

Name of Scholar: Salahuddin Ayyub

Name of the Supervisor: Prof. Shri Prakash

Name of the Center: MMAJ Academy of International Studies

Jamia Millia Islamia, New Delhi.

**Title of Thesis: Impact of India China Trade Relations on South & East Asian Countries
(1990-2005)**

Abstract

Growing volumes and high growth rates of India-China trade is no doubt a welcome trend for the two nations. There are very few studies which try to find out the impact of India-China trade on the trade of other nations. Keeping in view this gap in the literature, an effort has been done in this research to find out the impact of India-China trade on South and East Asian countries. These two regions have been selected for the study because China is a part of East Asia and India is located in South Asia.

Constant Market Share Analysis (CMSA) and Market Concentration & Commodity Export Specialisation Model which includes Regression Analysis have been used to understand the nature and trend of all the trade flows in the region and impact of the India-China trade on the trade of rest of the South & East Asian countries' trade with India and China. Statistical tools like Correlation and Compound Annual Growth Rates (CAGR) have also been used to understand the relationships and impacts.

Trade data from the United Nations Commodity Trade Statistics Database has been used for the period of 1990-2009. A commodity level analysis of trade data has been done in this study using HS data at level 2 and SITC data from United Nations. Following are the findings of the analysis;

It was found with the help of Constant Market Share Analysis (CMSA) that India China trade is the only trade lane among the trade lanes analyzed in this study that is mainly based upon competitiveness effect. Rest of the trade relations in the region are based on expansion effects that is these trades are taking place due to the factors which are not under the control of the exporters.

It was found with the help of Export Specialisation and Market Concentration Model that India, China, South Asian countries (excluding India) and East Asian countries (excluding China) have export specialisation in different commodities and this minimizes the competition among them at the overall level.

With the help of Correlation Analysis, it was found that trade volumes of South Asia-India, South Asia-China, East Asia-India, and East Asia-China have positive relationship with the trade volumes of India-China.

Analysis of trade data at HS-II level indicates that there is no competition between China and South Asian countries to maintain import market share in India and in the same way there is hardly any competition between India and South Asian countries to earn import market share in China. Although there is some competition between China and rest of East Asian countries to earn market share in India but East Asia gets its indirect share of the Indian import market by becoming part of the supply chain of China's exports to India by the way of feeding Chinese export industry with intermediate or semi finished goods. At the level of commodity groups, there seems to be some competition between India and East Asian countries to earn China's import market share but actually the nature of their export is quite different. India mainly exports raw materials to China while East Asian countries export a lot of semi finished goods, spare parts, and supplementary goods to China.

Analysis of share and growth of trade relations finds that India China trade growth is not at the expense of their trade with other countries in the region of South and East Asia. Even if the share of some countries is getting down, their growth rates are still at the same or better trend. The main reason of decreasing shares is high growth in trade volumes at other trade lanes such as India China trade.

By looking at the status of logistics, transportation and Customs clearance performances at the India-China trade lane it was observed that there is a lot of scope and potential to improve their trade facilitation services which will help them to boost their global as well as bilateral trade to even higher levels. Current status of NBTs in the two countries suggests that if they remove these barriers and improve the services and infrastructure, there is huge potential of trade growth. Trade flows before and after the trade agreements in the region reflect that these bilateral or multilateral trade agreements have played big role in multiplying the trade volumes for the countries in the region of South and East Asia.