

July 2021, No. 6

## AIC Working Paper

# Emerging Value Chain Opportunities Post Covid-19 and India-ASEAN Relations

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# Emerging Value Chain Opportunities Post Covid-19 and

## India-ASEAN Relations<sup>#</sup>

Rupa Chanda<sup>1\*</sup>

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### Abstract

*This article explores the sectors and particular niches, where India may have potential opportunities to enter and expand its role in GVCs in the world and specifically in its relations with ASEAN, in a post-Covid scenario. It outlines existing GVC participation trends and patterns for India and ASEAN to identify areas of strength on both sides and complementarities between the two. It also focuses on possibilities for services linkages and for servicification between India and ASEAN, i.e., how India could leverage its services capabilities to enter the manufacturing value chain in the ASEAN countries. The article concludes by highlighting the domestic policies and strategies needed in India as well as the issues that would need to be addressed in bilateral negotiations to realize the linkages between India and ASEAN. The main insight that emerges from this article is the presence of untapped opportunities for both India and ASEAN to integrate into manufacturing as well as services. From India's perspective, within manufacturing, there are opportunities to increase forward linkages in the transport equipment, electrical and electronics industries, while in services there are prospects in segments like IT and information services and other business services, including through value-added linkages to ASEAN manufacturing. However, for these potential opportunities to be realized, many barriers and bilateral constraints need to be addressed.*

**Keywords:** India, ASEAN, GVC, Trade, Servicification

**JEL codes:** F02, F13 F15

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<sup>#</sup> An earlier version of the paper was presented at the sixth roundtable of ASEAN-India Network of Think-Tanks (AINTT), jointly organised by RIS, AIC at RIS and ASEAN Studies Centre of Chulalongkorn University, Bangkok, held virtually in August 2020. Views are author's own. Usual disclaimers apply.

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## 1. Introduction

Recent years have witnessed trade tensions between major nations coupled with growing protectionism, economic nationalism, and challenges posed by the new industrial revolution. These trends and slowing economic growth have caused global trade to stagnate in the last few years and have brought the world economy to an inflection point where countries are rethinking their approach to globalization. The outbreak of the Covid-19 pandemic in early 2020 has now further tipped the scales by severely disrupting global trade and output and by exposing the vulnerabilities that come with global integration.

According to WTO estimates, global merchandise trade is expected to increase by 8 per cent after having fallen 5.3 per cent in 2020 and global GDP may increase by 5.1 per cent in 2021 after contracting by 3.8 per cent in 2020.<sup>2</sup> Due to the pandemic, most regions of the world have recorded a decline in both exports and imports in 2020<sup>3</sup>. Economies have been shut down, affecting production, supply chains, trade and FDI. The effects of this pandemic on world trade are expected to be long lasting, akin to what happened after the global financial crisis of 2009 when global trade never returned to its pre-crisis growth trajectory. However, this time the challenge to globalization is possibly more serious. This is because the very model of distributed international production, i.e., Global Value Chains (GVCs), which have been based on scale, supplier networks, and cost arbitrage over the past two decades, is under question today.

Countries have realized how vulnerable they are if they are largely dependent on a few overseas suppliers. For example, the case of the pharmaceutical industry where 80 per cent of active components are based on global sourcing from one or two supplier countries or the case of electronic equipment where 40 per cent of the parts are sourced from one single country<sup>4</sup>, have brought these vulnerabilities to the fore. Restrictions on transport and travel and social distancing norms have further compounded the challenges associated with such a distributed production model. Thus, in the aftermath of Covid-19, countries and companies will have to increasingly re-examine their strategies for internationalization, including both trade and FDI policies.<sup>5</sup>

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<sup>2</sup> Refer, for example, WTO (2021)

<sup>3</sup> Ibid.,

<sup>4</sup> Refer, for example, Cordon, C. (2020)

<sup>5</sup> According to a UBS report in early 2020, over 63 per cent of global executives are considering moving at least 40 per cent of their production in China to another country.

Several dynamics will be at play in this process, building upon recent trends in protectionism and Industry 4.0. These include the forces of automation, digitalization, reshoring, nearshoring, diversification, regionalization, localization, and divestment, among others. As a result, the world is likely to see new configurations of production networks, suppliers, and supply chains that focus much more on building resilience as well as national and regional productive capacity than in the past. Such forces will in turn affect both global and regional trade flows and the positioning of countries in GVCs and Regional Value Chains (RVCs).

