

III. Assessing the potential for growth of intraregional trade in South Asia

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Introduction

During the past two decades, intraregional trade has assumed a lot of importance – with intraregional trade growing rapidly in several regions, such as the Association of Southeast Asian Nations (ASEAN), North American Free Trade Agreement (NAFTA) and the European Union. However, intraregional trade in South Asia has not witnessed rapid expansion despite the institutional measures taken by the South Asian countries through the South Asian Preferential Trade Agreement (SAPTA) and the South Asian Free Trade Agreement (SAFTA).

Economic cooperation among the South Asian countries had been quite limited until the South Asian Association for Regional Cooperation (SAARC) progressed into the second cycle of cooperation; the region had remained highly protected until the late 1980s due to the extended use of import-substitution policies and restrictive trade regimes followed by most of its member countries. In the 1990s, when the forces of trade liberalization and globalization started spreading across the world, the South Asian countries also faced the opportunities and challenges presented by these new developments. The countries in South Asia recognized the critical importance of stepping up intraregional cooperation in order to promote sustained growth and development of the member countries as well as prevent the marginalization of South Asia's trade interests in the larger global scenario.

As a result, since the early 1990s, South Asia has made considerable progress in deregulation and trade liberalization, which has helped to increase the region's integration with the world economy. Initially, these trade liberalization efforts had largely been unilateral. However, in recent years, South Asia has made attempts to promote intraregional trade through a series of bilateral agreements, mainly between India and its neighbours, as well as multilateral agreements. In 1995, the seven South Asian countries – Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka – initiated a multilateral framework for region-wide integration under SAPTA. Subsequently, the members of SAPTA started moving towards SAFTA. The process of SAFTA was formulated in January 2004 at the twelfth SAARC summit held in Pakistan. However, SAFTA became effective in July 2006, with full implementation to be completed between 2009 and 2013. The SAFTA agreement's objective is the levying of zero customs duty for trading any product between the members by 2012.

Nonetheless, the outcome of these multilateral measures in terms of expansion of intraregional trade has been lacklustre. In spite of SAPTA, intraregional trade in SAARC countries has not exceeded 4 per cent of the total trade within the region. Even in the SAFTA phase, the growth of intraregional trade in South Asia has not been significant. In 2006, intraregional exports by SAARC countries amounted to just 5.6 per cent of their total global exports, whereas it was 25 per cent in ASEAN region, 53.8 per cent in NAFTA and 67.6 per cent

for the European Union (table 1). This raises a number of concerns as South Asia, with as much as 24 per cent of the world's population, has meagre shares in world trade and world gross domestic product (GDP) – its share in world trade is less than 2 per cent while its share of world GDP is only around 2 per cent.

Table 1. Intra-regional trade in different trade blocs as a percentage of world trade

Regional bloc	Exports			Imports		
	1990	2000	2006	1990	2000	2006
ASEAN	18.9	23.0	24.9	15.2	22.5	26.3
CARICOM ^a	8.0	14.6	11.3	5.8	8.5	8.5
European Union	67.6	67.7	67.6	64.4	62.5	63.2
MERCOSUR ^b	8.9	20.0	13.5	14.2	19.8	18.6
NAFTA	41.4	55.7	53.8	33.9	40.5	34.3
SAARC	3.2	4.2	5.6	2.0	4.0	3.6

Source: *Handbook of Statistics*, United Nations Conference on Trade and Development.

^a Caribbean Community and Common Market.

^b Mercado Comun del Sur.

In this context, it is pertinent to ask which factors could influence the potential for the growth of intra-regional trade in South Asia. It is worthwhile to note some of the important studies in this area that have commented on the potential for growth of intra-regional trade in South Asia and the possible factors influencing such growth.

A study by Kemal and others (2001) observes that various structural and policy-induced factors – such as an almost identical pattern of comparative advantage, lack of trade complementarity among member countries, restrictive trade policies and political differences – appear to be the plausible factors that have inhibited the growth of intra-regional trade in South Asia. However, they highlight the fact that potential for trade expansion within the region exists in some areas.

Furthermore, Mohanty (2003) contended that the South Asian region had significant potential for trade and investment, rejecting the hypothesis that South Asian countries were competing among themselves to export similar types of products to the world market and, therefore, that the level of regional trade would be very low. He observed that there was a significant level of trade potential in the region to promote intra-regional trade, and that complete harnessing of export potential of some important sectors might significantly improve the prospects of intra-regional trade. He emphasized the need for deeper and strategic trade liberalization to foster intra-regional trade and the fact that the region should adopt a sectoral approach as the basis for trade liberalization.

On the other hand, Mukherji (2004) argued that mere tinkering with modest preferential margins, maintaining an unduly long phase-out period to attain the goal of a free trade area without concern for deeper forms of integration such as removal of non-tariff barriers as well as

investment cooperation and improvement in trade facilitation measures could make SAFTA largely irrelevant.

Pitigala (2005) inferred that the South Asian countries could be characterized only moderately as “natural trading partners” and pointed out several obstacles to a rapid increase in intraregional trade in South Asia. He observed that the countries of the South Asian region had demonstrated an increasing tendency to trading relatively intensively with partners outside the region, due to either pure endowment differences – that is, vis-à-vis industrial countries – or long-standing cultural, ethnic and/or religious affiliations. According to Pitigala, with the exception of India, the countries in the region are competitors in their export markets in a narrow range of products – dominated by textile and apparel exports – which may further inhibit the prospects of increasing regional trade to the level envisioned under SAFTA.

However, Pitigala added that while his analysis, based on the trade patterns evolving in the 1990s and early years of the present decade, pointed to trade structures that might hinder the rapid, successful implementation of SAFTA, there was evidence that unilateral, non-discriminatory trade liberalization had already helped the South Asian countries to refine their incentive environments. This had been done through the reduction of distortions and had helped to enhance the region’s competitiveness in manufactured exports. Hence, he suggested, continuing the process of unilateral liberalization would be more likely to help South Asia to further diversify and evolve new comparative advantages and complementarities, thus, creating the requisite environment for the successful implementation of SAFTA.

A recent study by the Asian Development Bank and the United Nations Conference on Trade and Development (UNCTAD) (2008) inferred that SAFTA would help to increase the volume of intraregional trade in South Asia, and that while some sectors would lose and some sectors gain in each country, the net effect on the economy of individual countries of the region would be positive. The study posited that much higher gains for the region could be secured if SAFTA was simultaneously implemented with measures to reduce transaction costs and create more efficient regional transportation and infrastructure networks. The study also suggested that increasing the scope for intraregional trade in energy, improving road, rail and air links within the region, building modern border customs crossings and developing sophisticated telecommunications links would be crucial to such an effort.

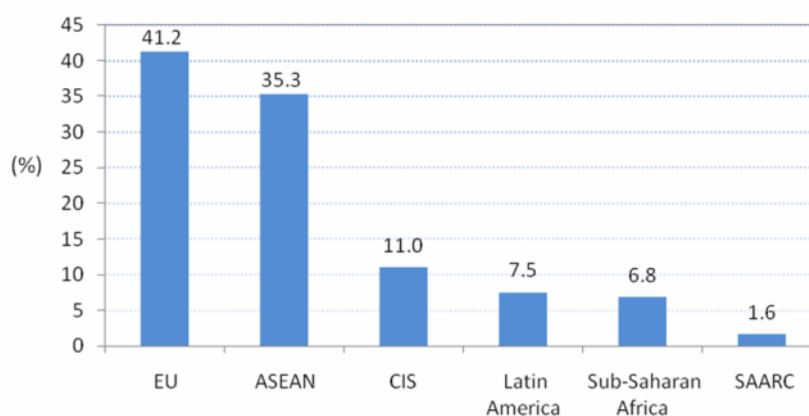
Against this backdrop, this chapter examines a number of possible factors underlying the potential for the growth of intraregional trade in South Asia, including making comparative advantages for these countries, trade complementarity between them and intra-industry trade (IIT) between these countries. It examines all these issues primarily to assess the potential for developing production networks in South Asia and the strengthening of its intra-industry trade. Accordingly, the empirical analysis in this chapter covers South Asia, or the member countries of SAARC (i.e., Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka). However, among the SAARC countries, only four of the largest economies – India, Pakistan, Bangladesh and Sri Lanka – are covered in the core empirical analysis. One of the reasons for not covering Bhutan, Nepal and Maldives is the unavailability of the necessary data on these countries.

Section A analyses the trends and patterns in intraregional trade in South Asia in order to identify the relative importance of the different countries. Section B examines revealed comparative advantages for the four major countries in this region (Bangladesh, India, Pakistan and Sri Lanka). Section C discusses trade complementarity between the selected countries. Section D deals with the issue of intra-industry trade and the potential for developing production networks in South Asia. Section E presents the conclusion and flags issues for further investigation. All important empirical results are presented at the end of this chapter as annexes.

A. Trends and patterns in intraregional trade in South Asia

As mentioned above, several economists have argued that because South Asian countries have similar factor endowments, the potential for conventional trade within the region based on comparative advantage is somewhat limited. It has also been observed that the possibility of IIT in the region is not yet very strong as the industrial development of South Asian countries has not reached a level where these countries can take advantage of IIT. India is relatively the most industrialized country as well as the largest market in South Asia. Hence, it is plausible to expect India to hold the potential for leading production networks involving the other countries in the region, which, in turn, could lead to an expansion of intraregional trade in South Asia. Against this backdrop, the trends and patterns in intraregional trade in South Asia should first be considered in order to identify the relative importance of the different countries. To begin with, figure 1 provides a comparative view of the levels of intraregional trade in 2006 as a share of GDP in SAARC and other major regional trading blocs.

Figure 1. Intraregional trade as a share of gross domestic product in 2006



Source: *Handbook of Statistics*, United Nations Conference on Trade and Development.

Note: CIS = Commonwealth of Independent States.

