



FEED^{THE}**FUTURE**

The U.S. Government's Global Hunger & Food Security Initiative

GLOBAL LEARNING AND EVIDENCE EXCHANGE
M A R K E T S Y S T E M S

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**Whether China-ASEAN, India-
ASEAN trade is up to the
potential?**

**Devesh Roy, Manmeet Ajmani and
Renjini**

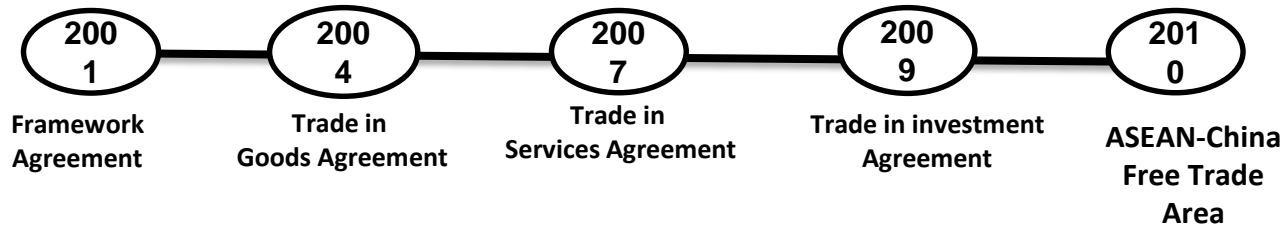


Motivation

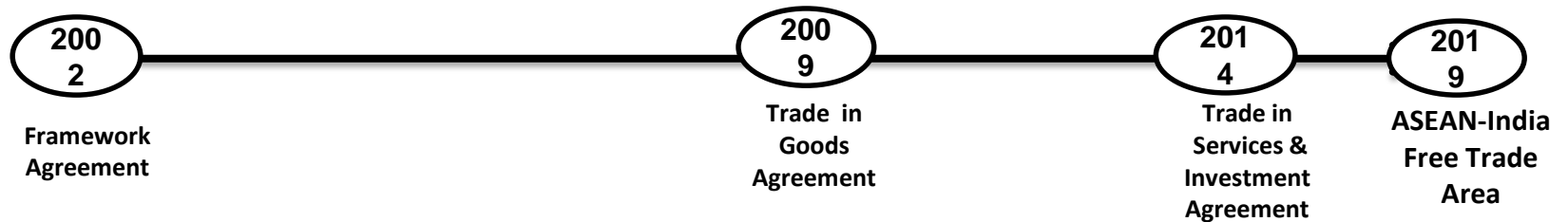
- Two large emerging economies China and India
- Spate of regional agreements
- Spaghetti Bowl
- Emerging economies ASEAN
- Question
- Has India-ASEAN, China-ASEAN trade been up to the potential?
- Potential is derived from a model

Timeline of FTA: A comparison

China



India



Rules of origin
Sensitive products

Sensitive products of India
Coffee, Tea, Pepper, Natural rubber, palm oil

Sensitive products of China
Coffee, Pepper, Rice, Soya oil, tobacco, petroleum oil, organic chemicals, machineries