## **1.1 Motivation**

For a country like India, which has not been a major player till date in GVCs, but which is seeing a renewed thrust on developing manufacturing capacity and incentivizing FDI, these shifts present new opportunities. As countries and Multinational Enterprises (MNEs) increasingly look to diversify their sourcing and strategically evaluate critical components of their value chains, and as global demand increases in certain sectors such as healthcare, pharmaceuticals, and digitally delivered services post the pandemic, India could potentially gain from the production and demand shifts. Post the pandemic, around 1000 foreign firms have been involved in discussions with Indian authorities and around 300 of these companies are pursuing production plans in India in various sectors such as medical devices, textiles, electronics and mobiles. Such realignments in production bases and value segments could not only help India augment its manufacturing capacity but could also create new opportunities for India to participate in regional and global value chains, particularly with partners such as ASEAN which are well integrated with distributed production networks, and with whom India has a free trade agreement. Furthermore, the likely acceleration of digitization, AI, and IoT, in a post-Covid world, could also provide a boost to India's MSMEs, startups and digitally based industries to enter into global digital supply chains.

## **1.2 Outline**

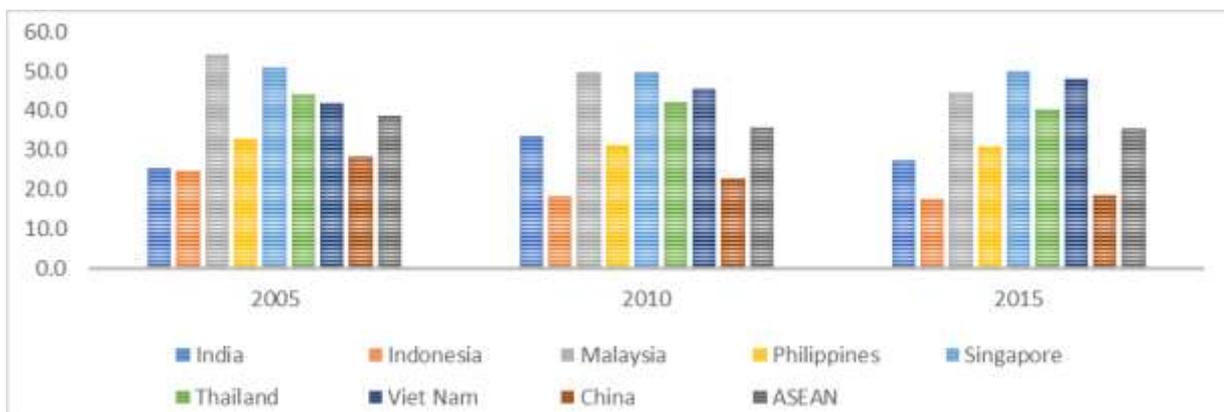
This article explores the sectors and particular niches, where India may have potential opportunities to enter and expand its role in GVCs in the world and specifically in its relations with ASEAN, in a post-Covid scenario. Section 2 outlines existing GVC participation trends and patterns for India and ASEAN to identify areas of strength on both sides and complementarities between the two. Section 3 focuses on possibilities for services linkages and for servicification

between India and ASEAN, i.e., how India could leverage its services capabilities to enter the manufacturing value chain in the ASEAN countries. Section 4 concludes by highlighting the domestic policies and strategies needed in India as well as the issues that would need to be addressed in bilateral negotiations to realize the linkages between India and ASEAN.

## 2. GVC Trends in Manufacturing in India and ASEAN

A common concern voiced about India’s integration with the world market is its low levels of GVC participation, especially when compared to countries in Southeast and East Asia. This is well highlighted in Figures 1 and 2. India’s backward as well as forward participation rates<sup>6</sup> in manufacturing remain below that of most ASEAN countries and of ASEAN as a whole. The declining forward participation rates over the 2005-2015 period reflect the inability of Indian manufacturing to compete and enter value chains overseas.

