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**Establishment of Free Trade Arrangement
Among BIMST-EC Countries:
Some Issues**

Rajesh Mehta

RIS-DP # 23/2002



**Research and Information System
for the Non-Aligned and
Other Developing Countries**

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Zone IV-B, Fourth Floor, India Habitat Centre
Lodi Road, New Delhi-110 003 (India)
Tel: +91-11-4682177-80; Fax: 4682174
Email: mehtarajesh@mantramail.com

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ESTABLISHMENT OF FREE TRADE ARRANGEMENT AMONG BIMST-EC COUNTRIES Some Issues^{*}

by
Rajesh Mehta^{**}

I. Introduction

In 1994, Thailand took the initiatives to explore economic co-operation on sub-regional basis involving the countries of Southeast and South Asia around the Bay of Bengal. After a number of deliberations of Inter-Ministerial Consultation with the active support of Asian Development Bank (ADB) and ESCAP, a regional economic forum was formed in 1997 comprising of four countries, namely, Bangladesh, India, Sri Lanka and Thailand. Later on Myanmar joined this sub-regional group, and it was formally called **Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Co-operation (BIMST-EC)**. The main aim of this group is to fully utilise the existing potential of member countries for promoting economic co-operation in the areas of investment, industry, technology, human resource development, agriculture and infrastructure. BIMST-EC provides an opportunity to optimise complementarities in trade, investment and production between South and Southeast Asia countries.

This sub-regional group can be considered as an important step toward process of economic cooperation between different regions of Asia. In a recent visit to India, the Prime Minister of Thailand¹ echoed similar sentiments:

“We can both take pride in our joint cooperation in founding the BIMST-EC and Mekong-Ganga cooperation frameworks. We now have the important task to work with our friends in Myanmar to make land travel between South and Southeast Asia a reality by linking our road networks.... In terms of regional cooperation, Thailand feels there is a need to inaugurate a forum for promoting an Asian identity in international affairs. This could take the form of an “Asia Cooperation Dialogue” (ACD) – an informal forum for Asian

* An earlier version of this paper was prepared as a background note for first meeting of ‘Group of Experts’ under the aegis of BIMST-EC, January 2002.

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¹ Address delivered by H.E. Dr Thaksin Shinawatra Prime Minister of Thailand at the Official Dinner hosted by H.E. Shri Atal Bihari Vajpayee Prime Minister of India, 28 November 2001, New Delhi.

countries to exchange views on issues of common interest, especially trade, investment, tourism, and financial co-operation.”

A number of in-depth studies² have been conducted to examine the economic cooperation among Asian countries.

To institutionalise BIMST-EC and formulate concrete economic agenda, a meeting of BIMST-EC Economic/Trade ministers was held in August 1998. Such meetings of BIMST-EC Senior Economic Officials/Ministers are now being held at regular intervals. These meetings have identified different steps which need to be taken on priority basis in order to move effectively toward mutual co-operation with particular emphasis on select sectors, viz. trade and investment, technology, transport & communication, energy and tourism. As part of these discussions, it was agreed that BIMST-EC should aim at formulating a Free Trade Arrangement (FTA) and should focus on activities that facilitate trade, promote investment and enhance technical co-operation.

In order to achieve the goal of entering into a free trade agreement, the meeting of BIMST-EC Trade and Economic Ministers, in April 2000, decided to constitute a Inter-Governmental Group (IGG) to prepare a concept paper “on possible approaches towards a preferential trading arrangement leading to a free trade area in BIMST-EC.” The IGG discussed the various issues related to formation of FTA of BIMST-EC.

Sections II, III and IV of this paper discusses the three aspects relating to free trading arrangement of BIMST-EC: (i) impact of free trade agreement on trade creation and trade diversion, (ii) pros and cons of alternative approaches of FTA, and (iii) trade relation of India with BIMST-EC countries. Section V summarises concluding observations.

II. Trade Creation and Trade Diversion: Some Important Aspects

It is well known that the formation of a FTA between BIMST-EC countries (for that matter any regional trading bloc) will enhance intra-regional trade. In the first meeting of Inter-Governmental Group (IGG) of BIMST-EC³ “it was also felt that the ultimate objective of Free Trade Area should be to ‘create’ trade in the region and should not lead to diversion.” In this context it should be recognised that:

² See, among others, Panchamukhi, V.R. and R. Sobhan, editors (1995), *Towards an Asian Economic Area*, RIS and South Centre, Macmillan India Ltd., Delhi.

³ “Report of the First Meeting of Inter-Governmental Group (IGG) under the agies of BIMST-EC”, 5-6, Feb. 2001.

