752.3 billion during the same period. Further, India has an insignificant presence in ASEAN's top ten imports, wherein ASEAN imported around 11.8 billion valued imports from India, accounting for a share of 1.57% during 2016.

Among the top ten imports by ASEAN (Table IV), Electrical machinery and equipments were placed at the top, accounting for USD 254.29 billion and a share of 23% of the total imports. The top import sources for the product include China (24.31%); followed by South Korea (13.13%); Taiwan (12.78%); Japan (9.05%) and USA (7.19%) among others. In addition, ASEAN imported around USD 0.91 billion from India, accounting for a share of 0.35% indicating weak significance of India in ASEAN market.

The Machinery and Mechanical appliances imports by ASEAN stood at USD 145.57 billion, accounting for a share of 13.2% during 2016 (Table IV). The major import sources for ASEAN include China (27.03%), Japan (14.66%), USA (11.01%), Malaysia (5.66%), and Thailand (5.49%) among others. Further, ASEAN imported around USD 1.75 billion worth of machinery from India, accounting for a share of 1.2% of total ASEAN's imports during 2016.

The Mineral fuels and oils' imports by ASEAN stood at USD 132.15 billion, accounting for a share of 12% of total imports during 2016 (Table IV). The major import sources include Singapore (13.49%), Saudi Arabia (10.86%), UAE (10.18%), Malaysia (9.58%), and China (5.74%). The share of India in ASEAN's import of Mineral fuels stood at 3.15%, accounting for USD 4.16 billion during 2016 indicating a moderate significance of India in ASEAN's market.

The Vehicles and automotive imports by ASEAN stood at USD 44.01 billion, accounting for 4% of the overall imports by ASEAN during 2016 (Table IV). The top import sources for ASEAN include Japan (27.93%), Thailand (18.65%), China (12.96%), Germany (7.78%) and Indonesia (7.08%). However, the role of India in ASEAN's market remained low as ASEAN's imports from India stood at USD 0.96 billion at a share of 2.19% of total ASEAN vehicle imports during 2016.

The volume of plastics imports by ASEAN stood at USD 42.47 billion, accounting for 3.8% of the overall imports during 2016 (Table IV). The top import sources include China (18.32%), Japan (11.66%), South Korea (10.03%), Saudi Arabia (9%), and Singapore (8.74%) among others. India share in ASEAN's plastics demand remained abysmally low at USD 0.37 billion, accounting for a share of 0.87% of the total imports of plastics by ASEAN.

The volume of iron and steel imports by ASEAN stood at USD 35.57 billion, accounting for a share of 3.2% of the overall imports during 2016 (Table IV). The major import sources for ASEAN include China (41.27%), Japan (22.4%), South Korea (10.29%), Taiwan (6.61%), and India (2.31%) among others. Although India is amongst the top five import sources to ASEAN, its share in ASEAN's imports remained low at 2.31% compared to 41.27% of China during 2016.

The optical, photographic and medical imports by ASEAN stood at USD 31.42 billion, accounting for a share of 2.8% of overall imports during 2016 (Table IV). The major import sources include China (18.46%), USA (17.95%), Japan (12.76%), South Korea (7.57%), and Germany (6.59%) among others. The share of India in ASEAN's imports of the same stood at 1.04%, accounting for USD 0.326 billion during 2016 indicating weak significance of India in ASEAN's market.

The natural pearls and precious stones' imports by ASEAN stood at USD 25.47 billion, accounting for 2.3% of the overall imports by ASEAN during 2016 (Table IV). The top import sources for ASEAN include Switzerland (17.32%), Japan (8.99%), Hong Kong (8.65%), Indonesia (8.65%) and Cambodia (6.16%). The role of India in ASEAN's pearls and precious stones' imports was moderate as ASEAN imported around USD 1.028 billion at a share of 4.04% of total ASEAN's imports of pearls and precious stones during 2016.

