

# **South Asia – ASEAN Connectivity**

**Prabir De**

**ASEAN – India Centre**

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Strengthening Connectivity in Southern Asia**

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# Growing economic ties between South Asia and Southeast and East Asia

- South Asia's trade with Southeast and East Asia witnessed massive rise:
  - Increased from US\$ 25 billion in 2000 to US\$ 235 billion in 2013, 18% CAGR since 2000
- South Asia oldest trade partner of Southeast / East Asia
  - APTA (Bangkok Agreement of 1975), managed by ESCAP
  - Bangladesh, India and Sri Lanka + Lao PDR, Korea and China
- India's several bilateral FTAs and EPAs
- ASEAN-India FTA, 2010
- RCEP being negotiated
- LDC preferences
- WTO trade facilitation agreement, 2013
- Emerging production networks between South Asia and Southeast and East Asia (e.g. automobiles)
- Rising FDI between South and Southeast and East Asia
- Deeper integration - customs cooperation, ports and shipping links, sharing natural resources, maritime security, a.o

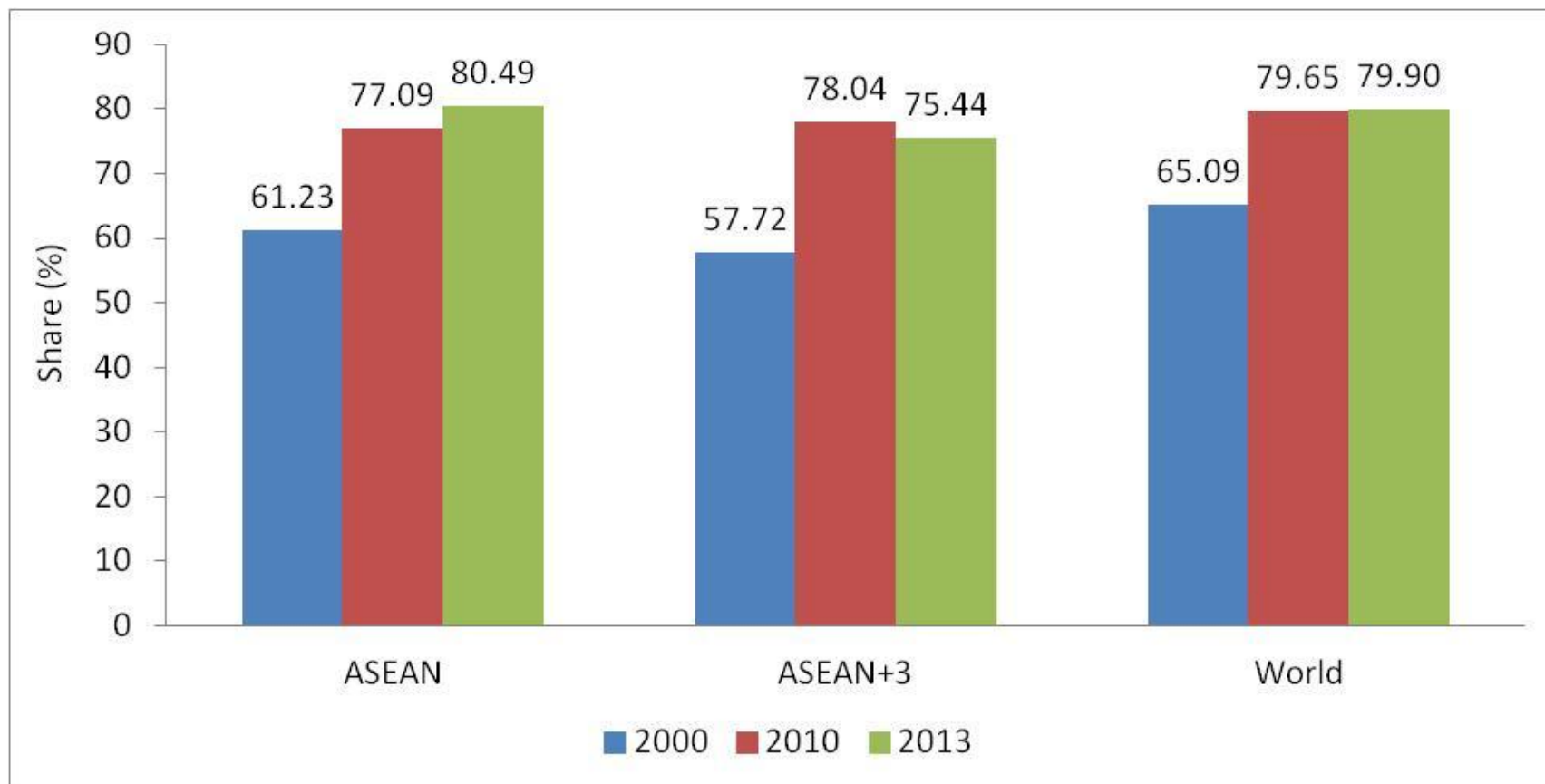
# South Asia's trade with ASEAN and ASEAN+3

