PROMOTING REGIONAL INTEGRATION THROUGH SERVICES SECTOR IN SOUTH AND SOUTH EAST ASIA

TAKING CASE OF INDIA-THAILAND COMPREHENSIVE ECONOMIC COOPERATION AGREEMENT

Arpita Mukherjee
Tanu M. Goyal

ICRIER

11 December 2013

Presented at "Trade and Investment for Tomorrow: Promoting Asia-Pacific Regional Integration" ARTNeT RESEARCH WORKSHOP, 10-12 December 2013
Macao, China

Layout of the Presentation

- Rationale and Objective of the Study
- Methodology
- Approach the Target
  - Trends
  - Analysis
  - Findings
- Conclusion and Takeaways

Layout of the Presentation

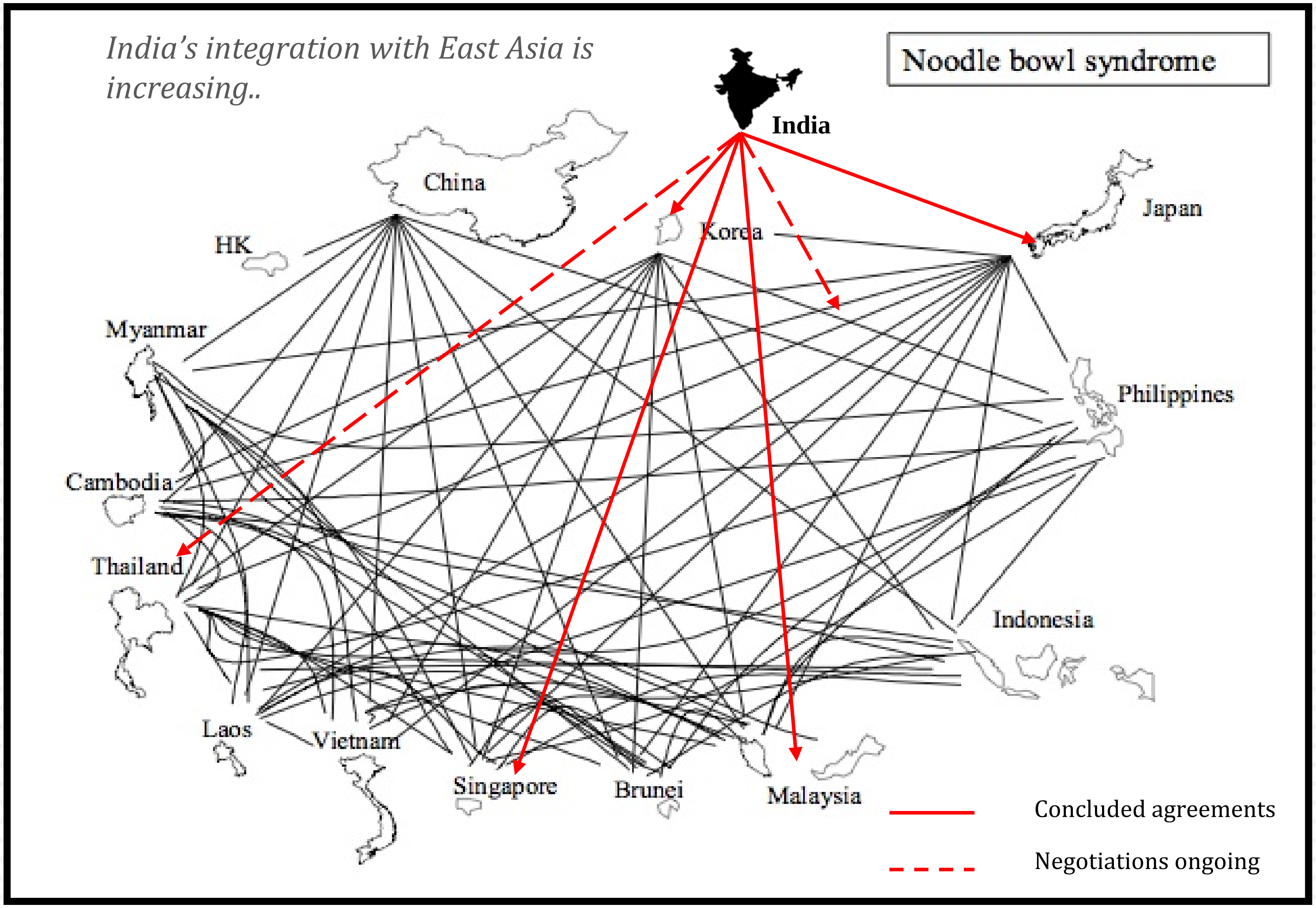
- Rationale and Objective of the Study
- Methodology
- Approach the Target
  - Trends
  - Analysis
  - Findings
- Conclusion and Takeaways

Why are we looking at services and why are we looking at India and Thailand?
What do we intend to achieve by looking at them?

Why Services?

- Services is an important component of GDP of South and South East Asia (over 50% in 2012)
- It is a growing component of trade
  - Growth in South Asia's share in world's services export and import increased from 1% in 1990 to around 4% in 2010
  - For East Asia, the share in world services export increased from 8% in 1990 to 12.8% in 2010 and share in world services import increased from 7.7% in 1990 to 11.7% in 2010
- South and East Asia have trade complementarities in services
  - South Asia has advantage in knowledge-based services while East Asia in infrastructure and travel services
  - With global slowdown, countries in the region are exploring new markets and diversifying export basket

Services is a key component of trade agreements in South and East Asia – SATIS, AFAS, RCEP, TPP…



Source: Extracted by authors from Baldwin (2007), Fig. 1, page 5 (with modifications)

Objective of the Study

The **objective** of this study is to understand the prospects of enhancing services trade, investment and co-operation between South and South East Asia, taking the example of two countries from each region—India and Thailand

Why India and Thailand?

- Services are a growing component of GDP in both India and Thailand
- Thailand is a key player in global value chain in goods, why not in services? India has competitiveness in computer services and trade is with limited countries of the West
- The two countries have trade barriers in services. Thailand more restrictive than India (49% FDI cap) – opens on bilateral basis
- Both India and Thailand has strong Mode 4 interest, but categories differ
- India and Thailand are currently negotiating a trade agreement

Layout of the Presentation

- Rationale and Objective of the Study
- Methodology
- Approach the Target
  - Trends
  - Analysis
  - Findings
- Conclusion and Takeaways

of the Presentation

e and Objective of the Study

logy

h the Target

s

s

on and Takeaways

e approach the objective? What we have and what we look for?