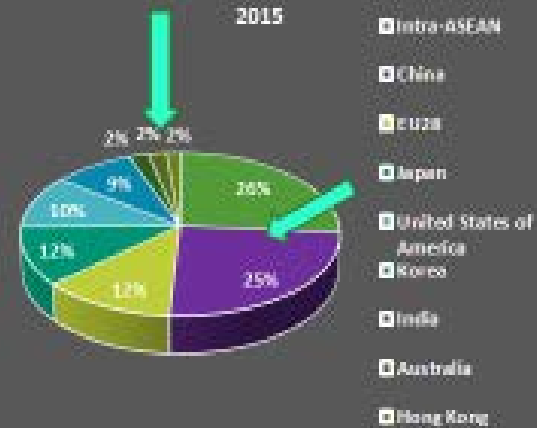
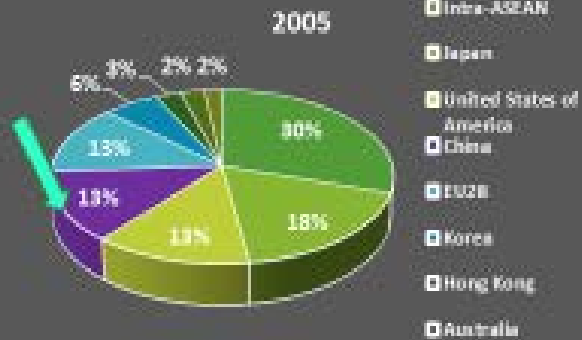
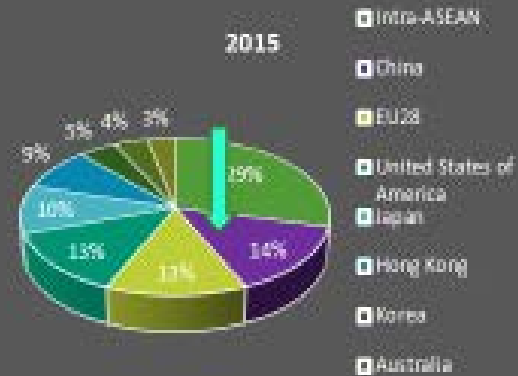
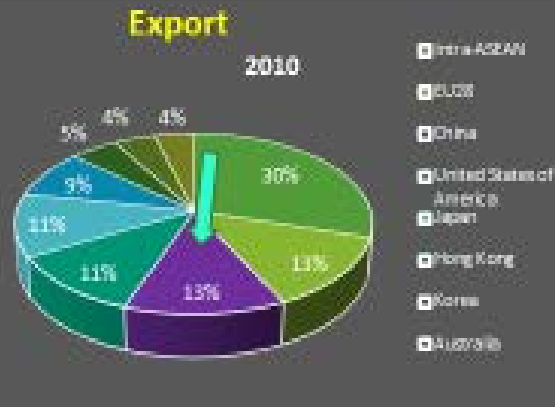
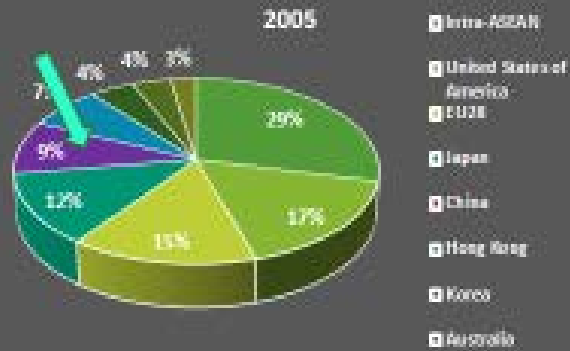