The volume of articles of iron and steel imports by ASEAN stood at USD 20.71 billion, accounting for 1.9% of the overall imports by ASEAN during 2016 (Table IV). The top import sources include China (37.32%), Japan (15.45%), South Korea (6.61%), Thailand (6.05%), and Malaysia (5.01%) among others. The share of India in ASEAN's imports of the same stood at 1.19%, accounting for USD 0.247 billion during 2016, indicating weak significance of India in ASEAN's market.

The import volume of organic chemicals by ASEAN stood at USD 20.69 billion, accounting for a share of 1.9% of the total imports by ASEAN during 2016 (Table IV). The top import sources for the product include China (21.21%); followed by Singapore (8.75%); USA (7.39%); Japan (6.38%) and India (6%) among others. Although India's presence in ASEAN for organic chemicals is significant, its share compared to China's (21.21%) remained very low during 2016.

Table 4: Significance of India in ASEAN's imports (HS-02)

S. No.	HS Code	Product Description	ASEAN Imports from World 2016		ASEAN Imports from India - 2016		Top 5 Importers in ASEAN	Other Top Export Destination to ASEAN	
			Value (in USD Billion)	Share in total imports (%)	Value (in USD Billion)	Share (%)		Countries	Share (%)
1	'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television	254.29	23.0%	0.901	0.35%	Singapore	China	24.31%
							Malaysia	South Korea	13.13%
							Vietnam	Taiwan	12.78%
							Thailand	Japan	9.05%
							Philippines	USA	7.19%
2	'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	145.57	13.2%	1.751	1.20%	Singapore	China	27.03%
							Thailand	Japan	14.66%
							Indonesia	USA	11.01%
							Vietnam	Malaysia	5.66%
							Malaysia	Thailand	5.49%
3	'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances	132.15	12.0%	4.167	3.15%	Singapore	Singapore	13.49%
							Thailand	Saudi Arabia	10.86%
							Indonesia	UAE	10.18%
							Malaysia	Malaysia	9.58%
							Philippines	China	5.74%
4	'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	44.01	4.0%	0.965	2.19%	Thailand	Japan	27.93%
							Philippines	Thailand	18.65%
							Malaysia	China	12.96%
							Indonesia	Germany	7.78%
							Singapore	Indonesia	7.08%
5	'39	Plastics and articles thereof	42.47	3.8%	0.371	0.87%	Vietnam	China	18.32%
							Thailand	Japan	11.66%
							Indonesia	South Korea	10.03%
							Malaysia	Saudi Arabia	9.00%

							Singapore	Singapore	8.74%
6	'72	Iron and steel	35.57	3.2%	0.82	2.31%	Thailand	China	41.27%
							Vietnam	Japan	22.40%
							Indonesia	South Korea	10.29%
							Malaysia	Taiwan	6.61%
							Philippines	India	2.31%
7	'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical	31.42	2.8%	0.326	1.04%	Singapore	China	18.46%
							Vietnam	USA	17.95%
							Thailand	Japan	12.76%
							Malaysia	South Korea	7.57%
							Indonesia	Germany	6.59%
8	'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad	25.47	2.3%	1.028	4.04%	Singapore	Switzerland	17.32%
							Thailand	Japan	8.99%
							Malaysia	Hong Kong	8.65%
							Indonesia	Indonesia	8.65%
							Vietnam	Cambodia	6.16%
9	'73	Articles of iron or steel	20.71	1.9%	0.247	1.19%	Thailand	China	37.32%
							Singapore	Japan	15.45%
							Indonesia	South Korea	6.61%
							Malaysia	Thailand	6.05%
							Vietnam	Malaysia	5.01%
10	'29	Organic chemicals	20.69	1.9%	1.246	6.02%	Singapore	China	21.21%
							Indonesia	Singapore	8.75%
							Thailand	USA	7.39%
							Malaysia	Japan	6.38%
							Vietnam	India	5.99%
Total Imports of top 10 products			752.35	68.1%	11.822	1.57%			
Total Imports by ASEAN			1104.10	100.0%					

4.4 Significance of ASEAN in India's imports

In 2016, India imported around USD 356.7 billion of merchandise, making it the 14th biggest importer in the world. Of the total imports by India, the top ten products accounted for 74.3% share and valued at USD 265.04 billion during 2016. Interestingly, ASEAN group has a very strong significance in India's top ten imports with a share of 10.47% during the same period.