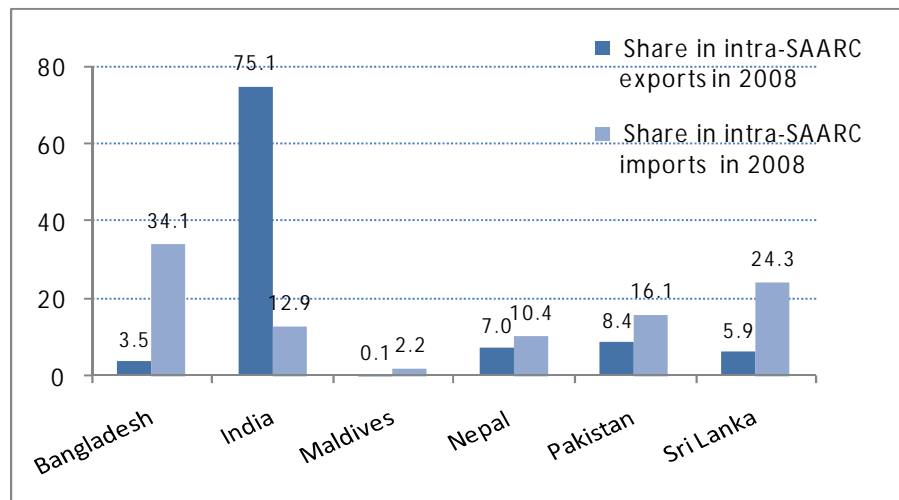
Table 2. Share of intraregional trade by SAARC countries in world trade

Year	Intraregional exports as a percentage of SAARC exports to world	Intraregional imports as a percentage of SAARC imports from world
1990	2.4	2.1
2000	4.5	3.8
2008	5.1	4.3

Source: Direction of Trade Statistics, International Monetary Fund.

As table 2 shows, the magnitude of intraregional trade has limited significance for the SAARC countries, even after a decade of multilateral trade cooperation measures. Intraregional exports by the SAARC countries, as a proportion of their total global exports, have grown very slowly, from 2.4 per cent in 1990 to 4.5 per cent in 2000 and 5.1 per cent in 2008. Likewise, intraregional imports by these countries, as a proportion of their total global imports, have increased very slowly, from 2.1 per cent in 1990 to 3.8 per cent in 2000 and 4.3 per cent in 2008. Moreover, even these low figures have been biased by the figures for India, which has the largest share in total intra-SAARC exports (75.1 per cent in 2008) (figure 2).

Figure 2. Share of SAARC countries in intra-SAARC trade
(Unit: Per cent)



Source: Direction of Trade Statistics, International Monetary Fund.

Therefore, the figures for intraregional exports by the SAARC countries do not reflect the extent of intraregional exports by the smaller countries in the region. The share of other countries in intraregional exports has been quite low, with Maldives recording just 0.1 per cent. On the import side, too, intraregional imports comprised only 4.3 per cent of total world imports by the SAARC countries in 2008, with Bangladesh and Sri Lanka recording the highest import shares within the region at 34.1 per cent and 24.3 per cent, respectively.

Tables 3a and 3b present the analysis of direction of trade statistics for 2008 for Bangladesh, India, Pakistan and Sri Lanka. It is evident from table 3a that the advanced economies continue to be the most important destination for exports, especially for Bangladesh

and Sri Lanka, although more than 50 per cent of India's total exports are to the advanced economies. Pakistan is also dependent on the markets in these economies for 47 per cent of its total exports. In fact, the European Union and the United States constitute the largest export markets for Bangladesh, India, Pakistan and Sri Lanka. The markets in emerging and developing economies have been penetrated more by India than Bangladesh or Sri Lanka. In the case of each of these countries, as already emphasized above, South Asian export accounts for a very small share of those economies.

Table 3a. Direction of trade of South Asian countries in 2008 (exports)

Partner	Reporter			
	Bangladesh	India	Pakistan	Sri Lanka
Exports (US\$ million)				
South Asia	428.9	9 314.0	1 054.1	725.4
World	13 907.4	187 405.0	217 65.5	8 670.5
Rest of the world	13 478.5	178 091.0	207 11.4	7 945.1
Share in total exports (%)				
Advanced economies	75.0	50.9	47.0	67.2
European Union	47.9	20.7	22.1	37.9
United States	21.0	13.1	16.0	21.7
Emerging and developing economies	10.7	48.8	52.9	27.9
South Asia	3.1	5.0	4.8	8.4
India	2.4	-	2.7	6.8

Source: Direction of Trade Statistics, International Monetary Fund.

Table 3b. Direction of trade of South Asian countries in 2008 (imports)

Partner	Reporter			
	Bangladesh	India	Pakistan	Sri Lanka
Imports (in US\$ million)				
South Asia	3 914.2	2 312.5	1 178.6	3 213.5
World	23 816.8	301 588.0	46 025.7	14 059.8
Rest of the world	19 902.6	299 275.5	44 847.1	10 846.3
Share in total imports (%)				
Advanced economies	34.5	43.4	30.0	41.0
European Union	8.3	16.8	13.2	13.5
United States	1.8	6.8	4.8	2.2
Emerging and developing economies	58.8	32.9	69.9	58.4
South Asia	16.4	0.8	2.6	22.9
India	14.7	-	2.2	21.2

Source: Direction of Trade Statistics, International Monetary Fund.

In the case of imports by the four selected countries in South Asia, as shown in table 3b, the emerging and developing economies account for the largest share of imports by Bangladesh,

Pakistan and Sri Lanka, while India's imports to those economies account for the second largest share. The advanced economies accounted for the largest share in India's imports in 2008. As table 3b shows, South Asia accounts for a very small share in the imports of all the four selected countries; only Bangladesh and Sri Lanka report noticeable figures for South Asia's share in their total imports.

The trends in intraregional trade in South Asia from 1990 to 2008 are presented in annexes 1 and 2. The share of Bangladesh's imports from South Asia in the country's total imports has recorded noticeable growth during the past two decades. A similar trend is also observed in the case of Sri Lankan imports. However, neither India nor Pakistan has shown any increase in the share of South Asian imports in their total imports during the period covered. It should also be noted that in the case of Bangladesh and Sri Lanka, increases in imports have been mainly from India rather than any of the other South Asian countries.¹ As a result, India recorded an increasing share for South Asia in its total exports from 1990 to 2008. However, the magnitude of India's exports to South Asia is still very small compared with the magnitude of the country's total world exports. Apart from India, Sri Lanka was the only South Asian country whose intraregional exports recorded an increased share of its total exports from 2000 to 2008.

Thus, most of the South Asian countries showed an increasing share of intraregional trade from 1990 to 2008. However, the increases in South Asia's trade share are based more on imports from the region (again, mainly from India) rather than exports to the region. For example, in the case of Bangladesh, the share of intraregional imports increased from 7 per cent in 1990 to 16.3 per cent in 2008, whereas the share of its intraregional exports declined from 3.6 per cent in 1990 to 3.1 per cent in 2008. Sri Lanka showed a rise in shares for both its intraregional exports and imports; however, the rise was higher for imports, which increased from 7 per cent in 1990 to 22.9 per cent in 2008. For Nepal, the share of intraregional exports and imports in 2008 was 73.9 per cent and 59.6 per cent, respectively (annex 2a and 2b), primarily because trade was with India due to Nepal's landlocked nature.

Thus, large differences exist in the relative importance of South Asian markets for individual member countries of SAARC. In this context, Pitigala (2005) pointed out that one reason for this imbalance in trade was because India maintained a higher level of border protection relative to its neighbouring countries, which prompted the other countries in the region, such as Bangladesh and Sri Lanka, to strengthen their integration with the developed countries of the world. As of 2007, India's tariff rates on agricultural products were much higher than those applied by Pakistan, Bangladesh or Sri Lanka (table 4). In the case of non-agricultural products, the most-favoured nation (MFN) tariff for India has declined to 11 per cent on average, which is low compared with other countries except Sri Lanka.

The analysis of the trends and patterns in intraregional trade in South Asia from 1990 to 2008 indicates that the volume of intraregional trade in South Asia continues to be very low. All four of the selected countries (Bangladesh, India, Pakistan and Sri Lanka) are targeting the

¹ The rising trade flows between India and Sri Lanka could be due to the FTA between the two, which became effective in 2000.

United States and the European Union as the main destination for their exports, although India is also targeting the emerging and developing economies in this regard.

Table 4. Tariff rates applied by South Asian countries in 2007

Country	Year	Simple average MFN applied tariff rates		
		Total	Ag	Non-ag
Bangladesh	2007	14.6	16.9	14.2
Bhutan	2007	21.9	41.4	18.9
India	2007	14.5	34.4	11.5
Maldives	2006	20.2	18.4	20.5
Nepal	2007	12.6	14	12.4
Pakistan	2007	14.1	15.8	13.8
Sri Lanka	2007	11.0	23.1	9.1

Source: World Tariff Profiles 2008, WTO.

However, two factors can be identified that can play an important role in the expansion of intraregional trade in South Asia. First, India's level of industrial development is far ahead of that in the other South Asian countries. Therefore, as the demand for more industrialized products is growing in the neighbouring countries, India can exploit those opportunities to some extent. Second, India's population and the size of its economy are much bigger than those of the other South Asian countries.

Hence, there is scope for other countries in the region to increase their exports to India, especially in the less-industrialized product segments, provided India reduces its border protection levels in these segments. In fact, it has been highlighted by many studies that removal of tariff and non-tariff barriers, especially by India could play a significant role in the expansion of intraregional trade in South Asia.

B. Revealed comparative advantage

This section discusses the revealed comparative advantage (RCA) indices, which have been calculated for the region's four major trading partners: Bangladesh, India, Pakistan and Sri Lanka. These indices have been computed using the United Nations Comtrade trade flow data at the SITC (Rev 3) three-digit level.