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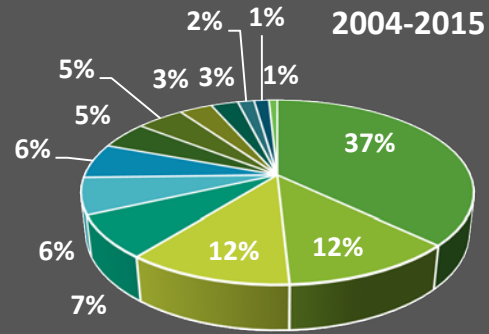
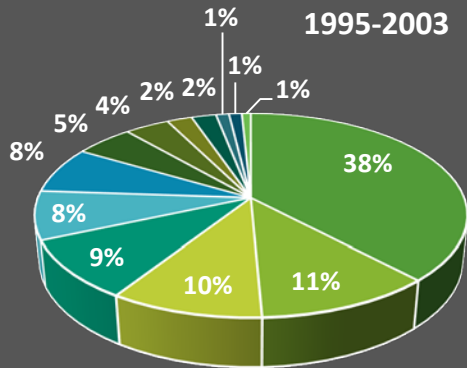
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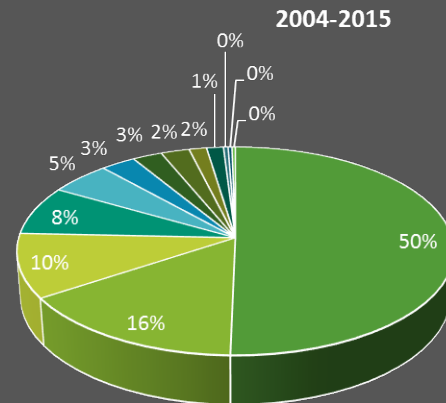
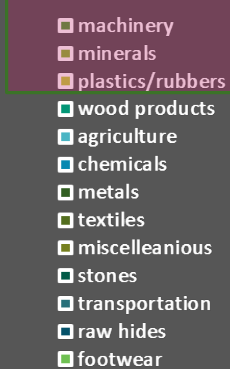
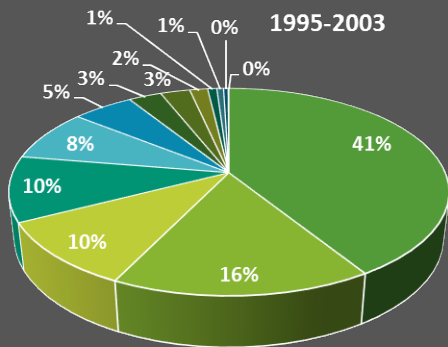
Share of major trade partners in export and import of ASEAN



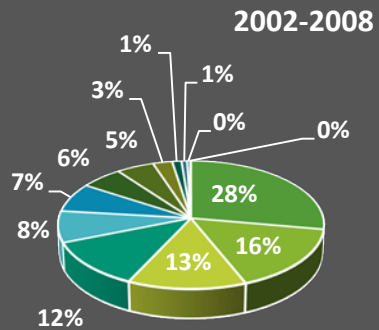
Export composition of China to ASEAN



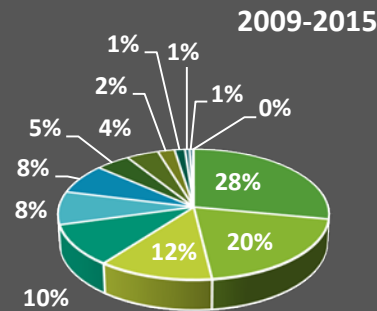
Import composition of China from ASEAN



Export composition of India to ASEAN

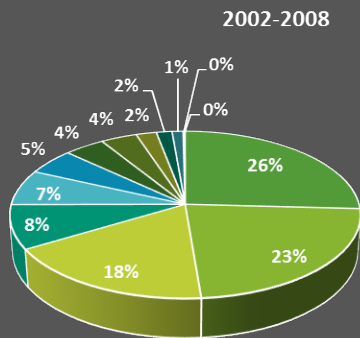


- minerals
- agriculture
- metals
- chemicals
- stones
- machinery
- transportation

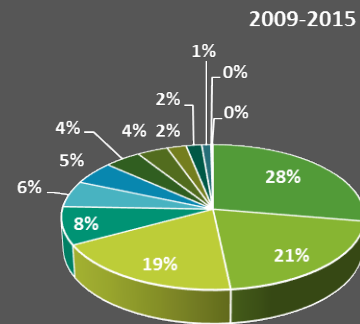


- minerals
- agriculture
- transportation
- chemicals
- machinery
- metals
- stones

Import composition of India from ASEAN



- minerals
- machinery
- agriculture
- chemicals
- wood products
- metals
- transportation
- plastics/rubbers
- miscellaneous
- textiles
- stones
- raw hides
- footwear



- minerals
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Research objectives

questions

- Level of trading up to the potential?
- Since trade potential comes from the model – specification issue to address
- Policy implications of normal trading, under trading and over trading