	Trade with ASEAN (US\$ billion)			Trade with ASEAN+3 (US\$ billion)			Trade share with ASEAN (%)			Trade share with ASEAN+3 (%)		
	2000	2010	2013	2000	2010	2013	2000	2010	2013	2000	2010	2013
India	7.13	52.70	77.49	14.57	138.23	177.17	7.67	9.19	9.94	15.67	24.09	22.72
Pakistan	1.49	6.41	6.68	3.72	18.60	25.08	7.59	9.83	8.30	18.98	28.52	31.16
Sri Lanka	1.24	3.28	4.10	2.80	5.68	9.36	10.18	14.72	12.82	23.02	25.50	29.27
<b>SAARC</b>	<b>11.65</b>	<b>68.37</b>	<b>96.28</b>	<b>25.24</b>	<b>177.12</b>	<b>234.85</b>	<b>8.16</b>	<b>9.49</b>	<b>9.86</b>	<b>17.67</b>	<b>24.59</b>	<b>24.06</b>

Source: DOTS, IMF

# India major contributors to SAARC's trade with ASEAN

## India's Share in SAARC Trade



Source: Calculated based on IMF DOTS

# ASEAN-India trade growing, exponentially

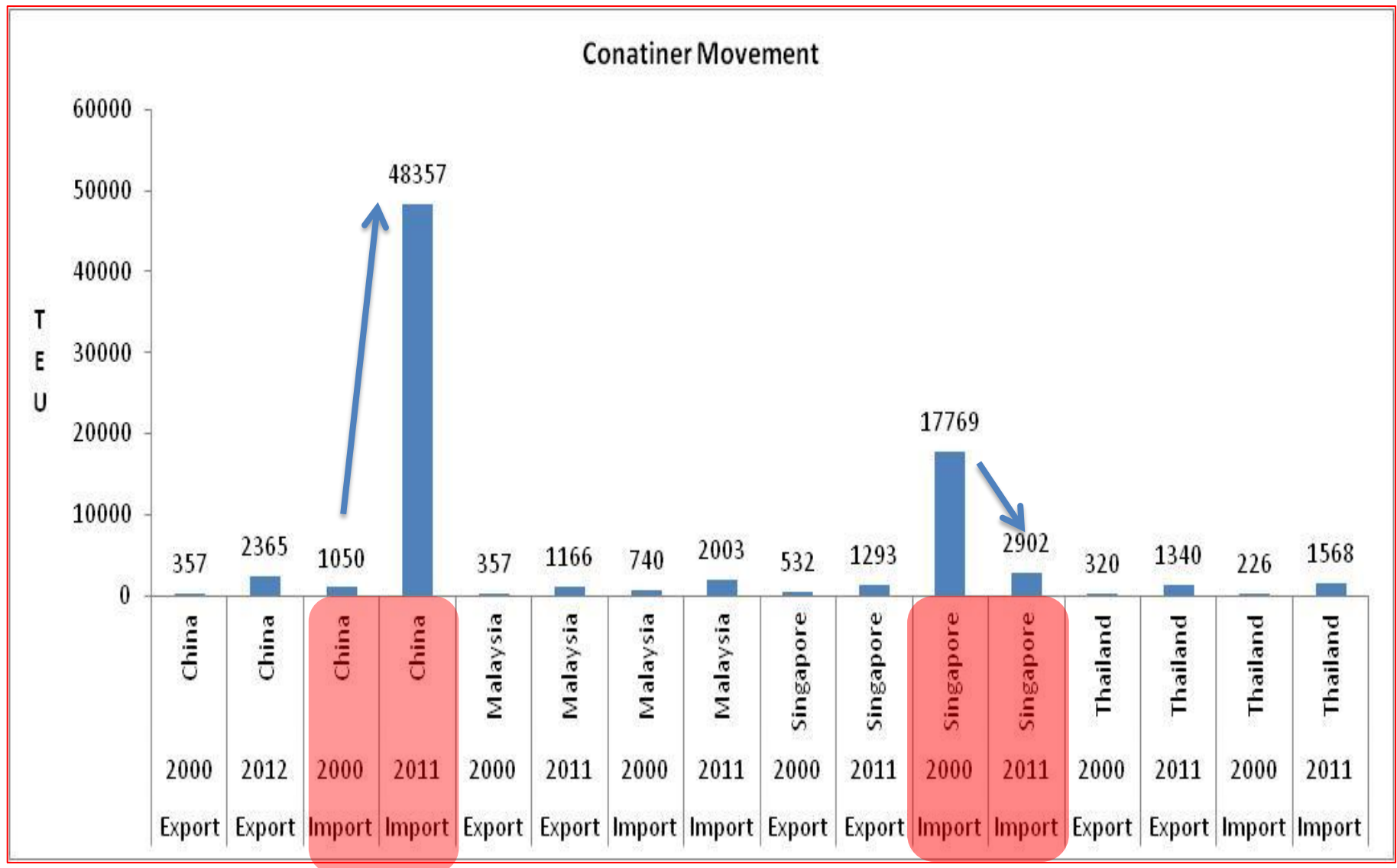
- India's trade with ASEAN growing exponentially, 20% CAGR
  - US\$ 7.13 billion in 2000
  - US\$ 77.49 billion in 2013
- ASEAN as India's partner in 2013
  - 11% export share; 9% import share
- ASEAN-India FTA in goods from 2010, services + investment to be added soon.
- **RCEP a new hope to Asian integration; account for 21% of India's goods export (2013)**
  - Rise in trade in parts and components

Partner	2000	2009	2013	CAGR
	(US\$ billion)			(%)
ASEAN	7.13	41.32	77.49	20.14
ASEAN+3	14.57	101.47	177.17	21.19
World	92.96	422.85	779.91	17.78
ASEAN share* (%)	7.67	9.77	9.94	
ASEAN+3 share* (%)	15.67	24.00	22.72	

