



## Asia-Pacific Trade Briefs

### South and South-West Asia

(Afghanistan; Bangladesh; Bhutan; India; Iran (Islamic Rep.); Maldives; Nepal; Pakistan; Sri Lanka; Turkey)

**Merchandise trade:** Merchandise trade (exports and imports) in the South and South-West Asia (SSWA) subregion is dominated by two economies: India and Turkey, which account for 51.6% and 26.3% of total trade in the subregion respectively. Merchandise exports from SSWA grew solidly over the 2010-2014 period, by 6.6% a year on average, however they slowed to just 3.4% growth in 2014 – though this was a better performance than the Asia-Pacific overall total of 1.5%. SSWA countries export a diversified range of products, but the subregion's main exports are petroleum oils; diamonds; and motor cars – most of which are attributable to India. The main export partners are the United States; China; and the European Union (EU) – with Germany and the United Kingdom the largest markets in the EU. Many of the smaller economies in SSWA are garment and apparel exporters, with exports mainly destined to the United States and EU – both of which have improved economic prospects. The larger economies (India and Pakistan) which have China as a major trading partner may be set to lose out from lower Chinese import demand. Merchandise imports in SSWA remained static (0.0% growth) in 2014. Petroleum oil is one of the top import products for SSWA, and many economies benefitted from lower fuel prices throughout the year. Gold features as the top import product for SSWA; imports in 2014 surged after India removed import restrictions.

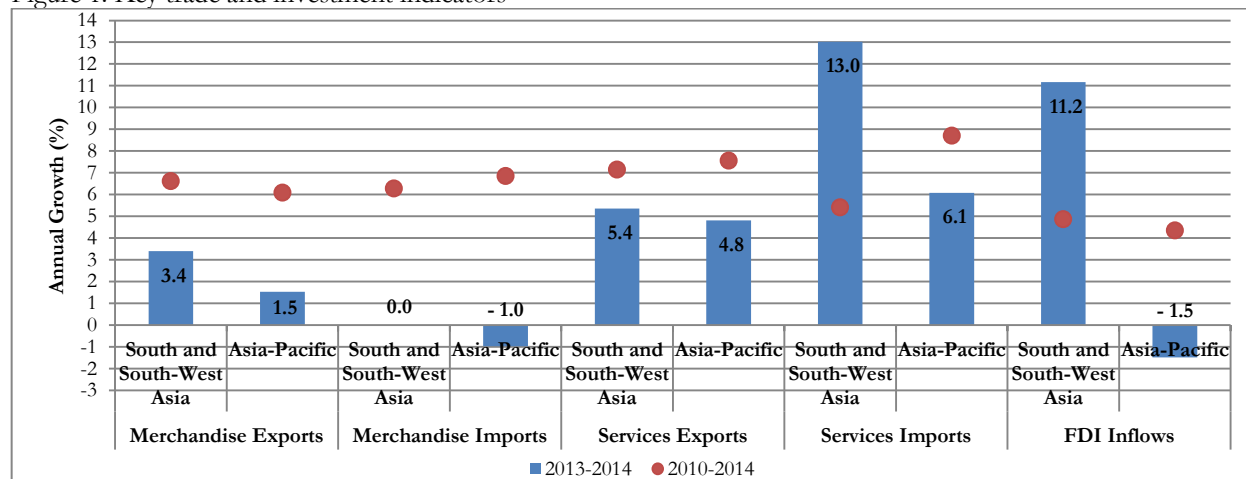
**Services trade:** Services exports in SSWA grew strongly over the period 2010-2014, by 7.1% a year on average, though growth in 2014 was only 5.4%. This growth was led by: phenomenally higher exports of telecommunication, computer and information technology services in India and higher exports of transport and travel services in India and Turkey, but lower travel and transport services across many smaller economies weighed on growth. Services imports in SSWA grew strongly over the period 2010-2014, by 5.4% a year, and accelerated to 13.0% in 2014. This was led by higher imports of travel and transport services – the largest sectors in SSWA – in India and Turkey.

**Intraregional trade:** In 2014, around 25.3% of SSWA exports went to Asia-Pacific economies, and around 39.8% of SSWA imports were sourced from Asia-Pacific economies. This is lower intraregional trade share than in other subregions such as South East Asia which exports 68.2% and imports 62.3% from the Asia-Pacific. China is the largest intraregional trading partner of SSWA, accounting for 10.8% of exports and 20.9% of imports. The SSWA subregion mainly exports to extraregional partners such as the United States and the EU.