International trade theory postulates that countries with different comparative advantages have greater opportunities for trade in comparison with those that share a high degree of similarity in factor endowments. This implies that countries with diverse RCA profiles would have more opportunities to trade with one another than those with similar RCA profiles. Therefore, there is a greater potential for the growth of intraregional trade if trading partners within the region exhibit different comparative advantages in products.

The RCA index is the most frequently used measure for assessing trade competitiveness of an industry/country. The RCA index was first introduced by Balassa in 1965 (also known as the Balassa index), as a measure of international trade specialization and hence of international competitiveness. Balassa (2005) presumed that in the absence of any comprehensive data on factor costs, export performance could be used to reveal the comparative advantage of individual countries.

The RCA index for a country in a particular product (or industry) is measured by its share in total exports of that country relative to the product's (or industry's) share in total world exports. The RCA index is expressed as:

$$RCA = (X_{ij}/X_{it})/(X_{nj}/X_{nt}) \quad (1)$$

where X represents exports, i is the country, j is the product (or industry), t is a set of commodities (or industries) and n is a set of countries. A comparative advantage (or disadvantage) is "revealed", if the RCA value is greater (or less) than 1.

For example, the RCA between India and the world in industry "j" is defined as RCA India-world industry "j" equals percentage share of India's industry "j" exports in the total exports from India to the world /percentage share of world exports of industry "j" in the total exports of the world.

Thus, by estimating the RCA indices for the selected countries for 2008 (see annex 3), these countries are found to have comparative advantage in similar products – mainly primary goods and labour-intensive manufactured goods. Textiles, yarns and fabrics, leather and apparel, and accessories remain as the products with the highest RCA value for all four of the selected countries. Thus, a vast similarity of comparative advantage remains in products among the major trading partners within the region. However, there are some cases where individual countries, mainly India, have exhibited products with comparative advantages different from the others in the region; these could be the products where member countries could expand intraregional trade. For example, India has a comparative advantage in chemicals, dyes, pharmaceuticals, leather products, machinery and transport equipment, and base metals vis-à-vis other selected SAARC countries. Sri Lanka has a comparative advantage in veneers, plywood, wood manufactures, rubber, rubber tyres and articles, pottery, pearls and precious stones, electrical transformers and miscellaneous manufactured articles. Pakistan has shown a comparative advantage in medical instruments, toys and games, food processing machines and polyesters, whereas Bangladesh has exhibited a comparative advantage in machine tools and telecommunication equipment.

This analysis shows that textiles and apparel exports still remain the products with highest comparative advantages for the selected countries, thus, all the countries compete against each other in this category of exports in the rest-of-the-world markets. Nonetheless, there should be scope for increasing intraregional trade in South Asia as there are also some products where countries have exhibited diverse profiles of comparative advantage. However, a country with a relatively high comparative advantage in some products can increase its exports (for those products) only if those products figure significantly in the import baskets of other member countries in the region. This raises the question of trade complementarity between the selected South Asian countries, which is discussed in the next section.

C. Trade complementarity index

The trade complementarity index tries to measure how well the export profile of one country, or group of countries, matches the import profiles of others. In addition, changes in the value of the trade complementarity index over time can help determine whether the trade profiles of the countries under consideration are growing more or less compatible (Ng and Yeats, 2003). They argued that similarities between the types of goods exported and the goods imported by East Asian countries formed a strong factor underlying the expansion of their intraregional trade. Some of the main proponents of this index, such as, Michaely (1994), had used the index to evaluate prospects for Latin American trade arrangements, whereas Yeats (1997) applied the index in analysing the compatibility of intraregional trade in sub-Saharan African countries.² According to both Michaely and Yeats, higher index values indicated more favourable prospects for a successful trade cooperation arrangement between the countries.

In the present analysis of SAARC countries, trade complementarity between two countries i and j (C_{ij}) can be defined as:

$$C_{ij} = 100 - (|M_{ki} - X_{kj}| / 2) \quad (2)$$

where i = a SAARC country or SAARC region, j = another SAARC country or SAARC region, k represents product category, X_{kj} is the share of product k in the exports of country j and M_{ki} is the share of product k in the imports of country i . The value of the index C_{ij} would range from zero (i.e., when no product exported by one country is imported by the other) to 100 (when the import basket of i matches completely with the export basket of j and the shares of the different products in those baskets also match).

The trade complementarity indices for the selected South Asian countries have been computed in two ways – among themselves as well as between a country and the SAARC region as a whole. These computations are based on United Nations Comtrade data at the SITC (Rev 3) four-digit level for 1990 and 2008. Thus, for expansion of intraregional trade within the SAARC region, what is exported by one country should be imported by another country or the SAARC region as a whole. Also, it is necessary to analyse whether export and import profiles within the region are growing more or less compatible over time in order to assess the change in the potential for intraregional trade in this region over the past two decades.

The values of the trade complementarity indices for the two different points of time indicate that export complementarities of Bangladesh, Pakistan and Sri Lanka, vis-à-vis each other, have improved during the past two decades, although not significantly. For example,

² Yeats (1997) pointed out that the index had its limitations. Yeats noted that it “takes the existing structure (share) of exports as a given and attempts to determine how well it matches a potential partner’s imports. This assumes that either existing exports will be diverted to the regional partner, or the country can expand these exports at constant costs. Also, the approach assumes there is something optimal about the existing structure of trade. This need not be the case. Third, the complementarity index treats all exports as equals, yet some may have very different associated national policy objectives. Fourth, the influence of distance and transport costs is neglected in the complementarity index”.

Bangladesh's complementarity in terms of its exports is only 15 per cent with Pakistan and 14.3 per cent with Sri Lanka. On the other hand, India's trade complementarity indices, in terms of exports, have shown sharp increases with all other regional trading partners. The export complementarity between India and Bangladesh rose from 23.4 per cent in 1990 to 35.3 per cent in 2008; however, this was less than those between India and Pakistan (which more than doubled from 20 per cent in 1990 to 44.4 per cent in 2008) or between India and Sri Lanka (which increased from 27.6 per cent to 46 per cent during the same period and is the highest in the region). However, there was a decline in India's complementarity indices as an importer and the other selected countries as exporters.

However, India's import complementarity with the SAARC region as an exporter increased from 30.6 per cent in 1990 to 37.6 per cent in 2008. This result might seem contradictory to the earlier result, but it is possible that India's complementarity in imports from other countries in the region, such as Nepal (which was not included in the present analysis), is much higher. Furthermore, the SAARC region's complementarity with other countries in the region has improved in the period covered, and is highest for Sri Lanka at 45.6 per cent.

Table 5. Trade complementarity indices for South Asian countries, 1990 and 2008

Exporting country	Importing country					
	Year	Bangladesh	India	Pakistan	Sri Lanka	SAARC
Bangladesh	1990	-	10.0	6.2	4.1	8.7
	2008	-	9.4	15.0	14.3	11.8
India	1990	23.4	-	20.0	27.6	31.7
	2008	35.3	-	44.4	46.0	42.1
Pakistan	1990	15.2	12.5	-	11.8	12.4
	2008	23.8	12.3	-	25.1	14.7
Sri Lanka	1990	7.6	20.3	9.6	-	18.7
	2008	15.4	16.3	18.8	-	17.3
SAARC	1990	24.3	30.6	18.2	26.3	-
	2008	41.3	37.6	42.8	45.6	-

Source: Author's calculation based on United Nations Comtrade Data at 4-digit level.

* The latest available data for Bangladesh are for 2007.

From the above analysis, it can be seen that India's exports show the maximum complementarity with imports of other regional trading partners. Thus, India's exports are able to fulfil, to a certain extent, the region's import demand for goods and, in particular, those of Sri Lanka and Pakistan; however, the exports of the latter two countries show low complementarity with India's imports. Overall, the evidence of trade complementarity in the South Asian region is mixed. The observed pattern implies that trade complementarities in the region have increased over time, although they are still at comparatively low levels. However, the rise in complementarities together with increasing comparative advantage suggests that intraregional trade in South Asia certainly has a potential to grow over time.

Against the backdrop of low levels of trade complementarity between the major trading countries in South Asia, in which India’s exports complement the imports of other countries reasonably well but the exports of those countries do not complement Indian imports, it is imperative to think of specific means through which intraregional trade could be expanded in South Asia. The experiences of some of the other regions in the world suggest that IIT could be one possible way for promoting intraregional trade in South Asia. However, this would require the South Asian countries to be at different stages of production within an industry, which would strengthen the potential of intraregional trade. This issue is examined in the following section, using IIT indices for the selected countries.

D. Intra-industry trade

Intra-industry trade occurs when a country simultaneously imports and exports similar types of products within the same industry or sector. There are two types of IIT: horizontal and vertical IIT. Horizontal IIT refers to the simultaneous exports and imports of goods classified in the same sector and at the same stage of processing. This is usually based on product differentiation. Vertical IIT refers to the simultaneous exports and imports of goods classified in the same sector but which are at different stages of processing. This is normally based on the “fragmentation” of the production process into different stages, each performed at different locations by taking advantage of the local conditions.

The phenomenon of IIT first received attention in the 1960s in the studies of Verdoorn and Balassa on the increased trade flows among European countries. However, Grubel and Lloyd (1975) provided the definitive empirical study on the importance of IIT and how to measure it. This measure, now known as the Grubel-Lloyd index, is calculated as:

$$GL_{sector_i} = 1 - \left(\frac{|EXPORT_{sector_i} - IMPORT_{sector_i}|}{EXPORT_{sector_i} + IMPORT_{sector_i}} \right) \quad (3)$$

The Grubel-Lloyd (GL) index varies between “zero” (indicating zero IIT, i.e. the country only imports or only exports goods or services in the same sector), and “1” (indicating pure IIT, i.e. a country's exports are exactly equal to its imports within the same sector).