\*Share in country's total trade

Source: Calculated based on DOTS, IMF

# Estimated trends in India's trade in P&C with Southeast Asia

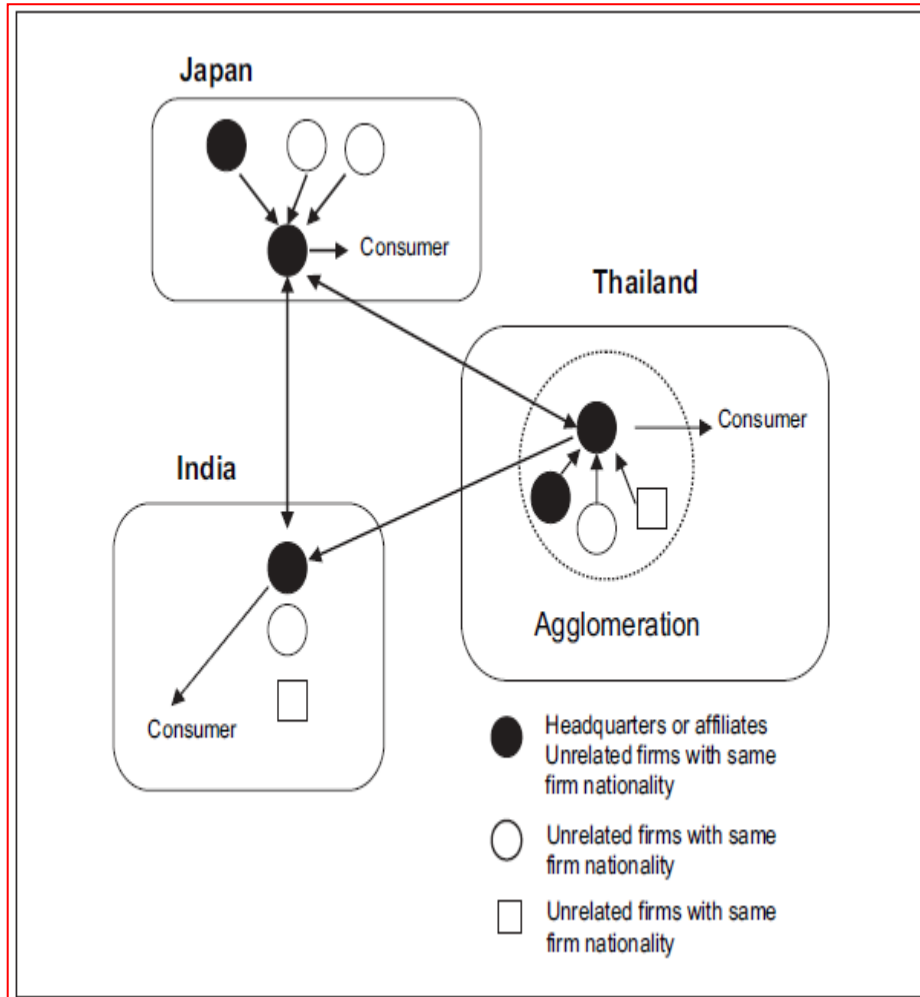


Source: De (2013)