- (a) The establishment of any Free Trade Arrangement (FTA) or Preferential Trading Arrangement (PTA) with preferential tariff will lead to both 'trade creation' and 'trade diversion'. The issue is to examine whether 'trade creation' is more than 'trade diversion'. It is very difficult to believe that FTA/PTA in BIMST-EC will not lead to any amount of 'trade diversion'.
- (b) 'Trade creation' and 'trade diversion' are linked with 'global welfare'. It is generally presumed that 'trade creation' will lead to increase in welfare, while 'trade diversion' will lead to loss in welfare.
- (c) It has been generally noticed that economy-wide 'trade creation' effects dominate in major existing Regional Trading Arrangements (RTAs), raising global welfare.
- (d) The concept of 'trade creation' and 'trade diversion' forms the core of economic analysis of PTA/FTAs. Trade creation can occur within a PTA/FTA, if production efficiency improves when RTA members import more from lower cost RTA partners leading to fall in less-efficient domestic production. Consumption efficiency improves when consumers in a RTA can import at a price that is lower than the price of domestic products. PTAs/FTAs can benefit or harm non-members. Efficiency gains may lead to increase in real income with a RTA, which in turn may increase the RTAs demand, and this expansion can benefit non-members. On the other hand both producers and consumers in non-member countries are hurt by 'trade diversion'. It can also lead to decline in production efficiency if non-member countries begin to produce goods, which they were importing earlier at lower cost from RTA members.
- (e) Most RTAs have trade creation and trade diversion effects; whether the trade creation or trade diversion effects dominate depends on many factors like rates of initial tariffs (pre-FTA) of member countries, relative supply and demand responses, etc. For example, PTA/FTA formed between two countries with different costs of production would lead to large potential gains as production shifts to lower cost producers. In general, it can be said that PTA/FTA leads to more 'trade creation' than 'trade diversion' if :
- there are larger unit production cost differences within different member countries of RTA,
 - cost differences are smaller between members and non-members,
 - the pre-RTA tariffs are higher,

- the post-RTA tariff that is set between the members of RTA, and non-members are lower,
- the member country's supply and demand responsiveness, in the case of trade creation is greater,
- the pre-RTA structure of members' economies owing to tariffs is more competitive, and
- the initial trade flows between member countries are larger, i.e. complementary or "natural" partners.

Alternate methods exist in literature to estimate the amount of trade creation/trade diversion owing to FTA.⁴ An estimate of extent of likely increase in trade, and amount of trade creation/trade diversion, owing to FTA of BIMST-EC requires a detailed study. However, in the context of above points, one can make some remarks about the BIMST-EC countries.

- The MFN average tariff rates⁵ of four BIMST-EC countries are: Bangladesh 20.7 per cent (1999), India 31.1 per cent (2000-01), Sri Lanka 19 per cent (1995), and Thailand 16.9 per cent (1999).
- The initial trade (pre-FTA) between member countries is not very large as shown in Tables 1 and 2. Some important observations that can be made from these tables. First, the intra-regional trade of BIMST-EC countries during 1999, is around 3 per cent of their global imports, and 2.9 per cent of their total exports. Second, the imports of Bangladesh and Sri Lanka were dependent on other BIMST-EC countries to the extent of more than 12 per cent, in 1999. The corresponding import share of other countries of BIMST-EC (i.e. India, Myanmar and Thailand) is significantly low in the range of 1.16 to 2.67 per cent. Third, the export basket of Myanmar was dependent on other BIMST-EC countries to the extent of around 18 per cent in 1999. Similarly, India's export basket is dependent on other BIMST-EC countries to the extent of around 5 per cent (of its total exports). Other members', i.e. Sri Lanka,

⁴ See, among other, Corden, W.M. (1975), "The Costs and Consequences of Protection: A Survey of Empirical Work", in P.B. Kenen, ed., *International Trade and Finance: Frontiers for Research*, pp. 51-91, Cambridge: Cambridge University Press. For a recent survey on theoretical aspects of PTA/FTA, see Pangariya, A. (2000), "Preferential Trade Liberalisation: The Traditional Theory and New Development", *Journal of Economic Literature*, Vol. XXXVIII, No.2, June 2000, pp.287-331.

⁵ Based on UNCTAD, *TRAINS*; WTO, *IDB*, Dec. 2000; and Mehta, R. (2001), *WTO, Liberalisation and Industrial Sector: The case of Market Access*, RIS OP No. 63.

Bangladesh and Thailand, export share to BIMST-EC, was small to the extent of around 2.8, 1.7 and 1.2 per cent, respectively. Fourth, India is a major exporter in the region, as far as total intra-regional export is concerned. Out of total amount of US\$ 3245 million of intra-BIMST-EC trade, India exported US\$ 2016, in 1999. Fifth, intra-regional import is not concentrated to one country, as shown in Table 2.