Among the top ten imports by India (Table V), Mineral fuels and oils were placed at the top, accounting for USD 89.31 billion and a share of 25% of the total imports. The top import sources for the product include Saudi Arabia (15.6%); followed by Iraq (11.1%); UAE (9%); Nigeria (8.1%) and Iran (7.6%) among others. In addition, India imported around USD 7.71 billion from ASEAN, accounting for a share of 8.63% indicating strong significance of ASEAN in Indian market.

The Natural pearls and precious stones' imports by India stood at USD 48.13 billion, accounting for a share of 13.5% of overall imports during 2016 (Table V). The major import sources for India include Switzerland (27.5%), UAE (16%), Belgium (12.4%), Hong Kong (11%), and Russia (4.2%) among others. Further, India imported around USD 0.63 billion worth of natural pearls and precious stones from ASEAN, accounting for a share of 1.32% of total India's imports during 2016.

The Electrical machinery and equipments imports by India stood at USD 37.01 billion, accounting for a share of 10.4% of total imports during 2016 (Table V). The major import sources include China (56.4%), South Korea (6.6%), USA (4.6%), Malaysia (3.6%), and Germany (3.4%). The share of ASEAN in India's import of electrical machinery stood at 11.81%, accounting for USD 4.37 billion during 2016 indicating a strong significance of ASEAN group in India's market.

The Machinery and mechanical appliances' imports by India stood at USD 32.52 billion, accounting for 9.1% of the overall imports by India during 2016 (Table V). The top import sources for India include China (33%), USA (12.2%), Germany (10.8%), Japan (8.6%) and Italy (4.5%). The role of ASEAN in India's market for machinery and mechanical appliances remained high as India's imports from ASEAN stood at USD 3.35 billion at a share of 10.3% of total India's machinery imports during 2016.

The volume of organic chemical imports by India stood at USD 14.77 billion, accounting for 4.1% of the overall imports during 2016 (Table V). The top import sources include China (37.8%), Saudi Arabia (10.20%), Singapore (7.10%), USA (5.1%), and South Korea (4.3%) among others. ASEAN's share in India's organic chemicals demand remained significantly

high at USD 1.83 billion, accounting for a share of 12.37% of the total imports of organic chemicals by India.

The volume of plastic imports by India stood at USD 11.39 billion, accounting for a share of 3.2% of the overall imports during 2016 (Table V). The major import sources for India include China (16.10%), South Korea (10.6%), USA (7.9%), Saudi Arabia (7.4%), and Thailand (6.4%) among others. Astoundingly, ASEAN's presence in India for plastic products is high with imports of USD 1.7 billion during 2016 and accounting for a share of 14.92% in total imports of India during the same period.

The animal and vegetable oils' imports by India stood at USD 10.49 billion, accounting for a share of 2.9% of overall imports during 2016 (Table V). The major import sources include Indonesia (35.2%), Argentina (23.2%), Malaysia (19.1%), Ukraine (11.9%), and Brazil (4.6%) among others. The share of ASEAN group in India's imports of the same stood at a staggering 54.53%, accounting for USD 5.72 billion during 2016 indicating remarkable significance of ASEAN in India's market.

The iron and steel imports by India stood at USD 8.71 billion, accounting for 2.4% of the overall imports by India during 2016 (Table V). The top import sources for India include China (18.9%), South Korea (18%), Japan (11.2%), USA (5%) and UK (3.6%). The presence of ASEAN group in India's iron and steel imports was significant as ASEAN exported around USD 0.74 billion to India at a share of 8.49% of total India's imports of iron and steel products during 2016.

The volume of optical, photographic and medical equipment imports by India stood at USD 7.24 billion, accounting for 2% of the overall imports by India during 2016 (Table V). The top import sources include USA (19.9%), China (18.1%), Germany (14%), Japan (8.8%), and Singapore (4.8%) among others. The share of ASEAN in India's imports of the same stood at 8.82%, accounting for USD 0.64 billion during 2016, indicating strong significance of ASEAN in India's market.