In this chapter, IIT has been analysed using the aggregate industry classification (eight industries) provided in WITS for the selected South Asian countries, for 1990, 2000 and 2008. However, analysing IIT at an aggregate level would not explain precisely its composition and it could even overestimate the composition. Therefore, IIT among Bangladesh, India, Pakistan and Sri Lanka has also been analysed at the more detailed 3-digit level for 2008. The 10 top products having a high value of IIT indices for each country with its trading partners are presented. Nonetheless, only those industries that have both high value IIT indices as well as high volumes of bilateral trade (see annex 4) have been considered for analysis.

However, the GL index has also been criticized for lacking desirable dynamic properties; it has been shown that an increase or decrease in the GL index over time is not necessarily associated with corresponding increases or decreases in IIT. If, for example, trade liberalization

results in an equal/proportional increase in exports and imports within an industry, then the volume of IIT will increase over time; however, in this case, the proportion of IIT reflected in the GL index would not increase (Hamilton and Kniest, 1991). Likewise, if the imposition of a trade barrier results in a decline in the exports from a country and, hence, a decline in the volume of IIT, the GL index may not be able to capture this fall in IIT (Andresen, 2003). In order to address these lacunae in the GL index, a number of Marginal Intra-Industry Trade (MIIT) indexes have been developed, starting with the index developed by Hamilton and Kniest (1991). The MIIT indexes measure only the new trade flow during that period.

Among the different versions of the MIIT index, the most widely used index has been the one developed by Brühlhart (1994):

$$MIIT^B = 1 - (|X - M| / (|X| + |M|)) \quad (4)$$

where X refers to the change in the quantity of exports from a country in a particular product category from period t_1 to t_2 , and M refers to the change in quantity of imports to that country in the same product category from period t_1 to t_2 .

The Brühlhart index of MIIT takes on values between 0 and 1, with 0 indicating zero IIT, i.e. the country only imports or only exports goods or services in the same sector, and “1” indicating pure IIT, i.e. a country's exports are exactly equal to its imports within the same sector. This chapter analyses marginal IIT between the four selected countries from 2000 to 2008, using trade data at the 3-digit level of product categories (annex 4).

1. India and Bangladesh

With regard to trade between India and Bangladesh in 2008, there were only two sectors in which IIT accounted for a moderate share – the chemicals sector, and the ores and metals sector. In some of the other sectors such as manufactures, other manufactures n.e.s., textiles and miscellaneous goods, IIT accounted for a low share. In the remaining sectors, i.e., agricultural materials, agricultural raw materials, food, and machinery and transportation, the level of IIT between the two countries was almost negligible.

At the 3-digit level, the GL index of IIT between India and Bangladesh in 2008 was found to be high for a number of product categories, and in the case of some of the categories the volume of trade between the two countries was also found to be high. The product categories include: telecommunications equipment; non-ferrous base metal waste and scrap; elements, oxides and halogen salts (inorganic chemicals); soaps, cleansing and polishing preparations; men/boys' woven textile fabrics; special yarns and fabrics; and leather.

Among these product categories, there are quite a few in which the relative significance of IIT (as indicated by the value of the Brühlhart indices) appears to have increased from 2000 to 2008. These product categories include: elements, oxides and halogen salts; men/boys' woven textile fabrics; special yarns and fabrics; leather; knit and crochet fabrics; soaps, cleansing and polishing preparations; and telecommunications equipment. The value of the Brühlhart index is

0.6 or higher in the case of each of these product categories, indicating a greater role of IIT in new trade created during 2008.

2. India and Pakistan

In trade between India and Pakistan in 2008, a moderate level of IIT was observed in sectors such as other manufactures, miscellaneous goods, and basic ores and metals. In sectors such as food, manufactures and textiles there was evidence of IIT between the two countries, but its extent was rather low.

Some of the product categories at the 3-digit level, where IIT between the two countries figured prominently in 2008, included: carboxylic acid compound (organic chemicals); polyacetals/polyesters (plastics in primary forms); textile yarns; special yarns and fabrics; and floor coverings (textile products). A moderate level of IIT was also observed in a few other product categories.

However, the relative significance of IIT from 2000 to 2008 (as indicated by the value of the Brühlhart indices) appears to be high only for textile yarn at 0.98. In a few of the other product categories mentioned above IIT appears to be increasing; these include: tulles, lace and embroidery; special yarns and fabrics; floor coverings (textile products); and articles of plastic.

3. India and Sri Lanka

Unlike the case of IIT between India and Pakistan, or that between India and Bangladesh, IIT between India and Sri Lanka can be observed in many sectors. The extent of IIT between India and Sri Lanka in 2008 was high in sectors such as agricultural raw materials, miscellaneous goods, and machinery and transport, while it was moderate in sectors such as agricultural materials and food, manufactures, and ores and metals.

At a disaggregate level, the main product categories that recorded high IIT in 2008 included: spices; rubber tyres; lime, cement and construction material; glassware (non-metallic mineral manufactures); veneer and plywood; paper, and paper board and articles; made-up textile articles; tulles, lace and embroidery; and electric power machinery and parts.

Among these categories, there are a few in which the relative significance of IIT increased between 2000 and 2008. The value of the Brühlhart index is found to be greater than 0.8 in each of these product categories, which include: spices; rubber tyres; veneer and plywood; tulles, lace and embroidery; and electric power machinery and parts. Overall, during this period, IIT contributed significantly to marginal trade between the two countries in as many as 35 product categories (the value of the Brühlhart index of MIIT is found to be higher than 0.5 in each of these product categories).

4. Pakistan and Bangladesh

In trade between Pakistan and Bangladesh in 2008, a high level of IIT was observed in sectors such as agricultural materials, agricultural raw materials and food. The other sectors that

recorded IIT between these two countries in 2008, although to a much lower extent, included ores and metals, miscellaneous goods and textiles.

At a disaggregate level, food-processing machines was the only product category to report a high extent of IIT between Pakistan and Bangladesh in 2008. IIT of a moderate level was observed in the categories of made-up textile articles, base metal manufactures, crude vegetable materials and rotating electrical plant. A low level of IIT was observed in product categories such as spices, articles of apparel, headgear and non-text clothing, plastics in primary forms and articles of plastics.

Table 6. Intra-industry trade among South Asian countries, 1990 to 2008

Reporter	Partner Product Name	Bangladesh			Sri Lanka			Pakistan		
		1990	2000	2008	1990	2000	2008	1990	2000	2008
India	Agricultural materials	0.61	0.20	0.11	0.32	0.30	0.59	0.96	0.56	0.17
	Agricultural raw materials	0.50	0.55	0.14	0.23	0.74	0.70	0.19	0.76	0.12
	Chemicals	0.04	0.38	0.49	0.14	0.07	0.07	0.01	0.02	0.03
	Food	0.00	0.06	0.10	0.38	0.25	0.52	0.67	0.54	0.22
	Manufactures	0.03	0.16	0.23	0.07	0.05	0.40	0.66	0.12	0.27
	Miscellaneous goods	0.04	0.21	0.23	0.16	0.08	0.79	0.05	0.90	0.63
	Ores and metals	0.00	0.01	0.31	0.37	0.95	0.58	0.41	0.14	0.37
	Other manufactures, n.e.s.	0.04	0.15	0.23	0.16	0.05	0.25	0.19	0.40	0.69
	Textiles	0.17	0.32	0.21	0.00	0.05	0.14	0.06	0.68	0.23
	Machinery and transport	0.00	0.01	0.03	0.00	0.04	0.71	0.00	0.45	0.07
Pakistan	Agricultural materials	0.87	0.76	0.91	0.95	1.00	0.83			
	Agricultural raw materials	0.76	0.90	0.95	0.67	0.34	0.03			
	Chemicals	0.07	0.27	0.02	0.06	0.11	0.17			
	Food	0.30	0.57	0.61	0.96	0.87	0.71			
	Manufactures	0.08	0.07	0.06	0.04	0.11	0.08			
	Miscellaneous goods	0.00	0.15	0.34	0.89	0.10	0.75			
	Ores and metals	0.01	0.03	0.41	0.05	0.36	0.75			
	Other manufactures	0.08	0.02	0.06	0.04	0.10	0.07			
	Textiles	0.49	0.37	0.33	0.05	0.07	0.04			
	Machinery and transport	0.05	0.36	0.04	0.15	0.12	0.29			
Sri Lanka	Agricultural materials	0.01	0.04	0.20						
	Agricultural raw materials	0.02	0.02	0.05						
	Chemicals	0.17	0.41	0.47						
	Food	0.00	0.05	0.30						
	Manufactures	0.37	0.53	0.63						
	Ores and metals	0.04	0.00	0.00						
	Other manufactures	0.61	0.56	0.72						
	Textiles	0.66	0.90	0.46						
	Machinery and transport	0.43	0.50	0.43						

Source: Author's calculation based on data from United Nations Comtrade, WITS.

Note: Agricultural materials = SITC 0+1+2-27-28+4, agricultural raw materials = SITC 2- 22-27-28, chemicals = SITC5, food = SITC 0+1+22+4, manufactures, miscellaneous goods = SITC 9, ores and metals = 27+28+68, other manufactures = 6+8-68, textiles = 25+ 65+84 and machinery and transport equipment = SITC 7.

However, there was no increase in the relative significance of IIT between 2000 and 2008 for any of the product categories mentioned above with the exception of rotating electrical plant in which IIT appears to have contributed a moderate share of the new trade between Pakistan and Bangladesh over the past decade.

5. Pakistan and Sri Lanka

The level of IIT between Pakistan and Sri Lanka in 2008 was high for sectors such as agricultural materials, food products, ores and metals, and miscellaneous goods. The extent of IIT between the two countries was low or negligible in the remaining sectors.

