

India And Asean: Trends In Foreign Trade

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Introduction

The Association of South East Asian Nations (ASEAN) is a geo-political and economic organization of ten countries located in Southeast Asia, which was formed on 8th August, 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. Since then, membership has expanded to include Brunei, Burma, Cambodia, Laos and Vietnam. Its aims include the acceleration of economic growth, social progress, cultural development among its members, the protection of the peace and stability of the region, and to provide opportunities for member countries to discuss differences peacefully. ASEAN covers an area of 4.46 million km², 3% of the total land area of Earth, with a population of approximately 600 million people, and 8.8% of the world population.

India's relation with the ASEAN region lies at the heart of her look east policy unveiled in 1992 in a post cold war global scenario. India's look east policy is the result of the conscious change in its economic policy after its Macroeconomic crisis in 1991. Since 1991, India emphasized on outward looking policy and tried to strengthen its economic relationship with other countries, especially South East Asian and East Asians countries.

India must strengthen ties with the Major South East Asian nations like Malaysia, Indonesia, Singapore, and Japan with its look east policy. This will not only push Indian's economic Union with East Asia and South East Asia but will bring closer to the realization of the concept of an Asian Economic Union. The sub – regional grouping from SAARC to BIMSTEC have failed to improve trade relations among Asian nations in substantive manner. So India- Asian grouping along with the East Asia Summit must be used to build Asian economic union.

Over the last two decades, Indian and ASEAN have steadily expanded and deepened their ties. India's recent trade & services agreements with Asian nations like Indonesia, Malaysia & Japan is a move in this direction. It will also check the China's growing influence in this region.

In August 2009, India signed a Free Trade Agreement (FTA) with the ASEAN members in Thailand. Under the ASEAN - India FTA, ASEAN member countries and India will lift import tariff on more than 80 per cent of traded products between 2013 and 2016. In January 2010, Singapore, Malaysia and Thailand accepted the FTA on goods. India and ASEAN are currently negotiating agreements on trade in services and investment. The services negotiations are taking place on a request offer basis.

Research Methodology

During the last two decades, the deepening of ties between India and ASEAN is reflected in the continued buoyancy in trade figures. The present study is an attempt to analyze the trends in India's imports and exports to ASEAN. For the purpose of analysis data regarding India's imports and exports to ASEAN is collected for the period 1997-98 to 2009-10. The required statistical data of India's imports and exports to ASEAN is collected from the publications of Ministry of Commerce and Industry, Government of India.

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Trends in India's Imports and Exports

Trade is one of the important channels of India's economic integration with ASEAN. According to Directorate general of Foreign Trade India's trade between India and ASEAN has increased over the past decade, especially since 2002.

Table No. 1
 Trends in India's Imports and Exports

Years	India's Exports		India's Imports		US \$ million
	Total Exports	ASEAN Exports	Total Imports	ASEAN Imports	
1997-1998	34784	2464	41484	3396	
1998-1999	33218(-4.50)	1629(-33.87)	42388(2.18)	4317(27.11)	
1999-2000	36822(10.85)	2237(37.27)	49738(17.34)	4629(7.22)	
2000-2001	44560(21.01)	2913(30.22)	50536(1.61)	4147(-10.41)	
2001-2002	43826(-1.65)	3457(18.64)	51413(1.74)	4387(5.78)	
2002-2003	52719(20.29)	4618(33.60)	61412(19.45)	5150(17.39)	
2003-2004	63842(21.10)	5821(26.05)	78149(27.25)	7433(44.33)	
2004-2005	83535(30.85)	8425(44.73)	111517(42.70)	9114(22.62)	
2005-2006	103090(23.41)	10411(23.56)	149165(33.76)	10883(19.41)	
2006-2007	126414(22.62)	12607(21.09)	185735(24.52)	18108(66.38)	
2007-2008	163132(29.05)	16413(30.19)	251654(35.49)	22614(25.22)	
2008-2009	185295(13.59)	19140(16.62)	303696(20.68)	26202(15.56)	
2009-2010	178751(-3.53)	18113(-5.37)	288372(-5.05)	25797(-1.55)	

Note: Figures in the brackets indicate percentage change over previous years.

Source: Department of Commerce, Ministry of Commerce and Industry, Government of India.

India's trade with ASEAN countries has increased to US\$ 45.34 billion in 2008-09. In 2008-09, India imported goods worth US\$ 26.3 billion from ASEAN, while India's exports to ASEAN totaled US\$ 19.14 billion.

India's total exports and exports to ASEAN have increased during the period 1997-98 to 2009-10. But India's exports to ASEAN have increased more than its total exports during the same period. During the period 1997-98 and 1998-99, India's exports to ASEAN declined over its previous year.

India's total imports have also shown northward trend during the period 1997-98 to 2009-10, but thereafter it has declined during 2009-10. India's imports from ASEAN have shown increasing trend during the period 1997-98 to 2008-09, except the year 200-01 in which it declined.