**Figure 1. Backward GVC Participation in Manufacturing for India, Selected ASEAN Countries and China, Selected Years (%)**



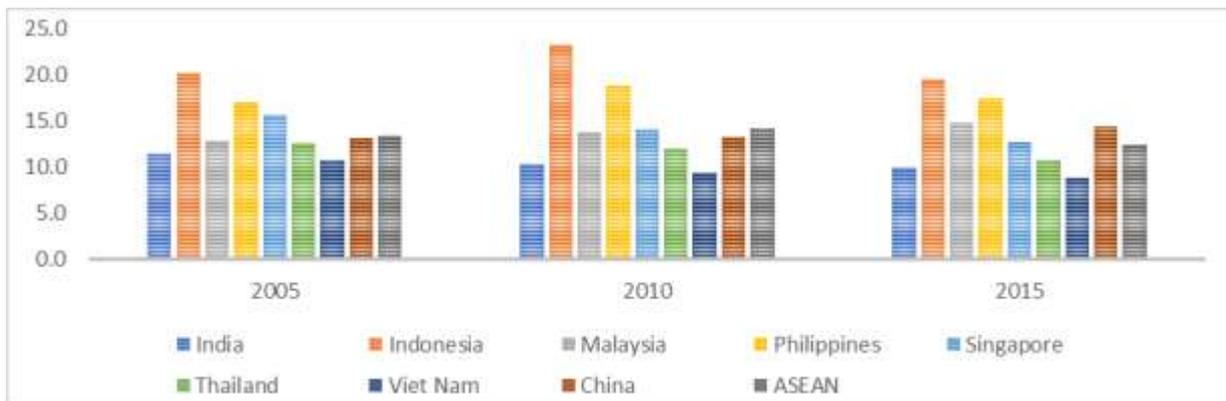
Source: <https://stats.oecd.org/index.aspx?queryid=75537#>

Table 1 illustrates the industry-wise decomposition of this participation to highlight how India fares in individual industries in its linkages with the world and with ASEAN. Several salient features can be observed. First, India’s backward participation rates in manufacturing are much higher than its forward participation rates, indicating that integration through imported

<sup>6</sup> Backward GVC participation is defined as foreign value added as a share of gross domestic exports. Forward GVC participation is defined as domestic value added in foreign exports as a share of gross domestic exports. It is to be noted that as these participation measures are as a share of gross domestic exports, they get scaled down for countries which have very high levels of gross domestic exports. Alternative measures are also used for forward participation in this article.

intermediates is greater than integration through the supply of intermediates and value-added content to partner's exports. Second, backward participation is much higher in certain manufacturing industries such as electronics, transport equipment, and chemicals and pharmaceutical products, reflecting India's dependence on imported intermediates in these industries. Third, the dependence on ASEAN as a source for most industries is at par with that of the world, indicating the presence of sourcing linkages with Asian suppliers in Indian manufacturing. Fourth, India's forward participation rates, although low in general, are higher with ASEAN than with the world for manufacturing as a whole and in several industries, indicating the potential to integrate with the ASEAN production network in manufacturing. Finally, we observe that for both ASEAN and India, backward linkages are stronger than forward linkages, indicating that sourcing for meeting domestic capacity requirements prevails over sourcing for further processing and exports by the other.

**Figure 2. Forward GVC Participation in Manufacturing for India, Selected ASEAN Countries and China, Selected Years (%)**



Source: <https://stats.oecd.org/index.aspx?queryid=75537#>

Figure 3 further shows that while there is significant sourcing among ASEAN countries in certain industries, India is not an important contributor to this regional network.<sup>7</sup> Its value-added contribution to ASEAN's exports has remained low and stagnant across all industries while that of most ASEAN member countries has increased over the 2005-2015 period, such as for

<sup>7</sup> Figure 3 provides an alternative measure of linkages by taking the value-added content of a supplier country in a country's exports in total value-added content sourced from the world in a country's exports. This shows the significance of a country in total sourcing for the purpose of exports. This measure overcomes the problem that arises in the standard GVC participation index where the domestic or foreign value added content is taken as a share of a country's gross exports, which can skew the shares downwards if gross exports are very large.