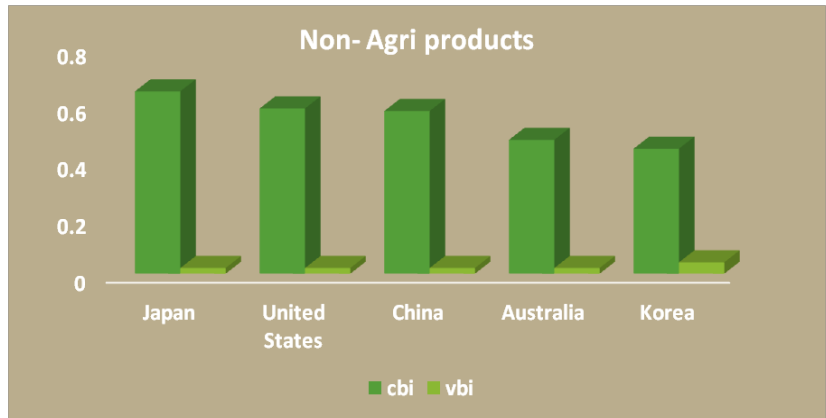
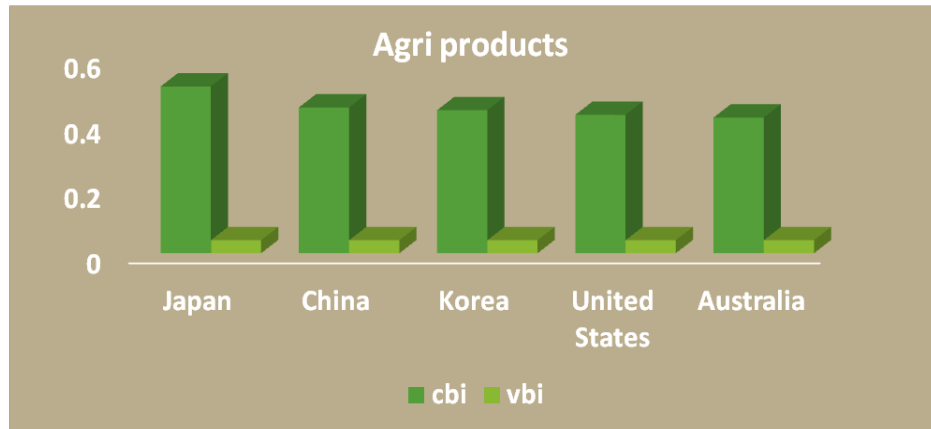
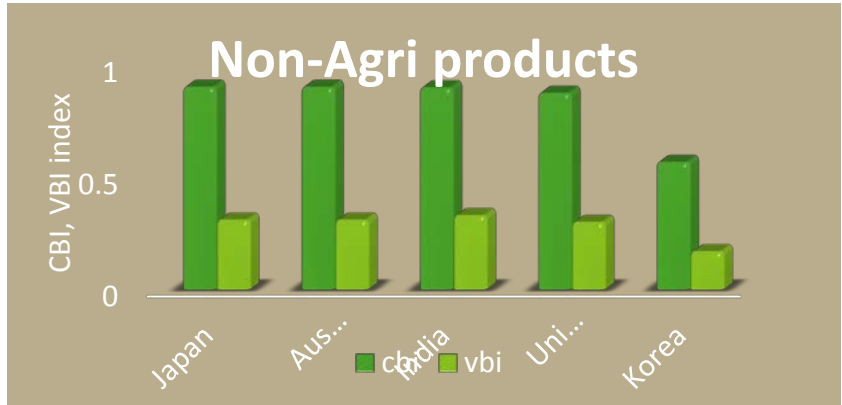
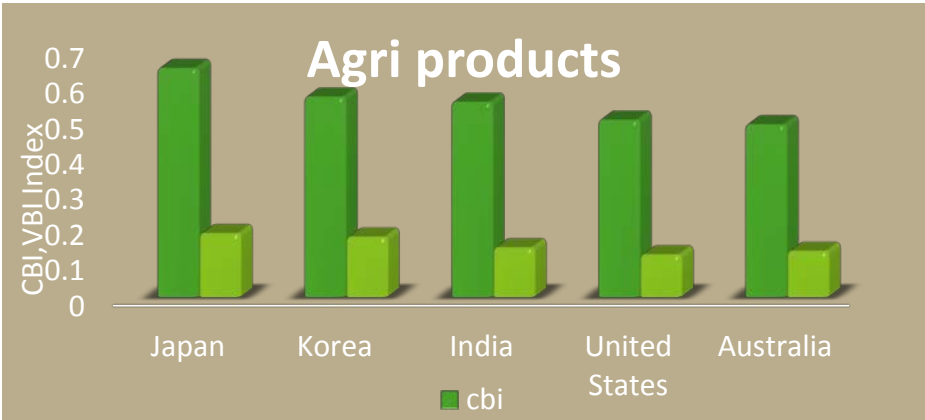
Preliminary findings based on gravity model evidence