Share of India's exports to ASEAN to its total exports was observed to be 4.9 per cent during 1998-99, it increased to 8.2 per cent during 2002-03 and thereafter it has further increased to 10.1 percent during 2009-10. Whereas the study shows that share of India's imports from ASEAN to its total imports have declined from 10.2 per cent during 1998-99 to 8.3 per cent during 2002-03 and thereafter it has further declined to 8.9 per cent during the period 2009-10.

It is also observed that India's total imports and exports to ASEAN have registered robust growth since 2002-03 i.e. with the beginning of Tenth Five Year Plan till 2009-10. During this period also India's export to ASEAN have outperformed than its total exports. India's imports from ASEAN have also registered robust growth during the period 2002-03 to 2009-10.

Table No. 02
 India's Exports to ASEAN

US \$ million

Countries	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Singapore	774	517 (-33.18)	672 (29.98)	877 (30.39)	972 (10.85)	1421 46.21	2124 (49.47)	4000 (88.28)	5425 (35.61)	6053 (11.59)	7379 (21.89)	8444 (14.44)	7592 (-10.10)
Indonesia	437	185 (-57.63)	325 (15.73)	339 (22.78)	533 (33.51)	826 (54.78)	1127 (36.46)	1332 (18.22)	1380 (3.57)	2032 (47.29)	2164 (6.45)	2559 (18.28)	3063 (19.67)
Malaysia	489	321 (-34.34)	447 (38.98)	608 (36.03)	773 (27.22)	741 (-3.14)	892 (19.13)	1084 (21.43)	1161 (7.18)	1305 (12.34)	2575 (97.31)	3419 (32.80)	2835 (-17.09)
Thailand	342	321 (-6.39)	449 (40.06)	530 (17.91)	633 (19.43)	711 (12.33)	831 (16.94)	901 (8.38)	1075 (19.29)	1445 (34.43)	1810 (25.27)	1938 (7.04)	1740 (-10.22)
Philippine	238	118 (-50.26)	143 (20.89)	202 (41.16)	247 (22.30)	472 (90.49)	321 (-31.88)	412 (28.21)	494 (20)	985 (42.71)	620 (6.77)	743 (19.90)	748 (0.67)
Vietnam Soc. Republic	126	125 (-0.93)	154 (23.07)	225 (46.34)	218 (-3.42)	337 (54.64)	410 (21.65)	555 (35.46)	690 (24.23)	580 (17.45)	1610 (63.35)	1738 (7.99)	1838 (5.77)
Myanmar	49.3 1	30.12 (-38.92)	34.10 (13.21)	52 (54.38)	60 (15.52)	75 (23.29)	89 (19.41)	113 (26.27)	110 (-2.21)	140 (26.87)	185 (32.31)	221 (19.27)	207 (-6.17)
Brunei	2.26	3.26 (44.69)	1.30 (-60.24)	3.31 (155)	2.86 (-13.67)	4.45 (55.77)	4.59 (3.09)	5.06 (10.32)	42.94 (747.89)	8.31 (-80.65)	10.43 (25.57)	17 (69.09)	24 (38.57)
Cambodia	2.95	5.71 (93.84)	7.85 (37.55)	7.86 (0.02)	11.29 (43.74)	19.18 (75.66)	18.60 (-6.24)	18.13 (-2.50)	24.19 (33.40)	52.07 (115.25)	53.50 (2.75)	46 (-12.35)	45 (-2.88)
Laos PD RP	N.A.	N.A.	1.39	0.24 (348.71)	3.16 (-49.34)	1.58 (-50.16)	0.43 (-72.53)	2.65 (511.71)	5.47 (106.55)	2.39 (-56.41)	3.86 (61.61)	9 (133.34)	16 (88.19)

Note : Figures in the brackets indicate percentage change over previous years.

Source : Department of Commerce, Ministry of Commerce and Industry, Government of India.