- Some countries of the BIMST-EC have relatively more open economies. For example, Sri Lanka and Bangladesh still have the QR regime. QR regime of India has been recently removed, while Thailand is a relatively open economy.

III. Alternative Approaches of FTA/PTA

A number of approaches have been adopted by different RTAs to achieve the goal of preferential tariff or free trade. Almost all the RTAs have adopted different technique and methods within alternate approaches. The ultimate procedure of a RTA depends upon different factors, including economic policies/conditions of member countries. The experiences of member-countries with other RTAs also play an important role. Ultimately, it depends whether the procedure is cautious or fast-track, experimental or long-run commitment, etc. It should also meet relevant provisions of WTO. In this note, we outline two important approaches toward the formulation of FTA, commonly known as *Positive List Approach* as adopted by South Asian Association for Regional Co-operation (SAARC) countries, and *Negative List Approach* as adopted by Association of South East Asian Nations (ASEAN). The BIMST-EC countries are also members of these regional groupings and their experience can be very helpful in the implementation process of FTA among BIMST-EC countries.

- (a) *Positive list approach*: SAARC has adopted positive list approach for achieving the goal of free trade in the region. In the first three rounds of Preferential Trading Arrangements (PTAs), all SAARC member countries (SMCs) offered tariff concession for select commodities. They offered a separate list of commodities, which will enjoy concessions on imports from other SMCs. This list of commodities is divided into two groups: (i) concessions offered to all SMCs; and (ii) concessions offered to the Least Developed Countries (LDCs) of SAARC. In the SAPTA-I (first round of South Asian Preferential Trading Arrangement), the tariff concessions were offered for 226 commodities by all SMCs, of which 100 were offered to the LDCs. In SAPTA-II, tariff concessions were

offered (for preferential treatment) to 1,871 commodities by all SMCs, along with removal of various non-tariff barriers (NTBs) for the LDCs. In SAPTA-III, tariff concessions were offered for 3456 commodities. In this third round, India gave concessions for 1917 commodities, which includes a large number of items, for whom concessions were offered to only LDCs (including Bangladesh) of SAARC.

The adoption of a positive list approach, as part of the PTA in SAARC, has distinctive characteristics. First, the process of agreement among the SMCs is simple, because it is flexible and allows each member country to decide its own list of commodities (and also tariff rates) for preferential treatment to the other SMCs.⁶ However, it may lead to different level of market access and hence different rates of change in trade (and welfare) of the different SMCs, because each country has offered different commodities at different preferential tariff rates. Second, the commodity approach seems to be a long process towards achieving the goal of the FTA. In the first three rounds, only 5553 (=226+ 1871+3456) commodities have been given preferential treatment, and if the concession is to be extended to all the commodities (i.e. SAFTA), the list of commodities will be extended from the present number of 5553 commodities to around 35,000 commodities.⁷ In this context it should be noted that import coverage of these commodities is not substantial. A study by Mehta and Bhattacharya⁸ has shown that import coverage (intra-regional trade) of the commodities (subject to preferential tariff) under SAPTA-II is in fact less than the import coverage under SAPTA-I.

- (b) *Negative list approach as followed in ASEAN Free Trade Agreement*: ASEAN are signatory to Common External Preferential Tariff, sometimes known as CEPT. Under this scheme, a wide range of products of all members' countries must have duty free

⁶ In fact, the whole process of arriving at a commodity list is lengthy. In the preliminary stages, there have been bilateral discussions among the SMCs for arriving at a list of commodities. This can be better illustrated by considering the case of a member country, e.g. Bangladesh. In the preliminary stage of negotiations, Bangladesh held bilateral discussions with the other SMCs, that is, India, Pakistan, Sri Lanka, Bhutan, Maldives and Nepal. Bangladesh then came out with six lists of commodities which it would offer for preferential treatment to other SMCs. Each bilateral (Bangladesh with others) list of commodities is then extended (or regionalised) to all other (or LDCs of) SMCs.

⁷ In the first three rounds of the SAPTA, most of the tariff concessions for intra-regional trade have been given for commodities/commodity groups at the 6-digit level of the Harmonised System. In case the same procedure continues, the tariff concession should be extended to around 35,000 (=5000 x 7) commodities, because the MFN import duty rate is non-zero for a large number of the commodities, of the SMCs.

⁸ Mehta, R. and S.K. Bhattacharya (2000), "The South Asian referential Trading Arrangement: Impact on Intra-Regional Trade", *The Asia Pacific Journal of Economics & Business*, Vol. 4, No. 1.

import within 0 to 5 per cent range. ASEAN Free Trade Area (AFTA) is proposed to be implemented by 2002. The newer ASEAN members, Cambodia, Laos, Myanmar and Vietnam, have committed themselves to eliminating of import duties by later period. *For orderly lifting of the import duties the tariff lines have been classified into four categories: (i) inclusion list, (ii) temporary exclusion, (iii) sensitive list, and (iv) general exception (Table 3).*

Those on the *inclusion list* make up the bloc of the ASEAN products (55680 tariff lines out of 65529 lines). By 2002, all quantitative restrictions of “inclusive list” will be removed and tariffs will be either eliminated or limited to maximum of 5 per cent. Rates on at least 85 per cent of each of the ASEAN-6 inclusion list were to be reduced to 5 per cent by January 1, 2000, which has already been achieved.