- Both India and China seems overtrading with ASEAN
- China has much greater trade over the potential based on fundamentals
- In India's case it is moderate above potential and is more pronounced in case of imports



Indices of competition

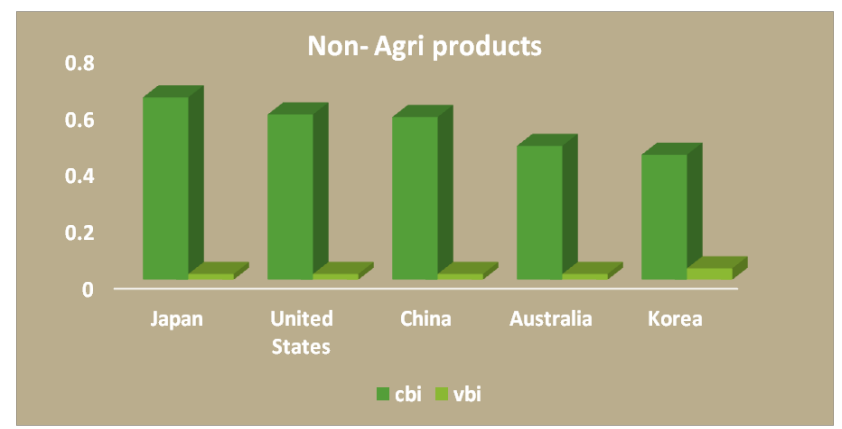
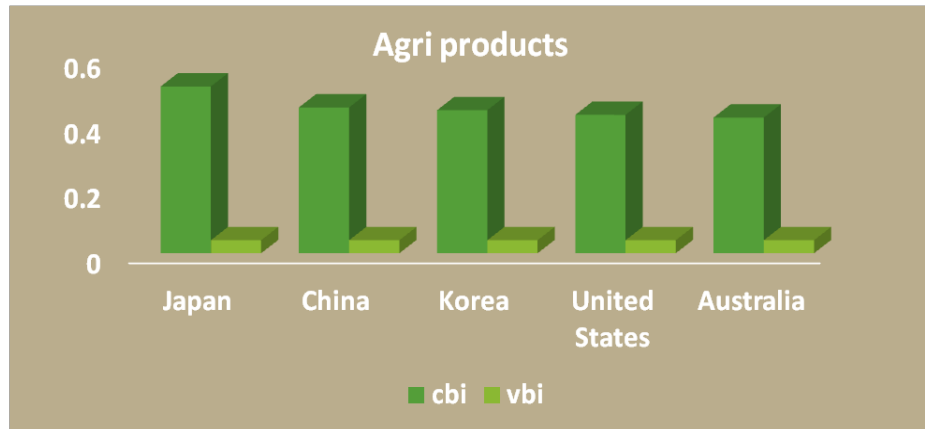
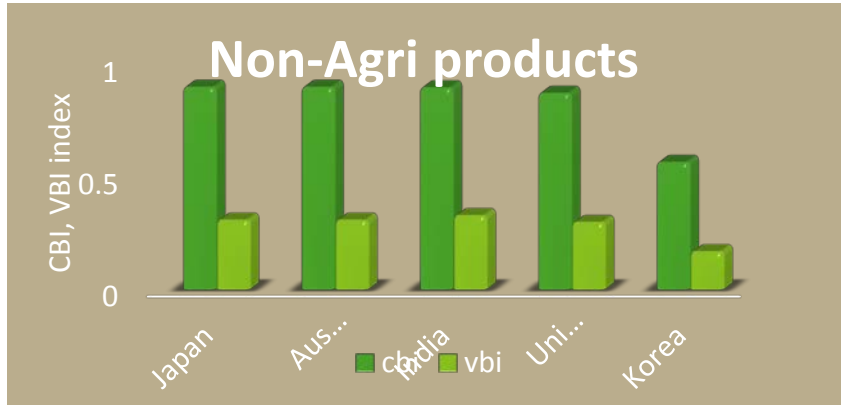
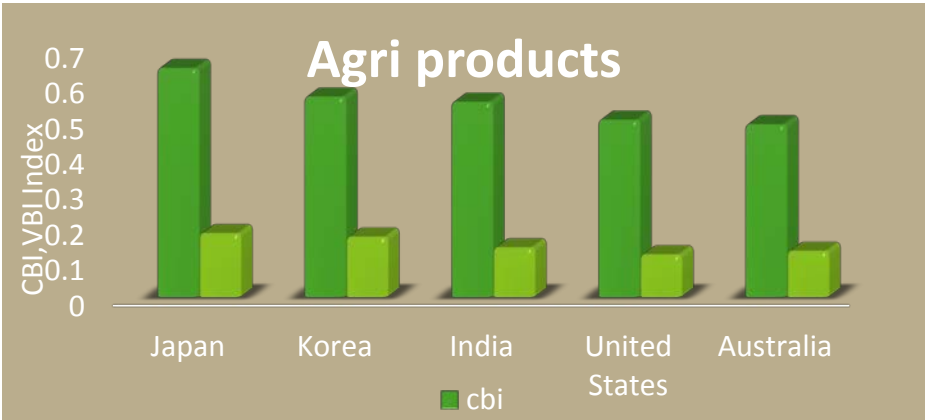
- Two indices of competition
- Count based index
- Value based index