Table No. 03
 India's Imports from ASEAN

US \$ million

Countries	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Malaysia	1178	1608 (36.43)	1949 (21.20)	1176 (-39.63)	1304 (-10.92)	1434 (10.02)	2122 (53.68)	2299 (12.34)	2415 (5.07)	5290 (119.01)	6012 (13.66)	7184 (19.49)	5176 (-27.95)
Singapore	1002	1384 (38.14)	1160 (-16.17)	1463 (26.17)	1133 (-3.68)	1465 (29.28)	2085 (45.35)	2617 (23.36)	3353 (26.49)	5484 (65.53)	1822 (48.11)	7654 (-5.76)	6454 (-15.68)
Indonesia	731	829 (13.32)	953 (15.03)	910 (-4.56)	1036 (13.91)	1380 (33.18)	2046 (36.66)	2651 (27.14)	3008 (14.91)	4181 (39.02)	4821 (15.29)	6666 (38.27)	8656 (29.86)
Thailand	226	273 (20.54)	326 (19.37)	337 (3.65)	423 (25.20)	379 (-10.42)	609 (60.70)	865 (42.17)	1211 (39.93)	1747 (44.25)	2300 (31.65)	2703 (17.51)	2931 (8.42)
Myanmar	224	173 (-22.43)	171 (-1.25)	181 (5.88)	374 (106.08)	336 (10.25)	409 (21.71)	405 (-0.76)	525 (29.58)	782 (48.80)	808 (3.32)	928 (14.88)	1289 (38.84)
Philippines	23.06	37.25 (61.56)	56 (50.97)	63 (12.08)	94 (50.45)	123 (30.50)	122 (-1.34)	187 (53.46)	235 (25.67)	166 (-29.17)	204 (22.64)	254 (24.55)	313 (22.88)
Vietnam Soc. Republic	8.73	9.14 (4.69)	11.03 (26.05)	12 (7.55)	18 (52.57)	29 (54.31)	38 (30.95)	86.50 (126.35)	131 (51.89)	167 (27.40)	173 (3.36)	408 (135.29)	521 (27.69)
Brunei	0.02	0.05 (61.09)	0.11 (143.11)	0.15 (38.48)	0.36 (134.72)	0.32 (-9.20)	0.34 (4.43)	0.54 (59.91)	0.88 (63.09)	285 (3235)	227 (-20.37)	397 (74.93)	428 (7.83)
Cambodia	1.51	2.44 (138.10)	0.24 (-89.96)	1.32 (440)	1.12 (-15.68)	0.61 (-45.49)	0.28 (-54.67)	0.24 (-12.65)	0.78 (222.17)	1.60 (105.58)	2.90 (81.62)	2.72 (-6.28)	5.05 (86.01)
Laos PD RP	0.01	--	--	--	0.04	0.15 (296.2)	0.13 (-13.73)	0.05 (-59.67)	0.10 (102.32)	0.35 (236.04)	0.11 (-67.91)	0.53 (365.43)	20.05 (3718)

Note: Figures in the brackets indicate percentage change over previous years.

Source: Department of Commerce, Ministry of Commerce and Industry, Government of India.

Table No. 02 shown the country-wise analysis of India's exports to ASEAN. India's exports to Singapore, Indonesia, Malaysia and Thailand, Myanmar showed negative trade during 1998-99 over its previous year, but thereafter it has recovered and registered increasing trend till 2008-09. India's exports to Singapore, Malaysia, Thailand, Myanmar, and Cambodia have registered negative trend during 2009-10, over its previous year. In case of Indonesia India's exports have registered marginal growth whereas India's exports growth to Vietnam, Philippines and Brunei slowed down during the same period. Singapore, Indonesia, Malaysia, Thailand, Vietnam, and Philippines are important countries as far as India's exports to ASEAN are considered.

India's exports to other countries like Brunei, Cambodia and Laos have also registered remarkable growth during the recent years. India's exports to ASEAN have registered robust growth since 2002-03. During the period 2002-03 to 2009-10, India's exports to Vietnam have increased by 445 percent, it was followed by Singapore (434 per cent), Malaysia (282 per cent), Indonesia (210 per cent), and Thailand (144 per cent) etc.

Table No. 03 show the trends in India's imports from ASEAN during the period 1997-98 to 2009-10. India's imports from ASEAN have steadily increased during the period under study with some exceptions. India's imports from ASEAN have declined during 2000-01 over 1999-2000, mainly due to decline in imports from Malaysia and Indonesia. India's imports from Thailand and Myanmar registered negative trend during 2002-03, over 2001-02. India's imports from most of the South East Asian countries had registered growth during the period of recent economic crisis. During 2009-10 India's imports from Malaysia and Singapore have registered negative trend.

India's imports from ASEAN have registered the robust growth during the period of 2002-03 to 2009-10. During this period India's imports from the countries like Vietnam, Brunei, Cambodia and Laos have increased manifolds. India's imports from Thailand have increased by 673 percent, it was followed by Indonesia (527 per cent), Singapore (340 per cent), Myanmar (283 per cent), Malaysia (261 per cent) and Philippines (154 per cent) during the same period.

Conclusions

The study showed that economic ties between India and ASEAN have strengthened the last decade. India's imports as well as exports to ASEAN have registered robust growth since 2002-03. During the recent economic crisis India's imports from south East Asian nations except Singapore and Malaysia have registered increase. The study showed that India's exports to major economies of ASEAN like Singapore, Malaysia, and Thailand have greatly suffered during 2009-10, whereas its exports to Thailand (19.67 per cent) has considerably increased during the same period. With the recent India-ASEAN free trade agreements, the economic ties between Indo-ASEAN will be further strengthened. It may lead to integration of East Asian region into one consolidated regional block.

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