The lines on *temporary exclusion list* are exempted from tariff restriction for a temporary period. These lines will be gradually moved to the inclusion list and their import duties will eventually be reduced to 0-5 per cent range. In 2001, 8660 tariff lines, representing 13.4 per cent of ASEAN’s total tariff lines, were included in this list. Most of these lines belong to new members of ASEAN (Table 3A).

Items on *sensitive list* are some un-processed agriculture products, and will not be included in AFTA until 2010. These are around 360 tariff lines (of all ASEAN countries) and constitute a small 0.6 per cent of total ASEAN tariff lines.

The CEPT, however, has a list of *general exceptions* (commonly known as Negative List), which have been permanently excluded from AFTA coverage. The total numbers of tariff lines under this category (829) represents only 1.3 per cent of ASEAN total tariff lines. The products covered in this category are selected on the basis of national security, public moral, and public health and environment protection.

Table 3 gives a summary of tariff lines under different categories for CEPT programme in 2001. The frequency distributions of different countries of ASEAN, by different categories of product groups, are given in Table 3.A. Average preferential tariff rate of different countries of ASEAN is also given in Table 3.B.

In this context it is worth mentioning that *Indo-Sri Lanka Free Trade Agreement (ILFTA)* is also based on negative list approach, although the agreement does not follow

the same pattern as in AFTA. Some salient features of ILFTA within framework of 'negative list approach' are:

- (i) ILFTA does not attempt to remove all tariffs in one go. In fact, tariff reduction of some goods have been affected immediately, while in others reduction is to be applied gradually.
- (ii) India has three years' time to give duty free access to all Sri Lanka exports except tea, textile and items listed in negative list.
- (iii) The agreement excludes 196 Indian items from the proposed FTA on the ground of injury and threat to domestic industry. This list of excluded items is called 'negative list'.
- (iv) The imports of some items from Sri Lanka on preferential basis will be subject to annual maximum quota.

IV. **India's Trade Relations with BIMST-EC Countries**

India has a free trade agreement with Sri Lanka under ILFTA. India has also given preferential treatment for a large number of commodities/lines to Bangladesh (being a Least Developed Country) under SAPTA. India has also given preferential treatment to a large number of agricultural commodities and rough wood imported from Myanmar. The establishment of PTA/FTA among BIMST-EC will lead to India's preferential tariff arrangement (i) with Thailand for all commodities⁹ and (ii) with Bangladesh and Myanmar for select commodities. One should examine the possibility of extent of gains (in terms of exports) to India under FTA of BIMST-EC, keeping in view this regional and, other regional and sub-regional economic groupings. The following paragraphs give a brief account of India's trade relations with other BIMST-EC countries.

Sri Lanka: In the recent past, the existing literature has extensively examined India's trade with Sri Lanka¹⁰. Two important facts emerge from the recent Indo-Sri Lanka trade statistics, First, India's exports to Sri Lanka is accelerating at a significant rate, particularly after 1990. Second,

⁹ India and Thailand are also exploring a bilateral FTA. See, for example. Mehta, R (2002), "Potential of India's Bilateral Free Trade Arrangements: A Case Study of India and Thailand", Discussion Paper No.24, RIS.

¹⁰ See, among others, Kalegama, S. (1999), "Indo-Sri Lanka Trade and the Bilateral Free Trade Agreement: A Sri Lankan Perspective", *Asia-Pacific Development Journal*, Vol. 6, No. 2, Dec. 1999, pp. 87-106.

there has been remarkable consistency of India's import share from Sri Lanka. It has hovered around 0.2 per cent (as proportion of India's total imports). Further, it should be noted that India's import from Sri Lanka is concentrated in few commodities, while India's export basket to Sri Lanka is diversified (Table 4). The FTA formation of BIMST-EC will not lead to significant change in Indo-Sri Lanka trade, including their compositions (by commodities), because there exists a free trade arrangement between both countries.

In this context it should be noted that India's exports to Sri Lanka have significantly increased after ILFTA. On the other hand India's imports from Sri Lanka have not increased after ILFTA. Further it should be noted that Sri Lanka has increased its MFN tariff rates during the current financial year.