The import volume of ships and boats by India stood at USD 5.48 billion, accounting for a share of 1.5% of the total imports by India during 2016 (Table V). The top import sources for the ships and boats for India include China (32.5%); followed by Singapore (10.3%); Japan (9.4%); Norway (6.6%) and South Korea (5.2%) among others. Moreover, ASEAN group has a remarkable presence in terms of ships and boats in Indian market as export volume to India stood at USD 1.07 billion and accounting for a share of 19.52% of total imports of ships and boats by India during 2016.

Table 5: Significance of ASEAN in India's imports (HS – 02)

S. No.	HS Code	Product Description	India's imports from World 2016		India's imports from ASEAN - 2016		Other Top Import Sources for India	
			Value (in USD Billion)	Share in total imports (%)	Value (in USD Billion)	Share (%)	Country	Share (%)
1	'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances	89.31	25.0%	7.71	8.63%	Saudi Arabia	15.60%
							Iraq	11.10%
							UAE	9.00%
							Nigeria	8.10%
							Iran	7.60%
2	'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad	48.13	13.5%	0.63	1.32%	Switzerland	27.50%
							UAE	16.00%
							Belgium	12.40%
							Hong Kong	11.00%
							Russia	4.20%
3	'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers	37.01	10.4%	4.37	11.81%	China	56.40%
							South Korea	6.60%
							USA	4.60%
							Malaysia	3.60%
							Germany	3.40%
4	'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	32.52	9.1%	3.35	10.30%	China	33.00%
							USA	12.20%
							Germany	10.80%
							Japan	8.60%
							Italy	4.50%
5	'29	Organic chemicals	14.77	4.1%	1.83	12.37%	China	37.80%
							Saudi Arabia	10.20%
							Singapore	7.10%
							USA	5.10%

							South Korea	4.30%
6	'39	Plastics and articles thereof	11.39	3.2%	1.70	14.92%	China	16.10%
							South Korea	10.60%
							USA	7.90%
							Saudi Arabia	7.40%
							Thailand	6.40%
7	'15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	10.49	2.9%	5.72	54.53%	Indonesia	35.20%
							Argentina	23.20%
							Malaysia	19.10%
							Ukraine	11.90%
							Brazil	4.60%
8	'72	Iron and steel	8.71	2.4%	0.74	8.49%	China	18.90%
							South Korea	18.00%
							Japan	11.20%
							USA	5.00%
							UK	3.60%
9	'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	7.24	2.0%	0.64	8.82%	USA	19.90%
							China	18.10%
							Germany	14.00%
							Japan	8.80%
							Singapore	4.80%
10	'89	Ships, boats and floating structures	5.48	1.5%	1.07	19.52%	China	32.50%
							Singapore	10.30%
							Japan	9.40%
							Norway	6.60%
							South Korea	5.20%
Total Imports of top 10 products			265.04	74.3%	27.76	10.47%		
Total Imports			356.7	100.0%				

4.5 Bottlenecks in India – ASEAN Trade

4.5.1 Competitiveness

One of the major reasons for a lower trade volume between India and ASEAN has been the greater footprint of Chinese products in ASEAN market. China has been one of the biggest exporters to ASEAN in majority of the products. India's engagement in ASEAN has been hindered by the enhanced competitiveness of Chinese products such as electrical equipments, mechanical appliances, plastics, iron and steel and organic chemicals among others. ASEAN imports around 24.31% of its biggest import commodity, viz. electrical equipment, and around 41% of its iron and steel import demand from China during 2016.

This constrains the export performance of Indian products in the ASEAN market to a greater extent. In addition, with the dumping of various products by China in the ASEAN market, it becomes very difficult for the Indian products to compete with them. Despite the implementation of Anti-dumping duties by ASEAN authorities, the unit value inclusive of the duty remains significantly lower than the unit value of products from India.