The product categories at the 3-digit level, where IIT between the two countries figured prominently in 2008, included: electrical distribution equipment; mineral manufactures; headgear and non-textile clothing; miscellaneous chemical products; base metal manufactures; and miscellaneous manufactured articles. A moderate level of IIT between the two countries was also observed for special yarns and fabrics, other crude minerals, elements, oxides and halogen salts, and electrical equipment.

Except for miscellaneous chemical products, electrical distribution equipment and other crude minerals, there was no increase in the relative significance of IIT in the product categories mentioned above. This indicates that IIT seems to have contributed the major share of the new trade between Pakistan and Sri Lanka over the past decade.

6. Sri Lanka and Bangladesh

In trade between Sri Lanka and Bangladesh in 2008, IIT accounted for a high share in only two sectors – manufactures and other manufactures. In some of the other sectors such as chemicals, textiles, and machinery and transport, moderate levels of IIT were observed in 2008.

At a disaggregate level, the product categories showing a high level of IIT between Sri Lanka and Bangladesh were printed matter and spices. A moderate level of IIT between these two countries was observed for paper, and paper board and articles, textile yarn, and special yarns and fabrics. Low levels of IIT was could be observed in woven cotton fabrics, headgear and non-textile clothing, and articles of plastic.

The indices of marginal IIT from 2000 to 2008 show that the share of IIT was high or moderate only in product categories such as man-made woven fabrics, paper, and paper board and articles, and woven cotton fabric. In other product categories, such as headgear and non-textile clothing, tulle, lace and embroidery, textile yarn and articles of plastics, the share of IIT in total marginal trade was quite low

Thus, the product coverage of IIT among the selected South Asian countries has been rather limited. IIT appears to play a relatively important role in bilateral trade between the selected countries in only a few product categories including: spices; chemicals and chemical products; textile yarns, fabrics and made-up textile articles; leather; rubber manufactures; wood

and paper products; base metals and mineral manufactures; and basic machinery and transport equipment. Moreover, the level of IIT is high only for a few product categories, mainly in India's trade with Sri Lanka and Bangladesh, where noticeable levels of IIT can be observed across a number of product categories.

Similarly, with regard to the changes in IIT during 2000 to 2008, IIT has accounted for a high or moderate share of the marginal trade only in trade between India and Sri Lanka, and between India and Bangladesh. This implies that bilateral trade liberalization measures between India and Sri Lanka (the India-Sri Lanka Free Trade Agreement, 2000), and between India and Bangladesh could have encouraged the expansion of IIT among these countries.

With regard to the potential for growth of intraregional trade in South Asia through IIT, the analysis in this chapter indicates that a number of product categories and sectors are experiencing an increasing share of IIT among these countries. These could be among the product categories and sectors where further reduction of tariffs, removal of non-tariff barriers and reduction of transportation costs will augment IIT in South Asia. India, which relatively speaking is the most industrialized country as well as the largest market in the region, could play a major role in this regard through further unilateral as well as bilateral trade liberalization measures. In addition, it is plausible to expect India to have the potential for leading production networks involving the other countries in the region, which, in turn, could lead to an expansion of intraregional trade in South Asia. Vertical IIT can grow through production sharing arrangements between these countries, in which the manufacturing process for a product is initiated in one country and the processing activities are transferred to another.

E. Conclusion

The magnitude of intraregional trade, until now, has had limited significance for the SAARC countries, since intraregional exports of the SAARC countries, as a proportion of their total world exports, have grown very slowly, from 2.4 per cent in 1990 to 4.5 per cent in 2000 and 5.1 per cent in 2008. Likewise, intraregional imports of these countries, as a proportion of their total world imports, have increased very slowly, from 2.1 per cent in 1990 to 3.8 per cent in 2000 and 4.3 per cent in 2008. In each of the selected countries, South Asia accounts for a very small share of their exports. The advanced economies continue to be the most important destination for exports; in fact, the European Union and the United States constitute the largest export markets for all these South Asian countries. The markets in emerging and developing economies have been penetrated more by India than Bangladesh or Sri Lanka. The emerging and developing economies account for the largest share of imports by Bangladesh, Pakistan and Sri Lanka, while India's imports from these economies account for the second largest share. The advanced economies account for the largest share in India's imports.

The increases in the share of South Asian trade, over the past two decades, are based more on imports from the region (mainly from India) rather than exports to the region. The share of Bangladesh's imports from South Asia in the country's total imports is showing a noticeable growth over the past two decades while a similar trend is observed for Sri Lanka. However, neither India nor Pakistan has shown an increase in the share of their imports from South Asia in their total imports during the period covered by the analysis. In addition, India has maintained a

higher level of border protection relative to its neighbouring countries, which may have prompted other countries in the region, such as Bangladesh and Sri Lanka, to strengthen their integration with the developed countries. Only India appears to be in a relatively strong position to increase its exports to the other South Asian countries in a number of product categories; the other three countries appear to lack such an advantage in terms of export composition.

Computation of the RCA indices for 2008 shows that the selected countries have a comparative advantage in similar products (mainly primary goods and labour-intensive manufacture goods). Textiles, yarns and fabrics, leather, and apparel and accessories remain the products with the highest RCA value for all four of the selected countries.

In terms of trade complementarity, India's exports show the maximum complementarity with imports of other regional trading partners. India shows an ability to fulfil, to some extent, the region's import demands, particularly those of Sri Lanka and Pakistan; however, the exports of these two countries show low complementarity with India's imports. The observed pattern implies that trade complementarities in the region have increased over time, although they are still at comparatively low levels. However, the rise in complementarities together with increasing comparative advantage in some product categories suggests that intraregional trade in South Asia does have the potential to grow over time.

Since trade complementarity between the major trading countries in South Asia is not high, and because only India's exports complement the imports of other countries reasonably well while exports by those countries do not complement India's imports, this chapter looked at the potential for promoting intraregional trade in South Asia through IIT. IIT appears to have played a relatively important role in bilateral trade between the selected countries in a few product categories such as: spices; chemicals and chemical products; textile yarns, fabrics and made-up textile articles; leather; rubber manufactures, wood and paper products; base metals and mineral manufactures; and basic machinery and transport equipment. These could be some of the product categories and sectors where further reduction of tariffs, removal of non-tariff barriers and reduction of transportation costs will augment IIT in South Asia.

The product categories or sectors in which the South Asian countries show trade complementarity to some extent could also be prioritized for such measures. India could play a major role in this regard through further unilateral as well as bilateral trade liberalization measures. In addition, India may have the potential for leading production networks involving the other countries in the region, which, in turn, could lead to an expansion of intraregional trade in South Asia.

Annexes

Annex 1. Share of intraregional trade in total trade

(Unit: Per cent)

Reporter	Partner	Intraregional exports			Intraregional imports		
		1990	2000	2008	1990	2000	2008
Bangladesh	India	1.3	0.9	2.4	4.7	10.5	14.7
	Maldives	0.0	0.0	0.0	0.0	0.0	0.0
	Nepal	0.4	0.0	0.0	0.0	0.0	0.3
	Pakistan	1.4	0.6	0.6	1.9	1.0	1.2
	Sri Lanka	0.5	0.0	0.1	0.2	0.1	0.1
	South Asia	3.6	1.6	3.1	7.0	11.7	16.3
India	Bangladesh	1.7	2.0	1.8	0.1	0.2	0.1
	Maldives	0.0	0.0	0.1	0.0	0.0	0.0
	Nepal	0.2	0.3	1.0	0.1	0.5	0.3
	Pakistan	0.2	0.4	0.6	0.2	0.1	0.1
	Sri Lanka	0.6	1.4	1.4	0.1	0.1	0.2
	South Asia	2.7	4.2	5.0	0.4	0.9	0.8
Maldives	Bangladesh	0.0	0.0	0.0	0.0	0.0	0.0
	India	0.1	0.3	0.9	4.7	9.2	10.3
	Nepal	n.a.	0.0	0.0	n.a.	0.0	0.0
	Pakistan	0.0	0.0	0.0	0.5	0.3	0.4
	Sri Lanka	13.9	17.8	7.9	6.9	13.5	4.5
	South Asia	14.0	18.1	8.8	12.2	23.0	15.1
Nepal	Bangladesh	0.3	0.3	6.0	2.6	0.5	0.2
	India	7.0	42.6	67.6	10.0	36.6	59.3
	Maldives	n.a.	0.0	0.0	n.a.	0.0	0.0
	Pakistan	0.3	0.0	0.3	0.4	0.2	0.1
	Sri Lanka	0.1	0.0	0.0	0.5	0.1	0.0
	South Asia	7.7	42.9	73.9	13.4	37.4	59.6
Pakistan	Bangladesh	1.8	1.6	1.2	0.5	0.3	0.2
	India	0.9	0.7	2.7	0.6	1.7	2.2
	Maldives	0.0	0.0	0.0	0.0	0.0	0.0
	Nepal	0.0	0.0	0.0	0.0	0.0	0.0
	Sri Lanka	1.2	0.9	0.8	0.5	0.3	0.2
	South Asia	4.0	3.2	4.8	1.6	2.4	2.6
Sri Lanka	Bangladesh	0.5	0.2	0.2	0.3	0.1	0.1
	India	1.1	1.1	6.8	4.5	9.0	21.2
	Maldives	0.4	1.7	0.7	0.2	0.5	0.1
	Nepal	0.0	0.0	0.0	0.0	0.0	0.0
	Pakistan	1.7	0.5	0.7	1.9	1.1	1.4
	South Asia	3.7	3.5	8.4	7.0	10.6	22.9

Source: Direction of Trade Statistics, International Monetary Fund.