**Global value chains (GVCs):** The share of intermediate goods in trade – a proxy for participation in GVCs – is higher across SSWA economies (34%) than Asia-Pacific (22%) for imports and also for exports (26%), compared to Asia-Pacific (18%). India's economy is highly integrated into GVCs and IPNs through the diamond trade, as it is a global hub for cutting and polishing diamonds. Many of the smaller SSWA economies are involved in textile global value chains at the processing stage: imports are dominated by cotton and fabrics, while exports are dominated by garments and apparel.

**Foreign direct investment (FDI):** FDI inflows across SSWA economies grew rapidly in 2014, by 11.2%. The largest recipients of FDI in SSWA were India and Turkey, with India capturing approximately 64.5% of the subregional total. India has made progress in attracting FDI in 2014. Efforts by Indian Prime Minister Narendra Modi to attract investment under his "Make in India" campaign have improved investor sentiment, though infrastructure bottlenecks remain to be tackled. Many of the smaller economies in SSWA struggle to attract significant levels of investment because of corruption; political instability; weak infrastructure; and skills gaps in their workforces.

Figure 1. Key trade and investment indicators



\*Country notes summarising results of the UNRC Survey 2015 are available at: <http://unnex.unescap.org/UNTFSurvey2015.asp>

Country	Imports (%)	Exports (%)
Singapore	-3.0	3.0
Hong Kong, China	-3.0	3.2
Qatar	-3.1	3.3
Belgium	-3.2	3.4
Italy	-4.2	3.8
Turkey	-4.4	3.9
Switzerland	-4.8	5.7
India	-5.1	7.4
United Kingdom	-7.0	10.8
Germany	-20.9	13.5
China	-20.9	13.5

Commodity	Imports (%)	Exports (%)
Motor cars and other motor vehicles; -1.6	-1.6	1.7
Parts and accessories of the motor ; -1.7	-1.7	2.0
Coal; briquettes, ovoids and simila; -2.4	-2.4	2.0
Commodities not specified according; -2.6	-2.6	2.2
Telephone sets, including telephone; -2.6	-2.6	2.2
Diamonds, whether or not worked, bu; -2.7	-2.7	2.3
Petroleum gases and other gaseous hi; -2.9	-2.9	2.5
Petroleum oils and oils obtained fr; -3.2	-3.2	5.1
Petroleum oils and oils obtained fr; -3.2	-3.2	7.4
Gold (including gold plated with pl; -4.4	-4.4	8.9
Bed linen, table linen, toilet line; 1.7		1.7
Women's or girls' suits, ensembles; 2.0		2.0
Men's or boys' suits, ensembles, ja; 2.0		2.0
Medicaments (excluding goods of hea; 2.2		2.2
Commodities not specified according; 2.2		2.2
T-shirts, singlets and other vests; 2.3		2.3
Motor cars and other motor vehicles; 2.5		2.5
Diamonds, whether or not worked, bu; 5.1		5.1
Petroleum oils and oils obtained fr; 7.4		7.4
Petroleum oils and oils obtained fr; 8.9		8.9

The chart displays the percentage composition of total trade for Exports and Imports across two regions: South and South-West Asia, and Asia-Pacific. The Y-axis represents Total Trade (%), ranging from 0 to 100. The X-axis categorizes trade into Exports and Imports. The legend indicates three categories: Raw Materials (blue), Intermediate Goods (red), and Final Goods (green).

Trade Type	Region	Raw Materials (%)	Intermediate Goods (%)	Final Goods (%)
Exports	South and South-West Asia	18	26	57
	Asia-Pacific	12	18	70
Imports	South and South-West Asia	15	34	51
	Asia-Pacific	13	22	64

Year	FDI Inflows (USD billions)	FDI Outflows (USD billions)
2011	61	15
2012	46	14
2013	48	5
2014	53	17

A bar chart comparing the Rate (%) of MFN Applied and Effectively Applied for South and South-West Asia (blue bars) and Asia-Pacific (red dots). The Y-axis ranges from 0 to 100. The X-axis categories are MFN Bound, MFN Applied, Effectively Applied, and Binding Coverage. The data values are: MFN Bound (43.9), MFN Applied (12.3), Effectively Applied (9.8), and Binding Coverage (67.4).

Category	South and South-West Asia (%)	Asia-Pacific (%)
MFN Bound	43.9	
MFN Applied	12.3	
Effectively Applied	9.8	
Binding Coverage	67.4	

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