Further, China has increased its infrastructural investments in the ASEAN region under the One Belt One Road Initiative, which has transformed the perception of ASEAN group for China and Chinese products to an extent.

4.5.2 Non-tariff barriers

In addition to the competition factor, proliferation of non-tariff measures (NTMs) in the ASEAN market has contained the economic integration of Indian products in ASEAN. These NTBs are in the form of import controls, import permits, sanitary and phyto-sanitary measures, and product standards, technical barriers to trade among others. According to WTO Database, between 2000 and 2015, non-tariff measures in ASEAN rose from 1,634 to 5,975, especially for the developing countries.

For instance, Gems and jewellery products - wherein India holds remarkable competitiveness - are preferred to be shipped to Thailand through Hong Kong due to high custom duty and complex custom clearance procedures, which further adds to the cost of exporting.

Also, the stringent regulations imposed by ASEAN market such as either directly or by referring to or incorporating the content of a standard, including different marking requirements, labeling requirements, packaging requirements, testing and quarantine requirements, pre-shipment inspection by ASEAN authorities and for the same the cost has to be borne by the Indian traders, among many others. These barriers act as major bottlenecks for Indian products in the ASEAN market.

Chapter 5

India – ASEAN Trade: The Way forward

Since the signing of ASEAN-India Free Trade agreement, the role of India in ASEAN's market has been visibly low. The trade intensification has lowered during post-AIFTA compared to the trade during pre-AIFTA between India and ASEAN. India's export and import growth with ASEAN lowered to 2.34% and 4.33% during 2010-16 from 23.39% and 23.71% during 2003-09, respectively.

5.1 Role of India in ASEAN's market

Given the magnanimous size of trade volume between ASEAN and World, role of India has remained lackluster in ASEAN's market. India has an insignificant presence in ASEAN's top ten imports, wherein ASEAN imported around 11.8 billion valued imports from India, accounting for a share of 1.57% of overall imports from world during 2016.

ASEAN group imported around USD 1.1 trillion products during 2016, out of which 68.1% were devoted to ten products (at HS-02) only. Evidently, China has been the major competitor for India in the ASEAN market for the supply of top ten imported products. Comparatively, ASEAN imports around 41% of iron and steel, 25% of electrical machinery and equipment, 37% of articles made from iron and steel, 27% of machinery and mechanical equipments, 25% of electrical equipments from China.

However, it is essential to note that ASEAN is not a major importer in the world of the product categories where India holds export advantage. For instance, ASEAN imports 3.9% of the world's natural and cultured pearls and precious stones, 3.2% of world's vehicles, 2% of world's pharmaceutical products among others, as indicated in the Section III previously. Although India has a strong presence in case of pharma products in ASEAN, the import volume of pharma products by ASEAN has seen a moderate growth over the years.

5.2 Role of ASEAN in India's market

In 2016, India imported around 356.7 billion, making it the 14th biggest importer in the world. Of the total imports by India, the top ten products accounted for 74.3% share and valued at USD 265.04 billion during 2016. Interestingly, ASEAN group has a very strong significance in India's top ten imports with a share of 10.47% of total imports from world during the same period.

Notably, contrary to ASEAN's import pattern, India's imports in ASEAN's top ten export categories are substantial. In addition, India is one of the biggest importers in world in the aforementioned category. India is one of the biggest importers of mineral fuels and natural and cultured pearls and precious stones.

The trade gap between India and ASEAN has expanded at a greater extent over the years. The primary reason has been the design of the trade between India and ASEAN. ASEAN has greater trade complementarities with India, indicating more aligned export pattern of ASEAN with the import pattern of India. In addition, the drop in tariffs has also played a catalyst, however the extent of change has been limited.

5.3 Way Forward

ASEAN India Free Trade Agreement holds enormous potential for India; however, economic gains can be substantial only if supply chains are developed with a focus towards intra-industry trade. The AIFTA agreement provides increased scope for integration of supply chains in the machinery, electrical and electronics sectors and transport, which could be further supplemented by services trade and investment. However, full trade potential and product integration to be realized, facilitation of business to business connections, information flow, harmonization and mutual recognition of standards as well as removal of other such non-tariff barriers are crucial to attain a consistent and robust trade growth between India and ASEAN group.