Annex 2a. Direction of trade of South Asian countries, 1990 to 2008 (exports)

Reporter	Partner	1990	1995	2000	2005	2008
Share of economies in total exports (%)						
Bangladesh	Advanced economies	75.3	87.6	78.0	77.2	75.0
	China	1.0	3.7	1.6	1.2	1.1
	Emerging and dev. economies	24.2	12.0	7.4	7.7	10.7
	European Union	33.8	44.8	40.2	46.8	47.9
	India	1.3	1.1	0.9	1.4	2.4
	Middle East	4.9	3.2	2.4	1.6	1.4
	South Asia	3.6	2.7	1.6	2.2	3.1
	United States	30.5	31.9	31.8	23.6	21.0
India	Advanced economies	62.4	66.1	64.3	56.6	50.9
	China	0.1	0.9	1.8	6.6	11.1
	Emerging and dev. economies	33.0	29.8	32.1	43.1	48.8
	European Union	28.5	27.5	24.3	22.2	20.7
	Middle East	6.8	8.3	11.0	14.4	15.1
	South Asia	2.7	5.1	4.2	5.2	5.0
	United States	15.1	17.4	21.3	16.7	13.1
	Pakistan	71.3	68.5	69.2	59.6	47.0
Pakistan	Advanced economies	71.3	68.5	69.2	59.6	47.0
	China	1.2	1.5	2.7	2.7	4.4
	Emerging and dev. economies	28.7	31.1	30.7	40.3	52.9
	European Union	36.7	31.0	27.9	26.5	22.1
	India	0.9	0.5	0.7	2.1	2.7
	Middle East	8.7	11.6	12.3	13.6	19.9
	South Asia	4.0	3.2	3.2	4.6	4.8
	United States	12.4	15.1	25.2	24.8	16.0
Sri Lanka	Advanced economies	65.8	80.8	79.7	70.7	67.2
	China	0.2	0.1	0.1	0.5	0.6
	Emerging and dev. economies	30.3	17.3	18.3	27.0	27.9
	European Union	26.8	32.4	28.3	30.9	37.9
	India	1.1	0.8	1.1	8.9	6.8
	Middle East	17.4	6.6	6.2	7.3	8.4
	South Asia	3.7	2.7	3.5	10.2	8.4
	United States	25.9	35.6	40.2	31.1	21.7

Source: Direction of Trade Statistics, International Monetary Fund.

Annex 2b. Direction of trade of South Asian countries, 1990 to 2008 (imports)

Reporter	Partner	1990	1995	2000	2005	2008
		Share of economies in total imports (%)				
Bangladesh	Advanced economies	53.2	52.6	48.1	35.8	34.5
	China	3.8	9.2	7.4	13.5	14.7
	Emerging and dev. economies	33.7	38.2	34.3	54.9	58.8
	European Union	17.1	12.3	9.7	8.8	8.3
	India	2.1	15.3	10.5	14.1	14.7
	Middle East	17.2	3.6	5.1	13.6	13.3
	South Asia	3.7	17.7	11.7	15.3	16.4
	United States	186.0	394.0	213.9	326.5	428.6
India	Advanced economies	5.1	6.1	2.4	2.4	1.8
	China	0.6	2.4	2.9	7.3	11.8
	Emerging and dev. economies	47.8	38.4	27.6	27.8	32.9
	European Union	23.6	26.6	21.2	16.3	16.8
	Middle East	29.0	20.8	8.5	6.6	6.1
	South Asia	1.0	0.6	0.9	0.9	0.8
	United States	12.6	9.7	6.3	5.6	6.8
	Pakistan	Advanced economies	53.9	54.9	39.8	38.6
Pakistan	China	3.1	4.4	5.0	9.2	15.4
	Emerging and dev. economies	46.0	45.1	60.2	61.3	69.9
	European Union	23.8	24.5	15.4	17.1	13.2
	India	0.1	0.7	1.7	2.3	2.2
	Middle East	29.1	19.6	38.3	30.2	33.0
	South Asia	2.3	1.5	2.4	2.8	2.6
	United States	14.1	9.3	6.1	6.0	4.8
	Sri Lanka	Advanced economies	55.1	61.5	61.3	47.1
China		2.5	3.6	3.8	7.1	11.2
Emerging and dev. economies		44.7	38.3	38.5	52.8	58.4
European Union		23.9	19.2	14.4	14.6	13.5
India		4.8	10.5	9.0	20.7	21.2
Middle East		23.7	7.4	8.4	11.5	13.7
South Asia		6.5	12.2	10.6	22.4	22.9
United States		4.4	3.9	3.8	2.3	2.2

Source: Direction of Trade Statistics, International Monetary Fund.

Annex 3. Revealed comparative advantage of South Asian countries, 2008

Product	Product name	Bangladesh	India	Pakistan	Sri Lanka
001	Live animals except fish	0.00	0.05	0.01	0.01
011	Beef, fresh/chilled/frozen	0.01	2.62	0.77	0.06
012	Meat n.e.s., fresh/chilled/frozen		0.11	0.33	0.01
016	Meat/offal preserved	0.09	0.10	0.02	0.02
017	Meat/offal preserved n.e.s.	0.00	0.02	0.01	0.25
022	Milk pr. except butter/cheese	0.14	0.43	0.61	0.09
023	Butter and cheese	0.00	0.77	0.09	0.00
024	Cheese and curd		0.04	0.00	0.00
025	Eggs, albumin		2.49	0.02	0.20
034	Fish, live/fresh/chilled/frozen	11.64	0.66	2.76	6.73
035	Fish, dried/salted/smoked	1.25	0.21	2.39	1.54
036	Crustaceans molluscs etc.	32.66	4.25	2.32	2.40
037	Fish/shellfish, prepared/preserved	0.01	0.97	0.60	0.06
041	Wheat/meslin	0.00	0.00	0.72	0.00
042	Rice	2.36	11.83	92.82	0.37
043	Barley grain		0.63	0.02	0.00
044	Maize except sweet corn.		2.59	0.53	0.00
045	Cereal grains n.e.s.	0.00	1.72	0.02	0.03
046	Flour/meal wheat/meslin	0.01	0.07	0.38	18.97
047	Cereal meal/flour n.e.s.	0.00	1.58	4.78	1.18
048	Cereal etc., flour/starch	0.16	0.36	0.53	0.34
054	Vegetables, fresh/chilled/frozen	2.63	1.23	0.73	1.07
056	Veg. root/tuber prepared/preserved	0.06	0.80	0.29	0.62
057	Fruit/nuts, fresh/dried	1.57	1.69	1.96	3.21
058	Fruit preserved/fruit preps.	0.06	0.51	0.14	3.45
059	Fruit/veg. juices	0.22	0.04	0.95	0.12
061	Sugar/molasses/honey	1.12	5.16	6.04	0.07
062	Sugar confectionery	0.01	0.36	3.81	0.26
071	Coffee/coffee substitute	0.01	1.79	0.01	0.02
072	Cocoa		0.03	0.00	0.09
073	Chocolate/cocoa preps	0.00	0.05	0.01	0.05
074	Tea and mate	3.40	7.40	0.23	354.50
075	Spices	0.07	13.73	4.65	59.45
081	Animal feed except unml cereal	0.04	3.94	0.16	2.01
091	Margarine/shortening		0.02	0.03	3.51
098	Edible products n.e.s.	0.36	0.25	0.24	0.93
111	Beverage non-alcohol n.e.s.	0.01	0.02	0.33	0.24
112	Alcoholic beverages	0.05	0.12	0.04	0.06
121	Tobacco, raw and wastes	1.05	4.19	0.50	6.83
122	Tobacco, manufactured	0.46	0.50	0.02	2.25
211	Hide/skin (except fur) raw	0.25	0.79	0.01	0.00
212	Fur skins/pieces, raw	0.00	0.00		
222	Oil seeds etc. - soft oil	0.13	1.13	0.48	0.02
223	Oil seeds - not soft oil	0.00	1.65	1.30	8.85
231	Natural rubber/latex/etc.	0.03	0.69	0.00	11.37
232	Rubber synth/waste/etc.	2.19	0.35	0.20	0.27
244	Cork natural/raw/waste	0.02	0.25		
245	Fuelwood/wood charcoal	0.01	0.69	0.05	2.42
246	Wood chips/waste	0.04	0.00	0.00	0.06
247	Wood in rough/squared	0.00	0.02	0.02	0.03
248	Wood simply worked	0.00	0.05	0.00	0.07