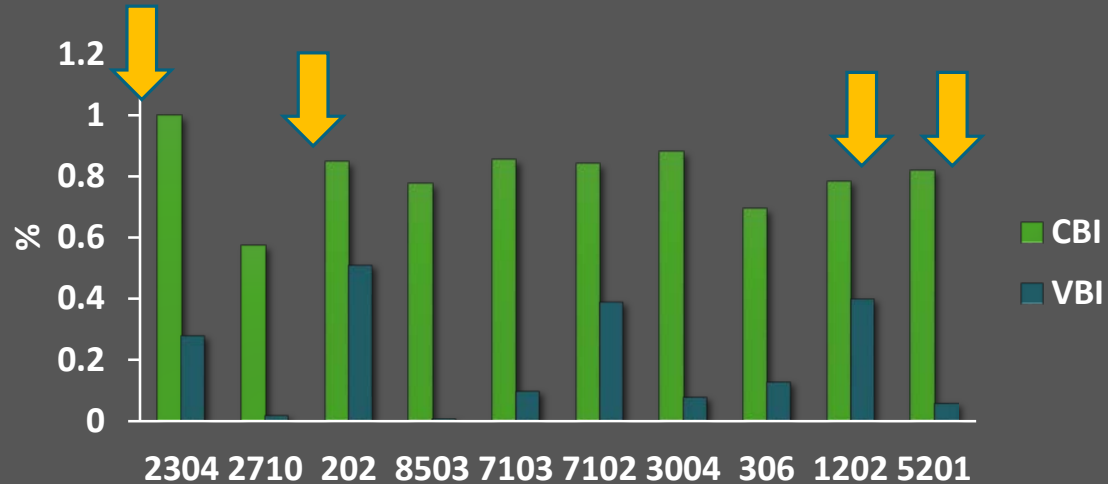


Countries competing across products

- Countries competing in different products
- Top panel countries competing with China
- Bottom panel countries competing with India