In addition, to counter the onslaught of trade deficit that India has incurred over the years with ASEAN, an intelligent incentive structure needs to be devised. It is also noted that due to high competitiveness in the international markets, industries are not encouraged much too aggressively to pitch for higher exports. Therefore, rather than making attempt to protect domestic industry, it is necessary to equip them for global competition. This will help the industry with increasing ability to counter the growing presence of China in ASEAN and able to sail through in ASEAN market with rising exports. In addition, a Mutual Recognition Agreement (MRA) may turn beneficial for India in realizing expanding presence in various sectors including automobiles, mechanical appliances, and pharmaceuticals among various others in ASEAN market.

Going ahead, to enhance its presence in the ASEAN market, India needs to explore the potential of the ASEAN Economic Community (AEC) to its fullest. Targeting a common market of more than 600 million people with eased tariff rates could miniaturized the European Union's and NAFTA's 500 million and over 400 million markets, respectively. The removal of tariffs throughout the AEC provides a significant advantage for Indian products and companies. Indian companies can manufacture in the region and take the advantage of the free flow of goods through the AEC when exporting finished goods. Moreover, Indian domestic manufacturers could rely on ASEAN nations for intermediate goods and other raw materials in their supply chain to benefit from reduced costs in goods.

Summary of Statistics

S. No.	India's significance in ASEAN's market									
	India's exports of top ten products					ASEAN's imports of top ten products				
	Exports to World		Exports to ASEAN		Remarks	Imports from World		Imports from India		Remarks
	Volume (USD Billion)	Share (%)	Volume (USD Billion)	Share (%)		Volume (USD Billion)	Share (%)	Volume (USD Billion)	Share (%)	
1.	154.46	59.3	11.97	7.75	Other major export destinations include UAE, USA, China, EU and SAFTA.	752.35	68.1	11.82	1.57%	Major import sources include China (around 25%), South Korea, and Other ASEAN nations.
S. No.	ASEAN's significance in India's market									
	ASEAN's exports of top ten products					India's imports of top ten products				
	Exports to World		Exports to India		Remarks	Imports from World		Imports from ASEAN		Remarks
	Volume (USD Billion)	Share (%)	Volume (USD Billion)	Share (%)		Volume (USD Billion)	Share (%)	Volume (USD Billion)	Share (%)	
1.	798.76	67.5	27.57	3.45	Major export destinations include China, Australia, USA, Hong Kong, and other ASEAN nations.	265.04	74.3	27.76	10.47	Major import sources include China, Saudi Arabia, and South Korea among others.



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<ul style="list-style-type: none"> • State Profiles 	<ul style="list-style-type: none"> • States Development 	<ul style="list-style-type: none"> • Global Economic Monitor (GEM) 	<ul style="list-style-type: none"> • Business Research Consultancy
<ul style="list-style-type: none"> • Impact Assessments 	<ul style="list-style-type: none"> • Infrastructure 	<ul style="list-style-type: none"> • Trade & Inv. Facilitation Services (TIFS) newsletter 	
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A: Thematic research reports