Vietnam in case of textiles and apparel, Singapore in chemicals and pharmaceutical products, and Thailand in transport equipment. This is also in contrast to China's contribution to ASEAN's exports, indicating that India is at a relative disadvantage compared to China in the ASEAN market. This may again point to the lack of FDI based export networks in sectors such as electronics, transport, and textiles, which are present in the case of ASEAN-China relations but not in the case of India,

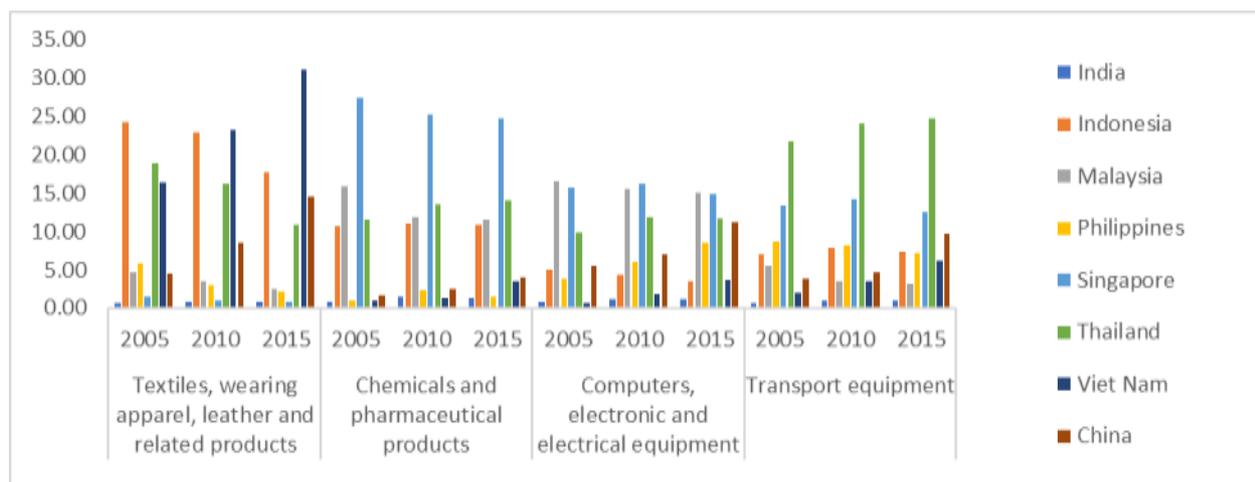
**Table 1. Industry-wise Breakdown of Backward and Forward Participation Rates for India, ASEAN and China, 2015 (%)**

Source/Destination	Industry/Sector	India		ASEAN	
		Backward	Forward	Backward	Forward
World	TOTAL (manufacturing cum services)	19.09	14.9	28.9	17.02
	Manufacturing	27.26	10.0	35.3	12.53
	Computers, electronic and electrical equipment	36.24	1.9	42.6	4.69
	Transport equipment	26.36	1.6	38.8	1.57
	Chemicals and pharmaceutical products	24.69	1.4	33.7	1.26
	Textiles, wearing apparel, leather and related products	16.39	1.1	33.2	0.94
ASEAN/India	TOTAL (manufacturing cum services)	18.96	27.54	22.96	12.21
	Manufacturing	29.34	17.81	29.14	9.42
	Computers, electronic and electrical equipment	36.22	5.96	42.45	0.68
	Transport equipment	25.26	1.11	37.92	0.72
	Chemicals and pharmaceutical products	24.69	2.38	33.72	1.37
	Textiles, wearing apparel, leather and related products	16.39	1.58	32.82	1.00