Competition of China with India in ASEAN for top exporting commodities

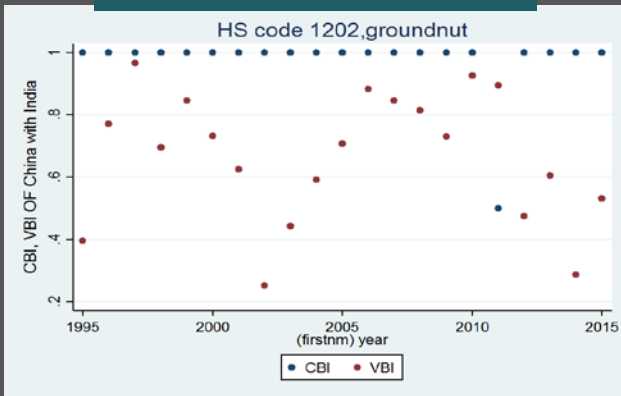


2304	Oil-cake and other solid residues, of soya-bean
2710	Petroleum oils, etc, (excl. crude); preparation
202	Meat of bovine animals, frozen
8503	Parts suitable for use solely or principally wi
7103	Precious,semi-precious stones (other than diamond)

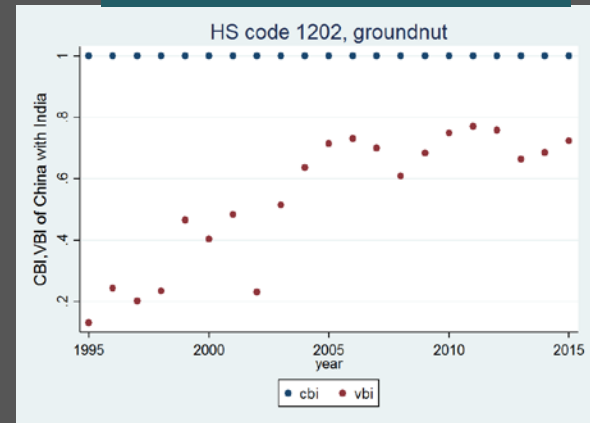
7102	Diamonds worked/not worked but not mounted or s
3004	Medicaments of mixed or unmixed products, for r
306	Crustaceans,fresh,chilled or frozen; flours,pel
1202	Ground-nuts, not roasted or otherwise cooked
5201	Cotton, not carded or combed