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14. Annual survey of Indian Direct Selling Industry-2012-13 (December 2013)
15. Imperatives for Double Digit Growth (December 2013)
16. Women Safety in Delhi: Issues and Challenges to Employment (March 2014)
17. Emerging Contours in the MSME sector of Uttarakhand (April 2014)
18. Roadmap for New Government (May 2014)
19. Youth Economics (May 2014)
20. Economy on the Eve of Union Budget 2014-15 (July 2014)
21. Budget 2014-15: Promise of Progress (July 2014)
22. Agronomics 2014: Impact on economic growth and inflation (August 2014)
23. 100 Days of new Government (September 2014)
24. Make in India: Bolstering Manufacturing Sector (October 2014)
25. The Indian Direct Selling Industry Annual Survey 2013-14 (November 2014)
26. Participated in a survey to audit SEZs in India with CAG Office of India (November 2014)
27. Role of MSMEs in Make in India with reference to Ease of Doing Business in Ghaziabad (Nov 2014)
28. Exploring Prospects for Make in India and Made in India: A Study (January 2015)
29. SEZs in India: Criss-Cross Concerns (February 2015)
30. Socio-Economic Impact of Check Dams in Sikar District of Rajasthan (February 2015)
31. India - USA Economic Relations (February 2015)
32. Economy on the Eve of Union Budget 2015-16 (February 2015)
33. Budget Analysis (2015-16)
34. Druzhba-Dosti: India's Trade Opportunities with Russia (April 2015)
35. Impact of Labour Reforms on Industry in Rajasthan: A survey study (July 2015)
36. Progress of Make in India (September 2015)
37. Grown Diamonds, A Sunrise Industry in India: Prospects for Economic Growth (November 2015)
38. Annual survey of Indian Direct Selling Industry 2014-15 (December 2015)
39. India's Foreign Trade Policy Environment Past, Present and Future (December 2015)
40. Revisiting the emerging economic powers as drivers in promoting global economic growth (February 2016)

41. Bolstering MSMEs for Make in India with special focus on CSR (March 2016)
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43. India's Exports Outlook (August 2016)
44. Ease of Doing Business : Suggestive Measures for States (October 2016)
45. Transforming India through Make in India, Skill India and Digital India (November 2016)
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47. Economy on the eve of Budget 2017-18 (January 2017)
48. Union Budget 2017-18: A budget for all-inclusive development (January 2017)
49. Annual Survey of Indian Direct Selling Industry 2015-16 (February 2017)
50. Worklife Balance and Health Concerns of Women: A Survey (March 2017)
51. Special Economic Zones: Performance, Problems and Opportunities (April 2017)
52. Feasibility Study (socio-Economic Survey) of Ambala and Rohtak Districts in Haryana (March 2017)
53. Goods and Services (GST): So far (July 2017)
54. Reshaping India-Africa Trade: Dynamics and Export Potentiality of Products in Africa (July 2017)
55. Industry Perspective on Bitcoins (July 2017)
56. Senior Housing: A sunrise sector in India (August 2017)
57. Current state of the economy (October 2017)
58. Equitable finance to fulfill funding requirements of Indian Economy (October 2017)
59. India-Israel Relations: Building Bridges of Dynamic Trade (November 2017)
60. Role of Trade Infrastructure for Export Scheme (TIES) in Improving Export Competitiveness (November 2017)
61. The Wall of Protectionism: Rise and Rise of Protectionist policies in the Global Arena (November 2017)