Bangladesh: The composition of India-Bangladesh exports/imports (Table 5) shows that: (i) India has huge trade surplus with Bangladesh. (ii) Bangladesh's exports to India are concentrated in very few commodities. (iii) India's exports to Bangladesh have been quite diversified but the share of a few particular commodities is very large. In this context, it should be remembered that India has already given tariff concessions on a large number of items/lines to Bangladesh, as a part of SAPTA process.

Myanmar: Myanmar is the only country of BIMST-EC, with whom India has trade deficit. The amount of deficit is quite significant and it has been continuing for last couple of years. The export basket of Myanmar to India is concentrated in few items, i.e. products of wood and specific dried leguminous vegetables. India has already given preferential tariff, for most of these items, to Myanmar. On the other hand, India's export basket to Myanmar is diversified (Table 6). Myanmar is a member of ASEAN. As per its commitment with the ASEAN, Myanmar's average preferential tariff rate for intra-ASEAN trade will be 3.38 per cent during 2001. It will further decline in coming years.

Thailand: India had been exporting more than its imports from Thailand. However the situation has reversed during last two years, i.e. 1999 and 2000, when India has trade deficit with Thailand. Table 7 gives the composition of India's import basket (by commodities) from Thailand, and India's export basket to Thailand, for 1998-99. Thailand's export basket to India is diversified, while India's export basket to Thailand is relatively skewed with Gems & Jewellery accounting for 34 per cent (of India's total export to Thailand). If we exclude gems and jewellery, India's export basket to Thailand is diversified.

Thailand is one of the founder members of ASEAN. Most of its tariff lines are included in inclusion list of CEPT package of ASEAN. In other words, Thailand has to reduce its preferential tariff rates of all its commodities to the range of 0 to 5 per cent by 2002. On the other hand, it should be noted that Thailand's average preferential tariff rate during this year (2001) was only 4.63 per cent.

The above discussion of *India's export and import baskets* with BIMST-EC countries show: (i) India has export competitiveness in a large number of commodities as compared to other BIMST-EC countries, and (ii) India has the capacity of penetrating the markets of other BIMST-EC countries.

Attention should also be drawn to the existence of a large volume of *informal trade* between India and other countries of BIMST-EC. A number of studies had shown that there is substantial un-official trade between India and other countries of BIMST-EC. Table 8 gives an estimate of India's un-official trade with select BIMST-EC countries. One can notice from this table that the magnitude of India's formal and informal trade with Bangladesh is roughly the same. Further, both the official statistics and un-official estimate show that India has trade surplus with Bangladesh. The amount of India's un-official trade with Sri Lanka is more than its official trade. Both official and un-official trade statistics show that India has trade surplus with Sri Lanka. The picture is completely different with India-Myanmar trade. The amount of India's un-official exports to Myanmar is less than the amount of India's un-official imports from Myanmar. The question arises whether the FTA of BIMST-EC will lead to decline in the degree of India's un-official trade with other BIMST-EC countries.

V. **Concluding Observations**

1. The above paragraphs discuss some issues relating to the formation of FTA/PTA in BIMST-EC, with special reference to possible approaches towards FTA in BIMST-EC. A detailed study should be undertaken to estimate the amount of 'trade creation' and 'trade diversion' due to formation of FTA of BIMST-EC.
2. Based on the preliminary findings, it seems that India should opt for negative list approach as followed in AFTA/ILFTA. This approach is being advocated because:
 - There is less scope of uncertainty about time frame of preferential tariff as part of FTA.

- ‘Positive list’ approach is a long process towards achieving the goal of FTA. India should try to formulate FTA with BIMST-EC at earlier possible time, because the benefits to India seem to be relatively higher.
 - It will help India in the integration process with the countries of ASEAN.
 - India has already free trade agreement with Sri Lanka.
 - India has already given tariff concessions for a large number of items/commodities to Bangladesh, as a part of SAPTA. In fact, the formation of BIMST-EC will lead to enlargement of India’s market access to Bangladesh.
3. Myanmar does not have export potential in a large number of items. India has already given preferential tariff to Myanmar in which it has export potential. An FTA will reduce India’s trade deficit with Myanmar.
 4. India’s export basket is diversified as compared to corresponding baskets of other BIMST-EC countries. In fact, India is exporting a large number of items to other BIMST-EC countries. There is a possibility that India can capture a large share of these countries import market, if FTA is formed at earliest date.
 5. India has huge un-official trade with these countries. The formulation of FTA (with negative list approach) will lead to decline in un-official trade at the earliest date.