Competition of China with India

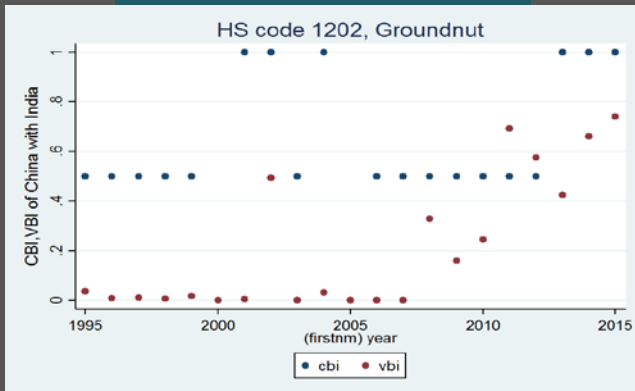
In Indonesian market



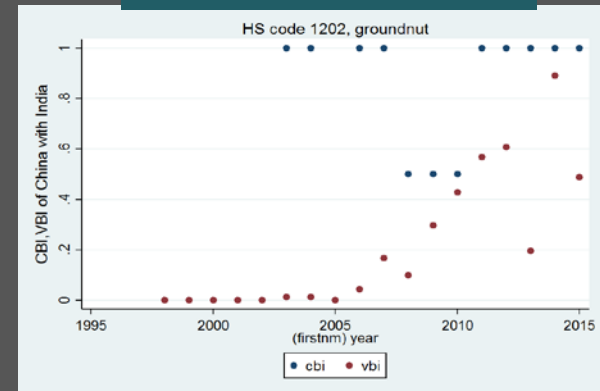
In Malaysian market



In Thailand market

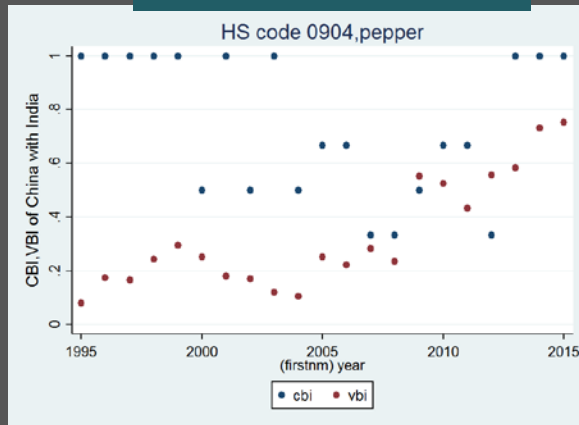


In Vietnam market

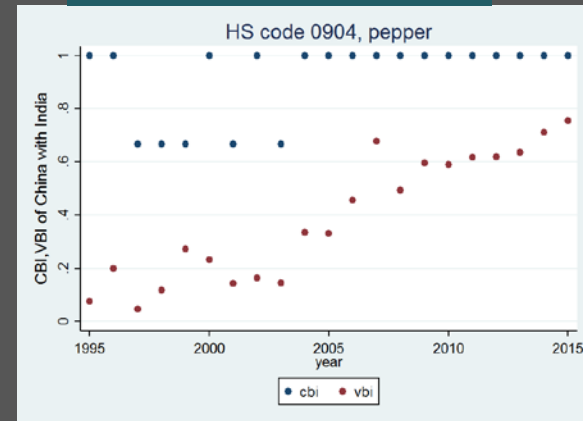


Competition of China with India in ASEAN market

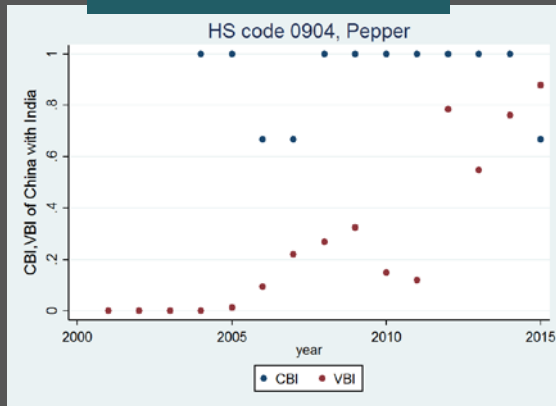
In Indonesian market



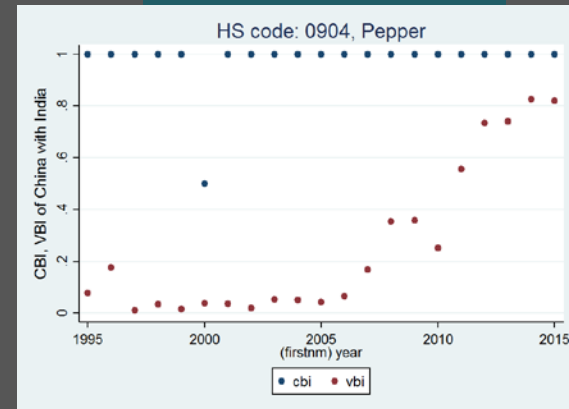
In Malaysian market



In Vietnam market



In Thailand market





Summary

- China has moved fast in trade with ASEAN
- India has been a bit of late starter
- India trade slightly above potential
- But potential itself is probably stunted
- China towards manufacturing and high end machinery
- India relegated to primary products- negotiations far more difficult then
- Index of competiton has been going up even in primary products
- Some overlap India China as well

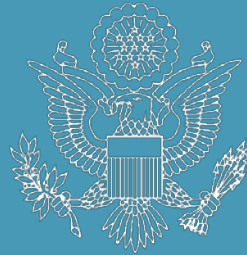


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