251	Pulp and waste paper	0.22	0.00	0.02	0.84
261	Silk	0.02	0.55	0.33	
263	Cotton	673.19	12.24	11.14	0.11
264	Jute/bast fibre raw/ret'd	280.16	14.63	0.93	0.00
265	Veg. text fibre except cotton/jute	0.28	1.02	0.03	184.09
266	Synthetic spinning fibre	0.12	2.84	0.68	0.01
267	Man-made fibres n.e.s.	0.06	1.44	0.19	0.15
268	Wool/animal hair	0.00	0.52	0.78	0.00
269	Worn clothing etc.	2.03	0.05	4.00	0.68
272	Fertilizers crude	0.00	0.08	0.37	0.10
273	Stone/sand/gravel	0.01	5.64	1.22	0.34
274	Sulphur/unroasted pyrites		1.11		0.00
277	Natural abrasives n.e.s.	0.00	8.07	0.12	133.34
278	Other crude minerals	0.01	1.90	0.77	1.41
281	Iron ore/concentrates		6.31	0.02	0.00
282	Ferrous waste/scrap	0.50	0.05	0.10	0.05
283	Copper ores/concentrates		0.03	0.03	
284	Nickel ores/concs/etc.		0.00	0.00	
285	Aluminium ores/concs/etc.		2.79	0.00	0.00
287	Base metal ore/concs n.e.s.	0.02	1.78	4.71	0.51
288	Nf base metal waste n.e.s.	4.42	0.12	0.29	0.09
289	Precious metal ore/conc.		0.84	0.00	0.00
291	Crude animal material n.e.s.	0.14	0.46	2.37	0.56
292	Crude veg. materials n.e.s.	0.09	1.92	1.30	1.74
321	Coal non-agglomerated		0.05	0.00	
322	Briquettes/lignite/peat		0.03		0.01
325	Coke/semi-coke/retort c		1.18	0.00	
333	Petrol/bitumen, oil, crude		0.00		0.00
334	Heavy petrol/bitumen oils	7.75	3.77	1.25	0.00
335	Residual petrol, products	0.03	2.10	1.65	0.00
342	Liquid propane/butane		0.00		
343	Natural gas	0.11	0.02	0.00	
344	Petrol/hydrocarbon gas		0.22	0.10	
345	Coal gas/water gas/etc.	0.00	29.44		0.04
411	Animal oil/fat		0.21	0.00	0.29
421	Fixed veg. oil/fat, soft	0.01	0.12	0.00	0.01
422	Fixed veg. oils not soft	0.03	0.87	0.04	0.53
431	Animal/veg. oils processed	0.00	0.95	10.19	5.25
511	Hydrocarbons/derivatives		2.48	0.00	0.00
512	Alcohols/phenols/derivatives	0.01	1.03	3.99	0.04
513	Carboxylic acid compound	0.00	1.18	0.20	0.00
514	Nitrogen function compounds	0.00	1.34	0.00	0.00
515	Organo-inorganic compounds	0.10	0.44	0.01	0.00
516	Other organic compounds	0.00	6.63	0.01	0.19
522	Elements/oxides/hal salt	2.48	0.80	0.10	0.36
523	Metal salts of inorganic acid	0.00	1.10	0.21	0.01
524	Other inorganic chemicals	0.00	0.17	0.01	0.00
525	Radio-active etc. material	0.02	0.04	0.00	0.10
531	Synth org. colour agents	0.21	7.51	0.24	0.15
532	Dyeing/tanning extracts	0.00	2.11	0.11	0.00
533	Pigments/paints/varnish	0.01	0.40	0.23	0.08
541	Pharmaceuticals excp. medicaments	0.00	0.65	0.16	0.02
542	Medicaments include vet	1.97	1.20	0.21	0.01
551	Essential oil/perfume/flavour	0.00	1.65	0.03	0.65
553	Perfume/toilet/cosmetics	0.06	0.42	0.13	0.17
554	Soaps/cleansers/polishes	0.04	0.53	0.35	0.17
562	Manufactured fertilizers	1.28	0.05	0.00	0.01
571	Primary ethylene polymer	0.00	0.34	0.06	0.00

572	Styrene primary polymers	0.00	0.49	0.25	0.00
573	Vinyl chloride etc., polymers	0.01	0.07	0.06	0.01
574	Polyacetals/polyesters	0.00	0.97	3.26	0.03
575	Plastic n.e.s. - primary form	0.30	0.42	0.04	0.07
579	Plastic waste/scrap	0.60	0.11	1.97	0.19
581	Plastic tube/pipe/hose	0.03	0.40	0.29	0.03
582	Plastic sheets/film/etc.	0.38	0.58	0.09	0.06
583	Monofilament rods/sticks	0.01	0.21	0.01	0.02
591	Household/garden chemicals	0.00	3.19	0.02	0.09
592	Starches/glues/etc.	0.55	0.88	0.54	0.10
593	Explosives/pyrotechnics	0.00	0.83	0.13	0.00
597	Oil etc additives/fluids	0.00	0.31	0.01	0.02
598	Misc. chemical prods n.e.s.	0.06	0.48	0.08	0.56
611	Leather	83.77	3.17	14.07	0.05
612	Leather manufactures	0.01	3.67	2.44	0.01
613	Furskins tanned/dressed		0.00	0.00	0.00
621	Materials of rubber	0.00	0.54	0.01	0.90
625	Rubber tyres/treads	0.01	1.23	0.04	9.65
629	Articles of rubber n.e.s.	0.03	1.01	0.01	5.23
633	Cork manufactures		0.07	0.00	0.00
634	Veneer/plywood/etc.	0.02	0.15	0.26	1.32
635	Wood manufactures n.e.s.	0.00	0.25	0.15	1.02
641	Paper/paperboard	0.02	0.27	0.12	0.02
642	Cut paper/board/articles	0.24	0.24	0.13	0.45
651	Textile yarn	10.64	5.54	21.27	1.14
652	Cotton fabrics, woven	3.51	3.04	56.41	0.76
653	Man-made woven fabrics	2.55	3.81	6.00	0.36
654	Woven textile fabric n.e.s.	2.89	3.51	0.21	0.50
655	Knit/crochet fabrics	1.81	0.45	2.55	2.32
656	Tulle/lace/embr/trim etc.	0.21	1.85	0.97	2.91
657	Special yarns/fabrics	1.50	0.53	0.66	1.00
658	Made-up textile articles	29.77	4.71	55.69	2.14
659	Floor coverings etc.	0.23	6.43	9.46	0.92
661	Lime/cement/construction materials	0.03	2.65	14.26	0.42
662	Clay/refractory material	0.15	0.42	0.05	0.93
663	Mineral manufactures n.e.s.	0.06	0.50	0.43	0.07
664	Glass	0.13	0.46	0.21	0.12
665	Glassware	0.14	0.83	0.38	0.33
666	Pottery	0.36	0.15	0.18	9.88
667	Pearls/precious stones	0.00	12.73	0.03	9.27
671	Pig iron etc., ferro alloy		3.52	0.28	0.00
672	Primary/prods iron/steel		1.36	0.01	0.00
673	Flat rolled iron/steel products	0.18	1.08	0.01	0.00
674	Rolled plated m-steel	0.37	2.90	0.00	0.03
675	Flat-rolled alloy steel		0.26	0.00	0.00
676	Iron/steel bars/rods/etc.	1.43	0.87	0.06	0.02
677	Iron/steel railway material	0.01	0.23	0.00	0.01
678	Iron/steel wire	0.00	1.81	0.03	0.23
679	Iron/steel pipe/tube/etc.	0.13	2.26	0.49	0.01
681	Silver/platinum etc.	0.00	0.05		0.00
682	Copper	0.11	1.77	0.27	0.38
683	Nickel		0.09	0.00	0.00
684	Aluminium	0.00	0.58	0.00	0.02
685	Lead	0.12	0.56	0.19	2.63
686	Zinc	0.02	3.50	0.02	0.00
687	Tin		0.38	0.00	
689	Misc non-ferrous base metal		0.15	0.00	0.00
691	Iron/steel/aluminium structures	0.07	1.06	0.35	0.16

692	Metal store/transport cont.	0.08	0.56	0.20	0.04
693	Wire products except ins. electr.	0.01	1.76	0.08	0.04
694	Nails/screws/nuts/bolts	0.02	0.88	0.03	0.22
695	Hand/machine tools	0.51	0.86	0.13	0.12
696	Cutlery	0.03	1.02	4.73	0.41
697	Base metal household equipment	0.01	2.13	1.15	0.07
699	Base metal manufac. n.e.s.	0.77	1.11	0.04	0.06
711	Steam generating boilers	0.04	1.75	0.17	0.01
712	Steam/vapour turbines	0.03	0.60	0.00	0.00
713	Internal combust engines	0.08	0.57	0.01	0.01
714	Engines non-electric n.e.s.	0.07	0.16	0.00	0.00
716	Rotating electric plant	0.48	1.17	0.02	0.03
718	Power generating equip. n.e.s.	0.01	0.25	0.01	0.00
721	Agric machine except tractors	0.00	0.16	0.07	0.00
722	Tractors		1.35	0.60	0.00
723	Civil engineering plant	0.14	0.32	0.04	0.04
724	Textile/leather machinery	0.86	0.58	0.44	0.05
725	Paper industry machinery	0.03	0.25	0.03	0.00
726	Printing industry machinery	0.02	0.35	0.06	0.02
727	Food-processing machines	0.01	0.59	1.12	0.08
728	Special industrial machines.	0.27	0.36	0.02	0.01
731	Machine tools remove material	2.14	0.25	0.05	0.00
733	Metal m-tools w/o metal-rmvl	0.01	0.26	0.02	0.03
735	Metal machine tool parts	1.89	0.83	0.01	0.00
737	Metalworking machines n.e.s.	0.01	0.93	0.04	0.00
741	Industrial heat/cool equipment	0.02	0.50	0.07	0.28
742	Pumps for liquids	0.01	0.54	0.03	0.02
743	Fans/filters/gas pumps	0.02	0.49	0.22	0.01
744	Mechanical handling equipment	0.02	0.17	0.01	0.77
745	Non-electr machines n.e.s.	0.47	0.26	0.03	0.24
746	Ball/roller bearings	0.00	0.72	0.00	0.00
747	Taps/cocks/valves	0.02	0.74	0.01	0.01
748	Mechanical transmission equipment	0.04	0.57	0.00	0.00
749	Non-electrical parts/acc., machinery	0.02	0.71	0.02	0.12
751	Office machines	0.00	0.09	0.00	0.00
752	Computer equipment	0.03	0.06	0.00	0.00
759	Office equipment parts/accessories	0.02	0.10	0.00	0.07
761	Television receivers	0.29	0.07	0.00	0.00
762	Radio broadcast receiver	0.00	0.03	0.02	0.00
763	Sound/television recorders etc.	0.00	0.01	0.00	0.00
764	Telecomms equipment n.e.s.	1.01	0.12	0.08	0.11
771	Elect power transmission equip.	0.04	1.13	0.07	1.19
772	Electric circuit equipment	0.08	0.46	0.01	0.88
773	Electrical distribution equipment	0.05	0.66	0.04	1.08
774	Medical etc., elec. diag. equipment	0.00	0.61	0.00	0.00
775	Domestic equipment	0.00	0.19	0.09	0.00
776	Valves/transistors etc.	0.01	0.13	0.00	0.02
778	Electrical equipment n.e.s.	0.02	0.31	0.05	0.14
781	Passenger cars etc.	0.00	0.30	0.01	0.00
782	Goods/service vehicles	0.04	0.23	0.01	0.02
783	Road motor vehicles n.e.s.	0.00	0.51	0.04	0.00
784	Motor vehicle parts/accessories	0.18	0.48	0.04	0.11
785	Motorcycles/cycles etc.	1.62	1.36	0.09	1.42
786	Trailers/caravans etc.	0.24	0.06	0.02	0.88
791	Railway vehicles, equipment	0.00	0.20	0.00	0.00
792	Aircraft/spacecraft etc.	0.16	0.58	0.00	0.03
793	Ships/boats etc.	0.75	2.04	0.07	0.37
811	Prefabricated buildings	0.04	0.10	0.01	0.17