Table 1: Intra-regional Exports between BIMSTEC Countries

Million US \$

A. 1993						
Export from ==>	Bangladesh	India	Myanmar	Sri Lanka	Thailand	Total-5
To						
World	2277	20989	864	2859	37158	64147
Bangladesh		430	6	7	72	515
<i>Percentage</i>		2.05	0.69	0.24	0.19	0.80
India	13		106	20	74	213
<i>Percentage</i>	0.57		12.27	0.70	0.20	0.33
Myanmar	13	14				27
<i>Percentage</i>	0.57	0.07		0.00	0.00	0.04
Sri Lanka	9	247	6		88	350
<i>Percentage</i>	0.40	1.18	0.69		0.24	0.55
Thailand	15	318		22		355
<i>Percentage</i>	0.66	1.52	0.00	0.77		0.55
Total-5	50	1009	118	49	234	1460
<i>Percentage</i>	2.20	4.81	13.66	1.71	0.63	2.28
B. 1999						
Export from ==>	Bangladesh	India	Myanmar	Sri Lanka	Thailand	Total-5
To						
World	4520	39219	1360	4264	61797	111160
Bangladesh		931	13	7	181	1132
<i>Percentage</i>		2.37	0.96	0.16	0.29	1.02
India	50		227	49	447	773
<i>Percentage</i>	1.11		16.69	1.15	0.72	0.70
Myanmar	1	53		7		61
<i>Percentage</i>	0.02	0.14		0.16	0.00	0.05
Sri Lanka	7	564	7		157	735
<i>Percentage</i>	0.15	1.44	0.51		0.25	0.66
Thailand	19	468		57		544
<i>Percentage</i>	0.42	1.19	0.00	1.34		0.49
Total-5	77.00	2016.00	247.00	120.00	785.00	3245.00
<i>Percentage</i>	1.70	5.14	18.16	2.81	1.27	2.92

Source: Direction of Trade Statistics Yearbook, IMF, 2000

Table 2: Intra-regional Imports between BIMSTEC Countries

Million US\$

A. 1993						
Import by ==> From	Bangladesh	India	Myanmar	Sri Lanka	Thailand	Total-5
World	4015	21269	1279	4005	46065	76633
Bangladesh <i>Percentage</i>		13 <i>0.06</i>	14 <i>1.09</i>	7 <i>0.17</i>	21 <i>0.05</i>	55 <i>0.07</i>
India <i>Percentage</i>	380 <i>9.46</i>		16 <i>1.25</i>	343 <i>8.56</i>	74 <i>0.16</i>	813 <i>1.06</i>
Myanmar <i>Percentage</i>	7 <i>0.17</i>	117 <i>0.55</i>		7 <i>0.17</i>		131 <i>0.17</i>
Sri Lanka <i>Percentage</i>	7 <i>0.17</i>	17 <i>0.08</i>			88 <i>0.19</i>	112 <i>0.15</i>
Thailand <i>Percentage</i>	43 <i>1.07</i>	54 <i>0.25</i>		109 <i>2.72</i>		206 <i>0.27</i>
Total-5 <i>Percentage</i>	437 <i>10.88</i>	201 <i>0.95</i>	30 <i>2.35</i>	466 <i>11.64</i>	183 <i>0.40</i>	1317 <i>1.72</i>
B. 1999						
Import by ==> From	Bangladesh	India	Myanmar	Sri Lanka	Thailand	Total-5
World	8352	44873	2210	6612	53207	115254
Bangladesh <i>Percentage</i>		54 <i>0.12</i>	1 <i>0.05</i>	7 <i>0.11</i>	40 <i>0.08</i>	102 <i>0.09</i>
India <i>Percentage</i>	1024 <i>12.26</i>		58 <i>2.62</i>	666 <i>10.07</i>	515 <i>0.97</i>	2263 <i>1.96</i>
Myanmar <i>Percentage</i>	14 <i>0.17</i>	250 <i>0.56</i>		7 <i>0.11</i>		271 <i>0.24</i>
Sri Lanka <i>Percentage</i>	7 <i>0.08</i>	47 <i>0.10</i>			63 <i>0.12</i>	117 <i>0.10</i>
Thailand <i>Percentage</i>	141 <i>1.69</i>	492 <i>1.10</i>		172 <i>2.60</i>		805 <i>0.70</i>
Total of 5 <i>Percentage</i>	1186.00 <i>14.20</i>	843.00 <i>1.88</i>	59.00 <i>2.67</i>	852.00 <i>12.89</i>	618.00 <i>1.16</i>	3558.00 <i>3.09</i>

Source: *Direction of Trade Statistics Yearbook*, IMF, 2000

Table 3: Common External Preferential Tariff of ASEAN: Number of Tariff Lines by Different Categories

Product List or Categories	No. of Tariff Lines of all countries of ASEAN	Percent
Inclusion	55680	84.74
Temporary exclusion	8660	13.4
Sensitive	360	0.55
General exception	829	1.28
Total	65529	

Source: ASEAN Secretariat.