B: State profiles

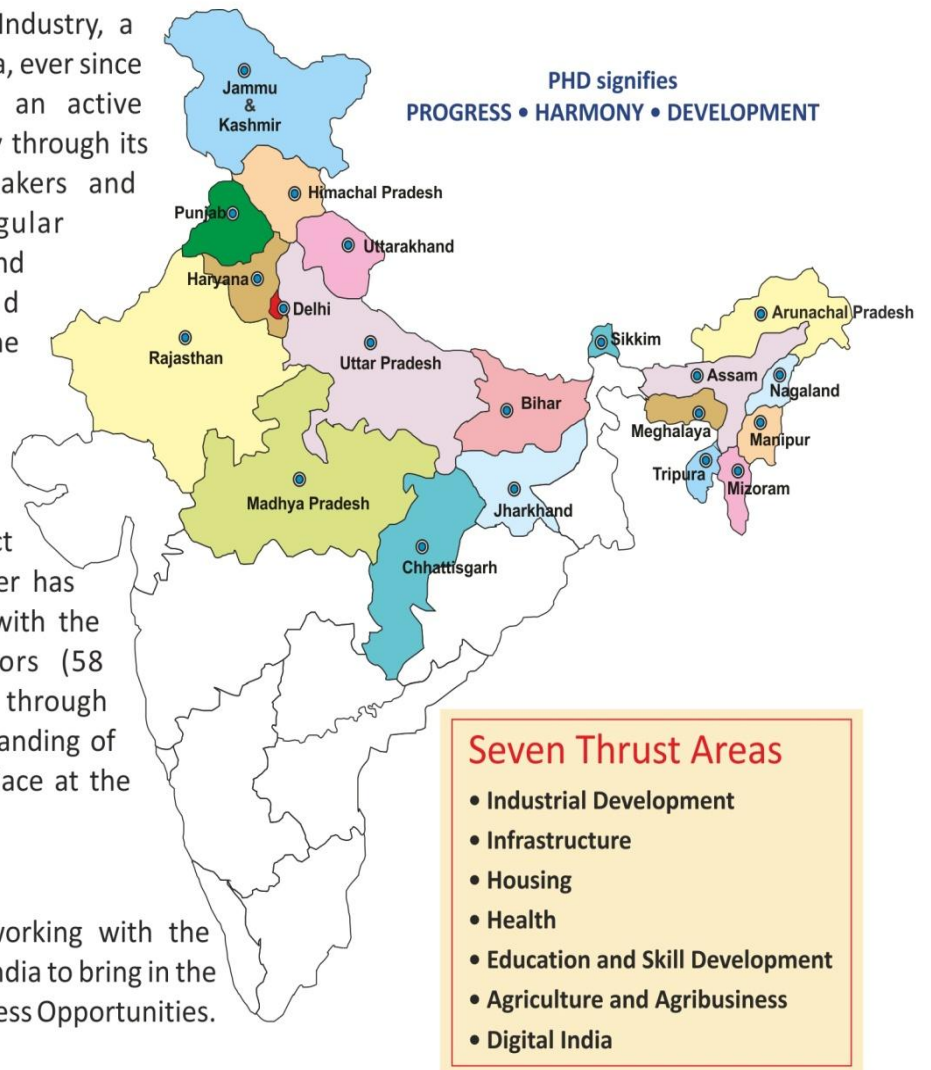
62. Rajasthan: The State Profile (April 2011)
63. Uttarakhand: The State Profile (June 2011)
64. Punjab: The State Profile (November 2011)
65. J&K: The State Profile (December 2011)
66. Uttar Pradesh: The State Profile (December 2011)
67. Bihar: The State Profile (June 2012)
68. Himachal Pradesh: The State Profile (June 2012)
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70. Resurgent Bihar (April 2013)
71. Life ahead for Uttarakhand (August 2013)
72. Punjab: The State Profile (February 2014)
73. Haryana: Bolstering Industrialization (May 2015)
74. Progressive Uttar Pradesh: Building Uttar Pradesh of Tomorrow (August 2015),
75. Suggestions for Progressive Uttar Pradesh (August 2015)
76. State profile of Telangana- The dynamic state of India (April 2016)
77. Smart Infrastructure Summit 2016- Transforming Uttar Pradesh (August 2016)
78. Smart Infrastructure Summit 2016-Transforming Uttar Pradesh : Suggestions for the State Government (August 2016)
79. Rising Jharkhand: An Emerging Investment Hub (February 2017)
80. Punjab: Roadmap for the New Government Suggestions for the Industrial and Socio-Economic Development – Focus MSMEs ease of doing business (May 2017)
81. Prospering Himachal Pradesh: A Mountain of Opportunities (August 2017)



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PHD Chamber of Commerce & Industry, a leading Industry Chamber of India, ever since its inception in 1905, has been an active participant in the India Growth Story through its Advocacy Role for the Policy Makers and Regulators of the Country. Regular interactions, Seminars, Conference and Conclaves allow healthy and constructive discussions between the Government, Industry and International Agencies bringing out the Vitals for Growth. As a true representative of the Industry with a large membership base of 48000 direct and indirect members, PHD Chamber has forged ahead leveraging its legacy with the Industry knowledge across sectors (58 Industry verticals being covered through Expert Committees), a deep understanding of the Economy at large and the populace at the micro level.

At a Global level we have been working with the Embassies and High Commissions in India to bring in the International Best Practices and Business Opportunities.



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