# Emerging production networks between India and ASEAN

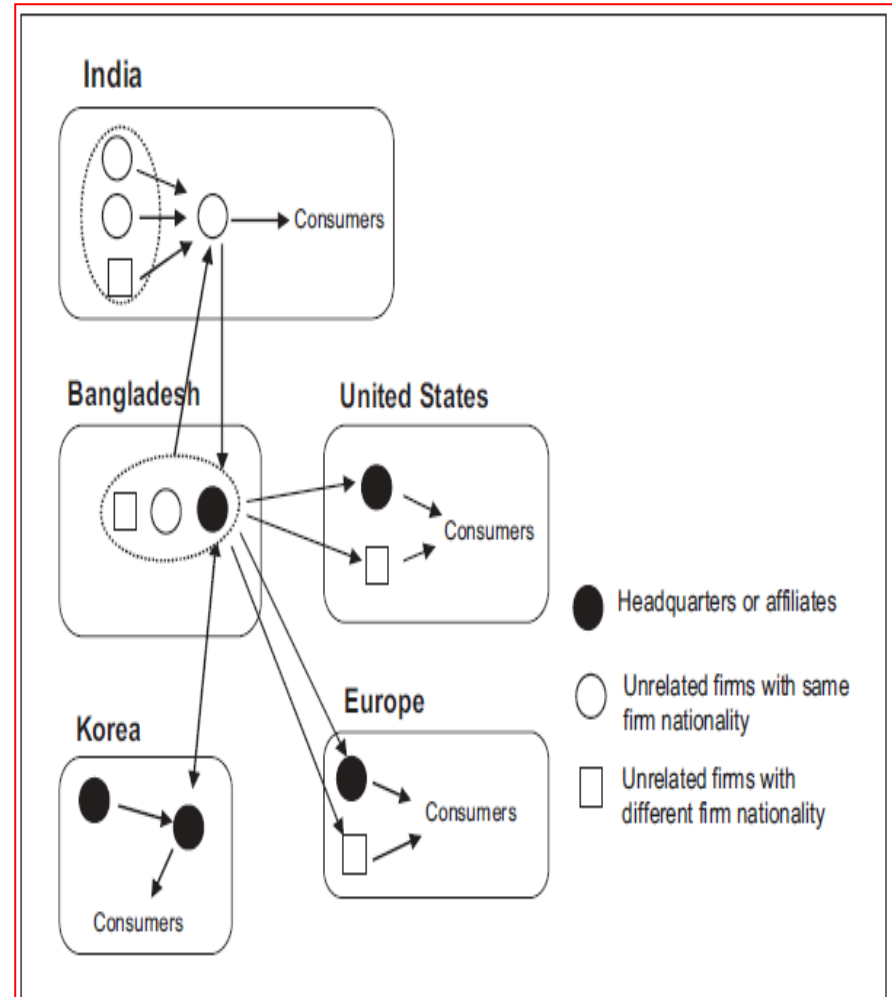
## Case: Southeast Asia

### India's Import of ACE from Thailand



## Case: South Asia

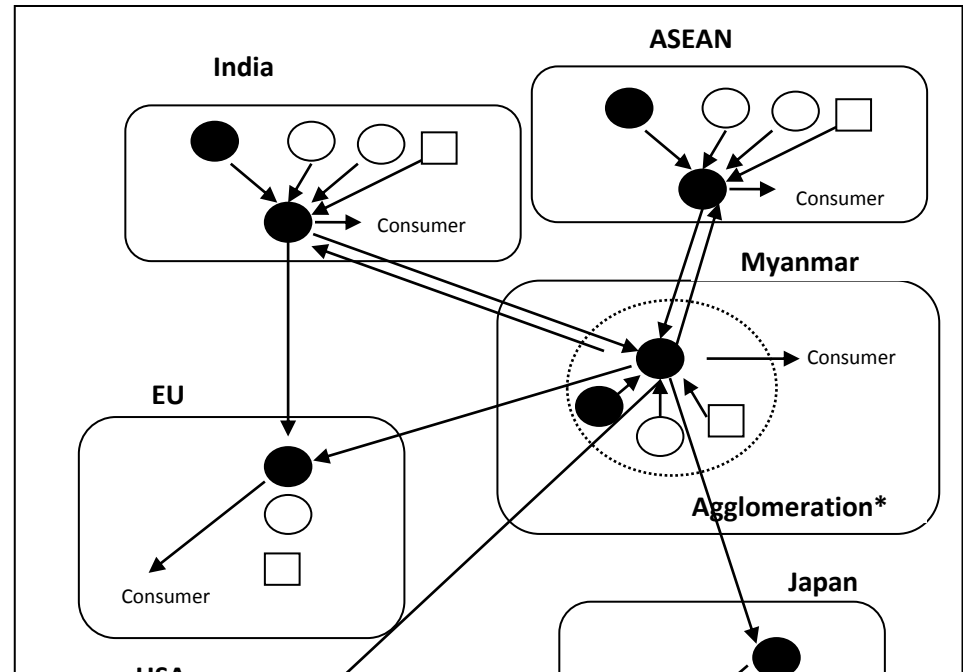
### India's Export of Yarn to Bangladesh



# Connectivity-induced production networks between India and Southeast Asia

- Potentials in building production networks between India's Northeast and Myanmar in (i) bamboo and wood products, (ii) pharmaceuticals and preparations, (iii) rubber products, (iv) food products, (v) refined petroleum products, (vi) other non-metallic mineral products, (vii) cement, and (viii) garments.
- Networks in services industry between India's Northeast and

Illustration of Future Production Networks  
Scenario between India and Myanmar in RMGs



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