Table 3A: CEPT Package of Different Countries of ASEAN: Number of Tariff Lines by Different Categories

Country	Inclusion List	Temporary Exclusion List	General Exception List	Sensitive List	Total
Brunei Darussalam	6284	0	202	6	6492
Indonesia	7190	21	68	4	7283
Malaysia	9654	218	53	83	10008
Philippines	5622	6	16	50	5694
Singapore	5821	0	38	7	5859
Thailand	9104	0	0	7	9111
ASEAN 6					
Sub-Total	43675	245	377	150	44447
Percentage	98.26	0.55	0.85	0.34	100
Cambodia	3115	3523	134	50	6822
Lao PDR	1673	1716	74	88	3551
Myanmar	2984	2419	48	21	5472
Viet Nam	4233	757	196	51	5237
New Members					
Sub-Total	12005	8415	452	210	21082
Percentage	56.94	39.92	2.14	1	100
ASEAN					
Total	55680	8660	829	360	65529
Percentage	84.74	13.4	1.28	0.55	100

Source: ASEAN Secretariat

Table 3B: Average CEPT Tariff Rates of Different Countries of ASEAN

Year	2000	2001	2002	2003
Country				
Brunei Darussalam	1.26	1.17	0.96	0.96
Indonesia	4.76	4.35	3.71	2.18
Malaysia	3.31	3.13	2.96	2.19
Philippines	5.18	4.68	4.55	3.81
Singapore	0	0	0	0
Thailand	6.12	6.08	5.43	4.63
ASEAN 6	3.64	3.45	3.12	2.44
Cambodia	10.39	10.39	8.89	7.93
Lao PDR	7.07	6.58	6.15	5.66
Myanmar	4.43	3.38	3.37	3.22
Viet Nam	7.25	N/A	N/A	N/A
New Members	7.51	7.21	6.43	5.85
ASEAN-10	4.43	3.96	3.57	2.9

N/A: Not Available

Regional CEPT tariff rates are a weighted average, with the number of tariff lines on the Inclusion List for 2000 as the weights.

Source: ASEAN Secretariat

Table 4: Top 10 commodities of India's Trade with Sri Lanka, 1998-99

A: Imports			
HS Code (8-digit)	Description	Value (Rs. Lakhs)	% Share
9041103	Black pepper garbled	1467.59	12.13
9041102	Light black pepper and piheads	1419.88	11.73
72044909	Other, sheets of iron and steel	1404.54	11.61
8029003	Nuts, Areca	1396.95	11.54
9041101	Pepper long	560.27	4.63
9070001	Cloves extracted	422.12	3.49
5080005	Shells of Moluscs, Crstacs/Echinodrms	332.68	2.75
39269009	Others , ornamental articles	277.96	2.30
8013203	Cashew Nut, Raw	234.37	1.94
33012925	Pepper Oil	229.09	1.89
	Total	12102.14	
B: Exports			
87060009	Other chassis of heading 8702 to 8705	3981.8	3.08
87112001	Autorickshaw with reciprocating internal combustion	3411.69	2.64
23040003	Deoiled meal of soyabean; solvent extracted variety	2910.2	2.25
7031001	Onions Fresh or Chilled	2710.05	2.10
87113001	Autorickshaw with reciprocating internal combustion	2633.82	2.04
30039089	Other Mdcnts not Put Up in Msrd Dss/Pckngs	2487.3	1.93
52091159	Others, Powerloom	2217.43	1.72
28182001	Alumina Calcined	2140.73	1.66
30045019	Others Put Up for Retail Sale	1675.61	1.30
30049089	Proprietary and Medicines n.e.s. Put Up for Retail Sale	1557.78	1.21
	Total	129111.05	

Source: CMIE, India Trades

Table 5: Top 10 commodities of India's Trade with Bangladesh, 1998-99

A: Imports			
HS Code (8-digit)	Description	Value (Rs. Lakhs)	% Share
53031001	Jute, Raw or Retted	8625.98	38.98
3026901	Hilsa excluding livers and roes fresh or chilled	6050.21	27.34
52084903	Jamdani Saree	5803.52	26.22
99930002	Returned Goods	278.42	1.26
9024001	Tea black in packets > 3kg but <= 20 kg	215.05	0.97
41043909	Others , bovine leather and equine leather	154.81	0.70
41043906	Semi-Chrome Crust Leather	154.16	0.70
63051004	Jute sacking bags	133.04	0.60
41042909	Other, finished tanned bovine leather	120.86	0.55
52010025	Foreign Cotton of All Staple Lengths	105.42	0.48
	Total	22131.81	
B: Exports			
10063001	Rice Parboiled	129981.03	35.54
10063009	Rice Excptg Parboiled (excl. Basmati Rice)	94611.6	25.87
52052101	Grey	8993.7	2.46