812	Sanitary/plumbing/heat fixtures	0.02	0.29	0.55	0.01
813	Lighting fixtures etc.	0.00	0.08	0.01	0.02
821	Furniture/stuff furnishing	0.16	0.30	0.31	0.43
831	Trunks and cases	0.16	1.85	0.29	0.27
841	Men's/boys' wear, woven	45.82	2.44	11.47	15.20
842	Women/girl clothing woven	60.55	3.85	4.12	21.09
843	Men/boy wear knit/crocheted	17.34	3.32	29.02	17.39
844	Women/girl wear knit/crocheted	6.13	2.29	5.03	31.51
845	Articles of apparel n.e.s.	186.06	1.94	3.23	15.89
846	Clothing accessories	0.77	2.42	12.51	13.98
848	Headgear/non-textile clothing	0.92	2.63	21.29	12.00
851	Footwear	1.97	1.57	1.21	0.48
871	Optical instruments n.e.s.	0.00	0.02	0.00	0.52
872	Medical/etc. instruments	0.12	0.21	2.61	0.00
873	Meters and counters n.e.s.	0.00	0.37	0.01	0.00
874	Measure/control appliances n.e.s.	0.61	0.21	0.01	0.24
881	Photographic equipment	0.02	0.38	0.00	0.00
882	Photographic supplies	0.01	0.04	0.02	0.00
883	Cine-film developed		2.26	0.00	0.00
884	Optical fibres	0.75	0.21	0.00	0.00
885	Watches and clocks	0.03	0.13	0.00	0.02
891	Arms and ammunition	0.00	0.32	0.51	0.00
892	Printed matter	0.55	0.36	0.05	1.97
893	Articles n.e.s. of plastics	0.44	0.54	0.38	0.67
894	Baby carriages/toys/games/sports	1.39	0.14	2.64	0.86
895	Office/stationery supplies	0.00	0.92	0.24	0.03
896	Art/collections/antiques	0.12	1.42	0.01	0.03
897	Jewellery	0.01	6.82	3.01	0.98
898	Musical instruments/records	0.00	0.17	0.06	0.02
899	Misc. manufactured articles n.e.s.		0.51	0.51	1.15
961	Coins, non-gold, non-current		0.40		3.62
971	Gold, non-monetary except ore		0.01	0.00	0.00

Source: Author's calculations based on data from Comtrade, WITS.

Annex 4. Intra-industry trade indices of South Asian countries*

Annex table 1. Intra-industry trade of India with Bangladesh

S. No.	Product	Product name	Exports	Imports	Bilateral trade	IIT 2008	MIIT (2000-2008)
1	522	Elements/oxides/hal salt	21 671.5	41 657.0	63 328.6	0.68	0.97
2	655	Knit/crochet fabrics	9 255.5	3 732.5	12 987.9	0.57	0.70
3	611	Leather	4 084.9	6 927.8	11 012.7	0.74	0.78
4	288	Nf base metal waste n.e.s.	2 500.7	3 578.8	6 079.5	0.82	
5	554	Soaps/cleansers/polishes	3 563.7	1 879.1	5 442.8	0.69	0.69
6	654	Woven textile fabric n.e.s.	1 404.8	2 810.5	4 215.3	0.67	0.28
7	764	Telecomms equipment n.e.s.	1 640.5	1 963.5	3 604.0	0.91	0.68
8	841	Men/boys' wear, woven	1 362.4	2 196.6	3 558.9	0.77	0.96
9	657	Special yarns/fabrics	1 691.0	1 287.3	2 978.3	0.86	0.93
10	665	Glassware	2 106.6	857.0	2 963.6	0.58	

Annex table 2. Intra-industry trade of India with Pakistan

S. No.	Product	Product name	Exports	Imports	Bilateral trade	IIT 2008	MIIT (2000-2008)
1	334	Heavy petrol/bitumen oils	124 538.0	154 008.0	278 546.6	0.89	
2	651	Textile yarn	8 419.9	8 858.1	17 277.9	0.97	0.98
3	513	Carboxylic acid compound	5 068.9	5 233.5	10 302.4	0.98	0.00
4	893	Articles n.e.s. of plastics	1 475.6	3 287.3	4 762.8	0.62	0.37
5	278	Other crude minerals	928.5	1 508.3	2 436.8	0.76	0.04
6	657	Special yarns/fabrics	454.5	940.3	1 394.8	0.65	0.43
7	656	Tulle/lace/embr/trim etc.	787.4	331.5	1 118.9	0.59	0.59
8	894	Baby carriages/toys/games/sports	659	266.7	925.8	0.58	
9	574	Polyacetals/polyesters	596.7	278.7	875.3	0.64	
10	659	Floor coverings etc.	237.2	574.7	812.0	0.58	0.57

Annex table 3. Intra-industry trade of India with Sri Lanka

S. No.	Product	Product name	Exports	Imports	Bilateral trade	IIT 2008	MIIT (2000-2008)
1	075	Spices	43 650.6	54 408.0	98 058.6	0.89	0.85
2	081	Animal feed exc. unml cer.	49 926.2	33 888.6	83 814.7	0.81	0.90
3	625	Rubber tyres/treads	12 482.0	9 329.8	21 811.8	0.86	0.99
4	661	Lime/cement/construction materials	5 154.7	6 348.0	11 502.7	0.9	0.00
5	656	Tulle/lace/embr/trim etc.	4 415.8	2 980.4	7 396.2	0.81	0.90
6	634	Veneer/plywood/etc.	3 225.0	3 385.4	6 610.4	0.98	0.84
7	642	Cut paper/board/articles	2 739.5	3 177.7	5 917.2	0.93	0.00
8	658	Made-up textile articles	3 119.5	2 505.0	5 624.5	0.89	
9	665	Glassware	1 997.6	2 852.1	4 849.8	0.82	0.53
10	771	Elect. power transm equip.	1 780.8	1 340.4	3 121.1	0.86	0.97

* Source: For all tables in annex 4, author's calculations, based on data from Comtrade and WITS.

Annex table 4. Intra-industry trade of Pakistan with Bangladesh

S. No.	Product	Product name	Exports	Imports	Bilateral trade	IIT 2008	MIIT (2000-2008)
1	658	Made-up textile articles	366.7	1 161.4	1 528.1	0.48	0.00
2	075	Spices	128.3	868.4	996.6	0.26	
3	292	Crude veg. materials n.e.s.	195.7	748.1	943.9	0.41	0.00
4	716	Rotating electric plant	427.0	80.8	507.7	0.32	0.65
5	575	Plastic n.e.s. - primary form	388.2	46.0	434.2	0.21	
6	893	Articles n.e.s. of plastic	341.0	43.9	384.9	0.23	0.00
7	699	Base metal manufac. n.e.s.	230.6	68.9	299.5	0.46	
8	845	Articles of apparel n.e.s.	27.6	230.9	258.5	0.21	
9	727	Food-processing machines	150.4	94.5	244.9	0.77	
10	848	Headgear/non-textile clothing	28.9	207.4	236.3	0.24	0.16

Annex table 5. Intra-industry trade of Pakistan with Sri Lanka

S. No.	Product	Product name	Exports	Imports	Bilateral trade	IIT 2008	MIIT (2000-2008)
1	278	Other crude minerals	342.9	907.2	1 250.1	0.55	0.70
2	522	Elements/oxides/hal salt	600.3	242.9	843.1	0.58	
3	598	Misc chemical prods n.e.s.	227.7	115.8	343.5	0.67	0.67
4	657	Special yarns/fabrics	207.8	77.5	285.3	0.54	0.00
5	773	Electrical distrib equipment	50.7	68.1	118.8	0.85	
6	899	Misc. manuf. articles n.e.s.	43.7	71.5	115.2	0.76	0.00
7	848	Headgear/non-textile clothing	41.4	72.9	114.3	0.72	0.00
8	699	Base metal manufac. n.e.s.	53.1	23.0	76.1	0.6	
9	663	Mineral manufactures n.e.s.	27.8	44.3	72.1	0.77	
10	778	Electrical equipment n.e.s.	43.9	17.0	60.9	0.56	0.60

Annex table 6. Intra-industry trade of Sri Lanka with Bangladesh

S. No.	Product	Product name	Exports	Imports	Bilateral trade	IIT 2008	MIIT (2000-2008)
1	652	Cotton fabrics, woven	4 118.3	494.5	4 612.8	0.21	0.38
2	848	Headgear/non-text clothing	2 024.5	235.8	2 260.3	0.21	0.23
3	656	Tulle/lace/embr/trim etc.	1 447.3	126.3	1 573.6	0.16	0.16
4	651	Textile yarn	396.3	1 051.9	1 448.2	0.55	0.22
5	893	Articles n.e.s. of plastic	836.4	142.0	978.4	0.29	0.31
6	075	Spices	136.6	232.3	368.9	0.74	
7	642	Cut paper/board/articles	188.0	70.9	258.9	0.55	0.54
8	892	Printed matter	122.1	102.5	224.6	0.91	
9	657	Special yarns/fabrics	157.4	59.3	216.7	0.55	0.00
10	653	Man-made woven fabrics	167.9	11.76	179.7	0.13	0.73

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