25232901	Gray Portland Cement	8427.91	2.30
27011901	Coking Coal	5962.12	1.63
98010009	Other Projects	4434.89	1.21
52052109	Others, single yarn of combed fibres	3823	1.05
87060009	Other, motor vehicle for transport of ten or more persons and special purpose motor vehicles	3683.02	1.01
52081159	Others Powerloom	3415.5	0.93
52051109	Others, single yarn of uncombed fibres	3163.54	0.87
	Total	365723.86	

Source: CMIE, India Trades

Table 6: Top 10 commodities of India's Trade with Myanmar, 1998-99

A: Imports			
HS Code (8-digit)	Description	Value (Rs. Lakhs)	% Share
44039929	Other, of beach	18325.64	29.51
44034909	Others, of tropical wood	11370.05	18.31
7139004	Tur	8665.21	13.95
7139009	Other, dried vegetable	7045.03	11.34
7133909	Others, of kidney bean	6543.61	10.54
44034901	Teak Wood in Rough	3018.06	4.86
7139003	Moong	2890.52	4.65
44039903	Gurgan (Dipterocarpus Alatus)	1433.8	2.31
44039901	Andaman Padauk (Pterocarpus Dalbaergioides)	478.71	0.77
23012001	Fish Meal Unfit for Human Consumption	364.27	0.59
	Total	62105.89	
B: Exports			
72101209	Other plates, sheets, strips, of iron or non-alloy steel, of a width of 600 mm or more, plated or c	946.33	10.51
72286019	Others , bars and rods	339.22	3.77
72101109	Other plates, sheets and strips, of a width of 600 mm or	269.28	2.99
30049089	Proprietary and Medicines n.e.s. Put Up for Retail Sale	268.22	2.98
72249004	Steel billets	266.17	2.96
73269019	All other articles of iron/steel nes other steering or rudder.	258.57	2.87
30049099	Proprietary medicines, nes	256.89	2.85
72252002	Cold-rolled high speed steel not in coils, of a width	242.57	2.69
30041004	Amoxycyllin in Capsules, Injections etc.	224.88	2.50
72071109	Others , semi finished products of iron or non-alloy steel	217	2.41
	Total	9001.76	

Source: CMIE, India Trades

Table 7: Top 10 commodities of India's Trade with Thailand, 1998-99

A: Imports			
HS Code (8-digit)	Description	Value (Rs. Lakhs)	% Share
27100061	Lubrcrng Petrlm Oils & Oils Obtnd From Bitmns Mnrls Cntng not <70 Prcnt Petrlm	5125.21	9.13
48010009	Other Newsprints	5085.78	9.06
17019909	Other Refnd Sugar including Centrifugal Suger	2205.09	3.93
28030002	Carbon Black for Rubber Industries	1923.7	3.43
23012001	Fish Meal Unfit for Human Consumption	1903.4	3.39
71031019	Other semi precious stones, uncut	1837.26	3.27
17019902	Cane Sugar Refind	1760.64	3.14
40011001	Natrl Rubr Latex not Prevulcanised	1730.75	3.08
84733009	Others , proofs and accessories of calculating accounting, pastage franking machines	1644.5	2.93
29419001	Rifampicin & Its Salts	1586.09	2.82
	Total	56157.41	
B: Exports			
71023901	Diamond (other than industrial diamond) cut or otherwise worked but not mounted or set	40813.84	34.10
3061301	Shrimp(scampi) macrobactium frozen	7472.33	6.24
23040003	Deoiled meal of soyabean; solvent extracted variety	7331.72	6.13
71039909	Other stone cut (topaz, aquamarine etc)	6967.9	5.82
23050002	Oil-Cake & Oil-Cake Meal of Groundnut Slvnt Extracted Varity(Defatted)	3147.77	2.63
73082001	Towers for transmission line whether or not assembled of iron or steel	2216.42	1.85
50031009	Silk Waste n.e.s.	2041.46	1.71
29420029	Others , organic compounds	1516.22	1.27
23064002	Oil-Cake & Oil-Cake Meal Solvent Extrctd (Defatted) Variety of Rape/Colza Seeds	1274.97	1.07
23040002	Deoiled cake of soyabean, solvent extracted variety	1027.05	0.86
	Total	119677.19	

Source: CMIE, India Trades

Table 8: India's Unofficial Trade with Select BIMSTEC Countries

	(\$ million)			
	Exports (X)	Imports (M)	Trade Balance (X-M)	Total Trade (X+M)
Bangladesh ¹	299.0	14.0	285.0	313.0
Sri Lanka ²	142.8	121.0	21.8	263.7
Myanmar ³	25.7	47.8	-22.1	73.5

Note: X denotes exports while M denotes imports ¹ for the year, 1992-93, ²(1991), ³ (1994)

Source: Taneja, (2001)

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