Source: <https://stats.oecd.org/index.aspx?queryid=75537#>

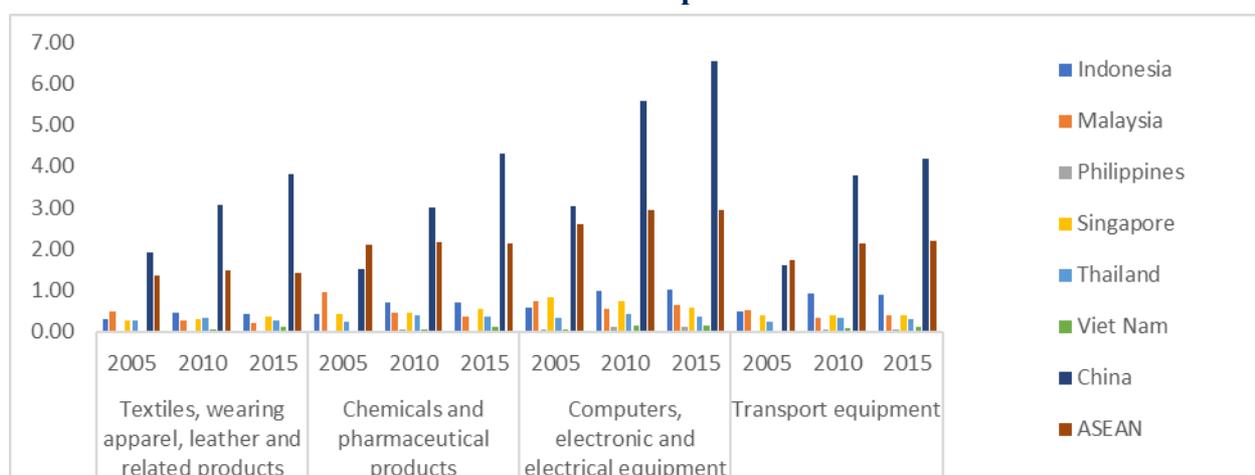
Figure 4 shows the share of value-added contributed by ASEAN countries in India's exports. Although this share is low, unlike the stagnant shares exhibited earlier for India in ASEAN's exports, we find that there is an increase in the case of some ASEAN member countries, such as Thailand and Malaysia and for ASEAN as a whole, in India's exports. Thus, there is an asymmetry in the relative importance of India in ASEAN's exports versus that of ASEAN in India's exports, indicative of the growing asymmetry in India-ASEAN gross trade relations which has led to India's rising bilateral trade deficit with ASEAN. Figures 3 and 4 also highlight China's growing importance as a source country in both India's and ASEAN's exports, thus pointing to India's lack of competitiveness relative to China in the ASEAN market.

**Figure 3. Value-Added Content of Countries as a Share of Value-Added Content of the World in ASEAN’s Exports for Selected Industries**



Source: <https://stats.oecd.org/index.aspx?queryid=75537#>

**Figure 4. Value-Added Content of Countries in India’s Exports as a Share of Value-Added Content of the World in India’s Exports for Selected Industries**



Source: <https://stats.oecd.org/index.aspx?queryid=75537#>

An examination of India-ASEAN relations in intermediate product exports, which is another way of understanding value chain linkage, reveals the potential for India to enter the ASEAN market through intermediate exports in industries such as electrical equipment and transport equipment. The latter have exhibited rising shares over the 2005-2015 period. It is also interesting to note that India’s penetration of ASEAN’s intermediates market in other industries such as chemicals & pharmaceuticals and textiles and apparel has been poor, while that of China has increased significantly, suggestive of India’s relative disadvantage compared to China in these manufacturing industries.

**Table 2. Domestic Value-added in Intermediate Exports of India, ASEAN, China to Selected partners (%)**

Industry/Sector	Exporter- India			Exporter- ASEAN			Exporter-China		
	Partner	2005	2015	Partner	2005	2015	Partner	2005	2015
TOTAL (manufacturing cum services)	ASEAN	9.2	10.82	India	4.72	5.97	ASEAN	8.25	11.71
	China	9.86	8.72	China	15.12	24.55	India	2.26	3.97
Manufacturing	ASEAN	8.21	8.58	India	3.35	4.61	ASEAN	7.96	11.57
	China	7.1	10.75	China	19.42	31.32	India	2.21	4.14
Textiles, wearing apparel, leather and related products	ASEAN	2.85	3.6	India	1.6	1.35	ASEAN	4.84	11.08
	China	3.61	18.37	China	6.42	20.22	India	1.83	1.95
Chemicals and pharmaceutical products	ASEAN	9.65	8.39	India	7.85	10.58	ASEAN	10.05	13.64
	China	11.78	10.03	China	24.78	37.3	India	7.35	14.96
Computers, electronic and electrical equipment	ASEAN	6.12	10.72	India	1.85	1.91	ASEAN	8.86	10.21
	China	3.99	7.55	China	28.71	48.26	India	1.52	2.76
Transport equipment	ASEAN	5.6	9.33	India	2.38	1.75	ASEAN	4.76	7.69
	China	0.41	1.18	China	1.58	4.64	India	0.7	1.45

Source: <https://stats.oecd.org/index.aspx?queryid=75537#>

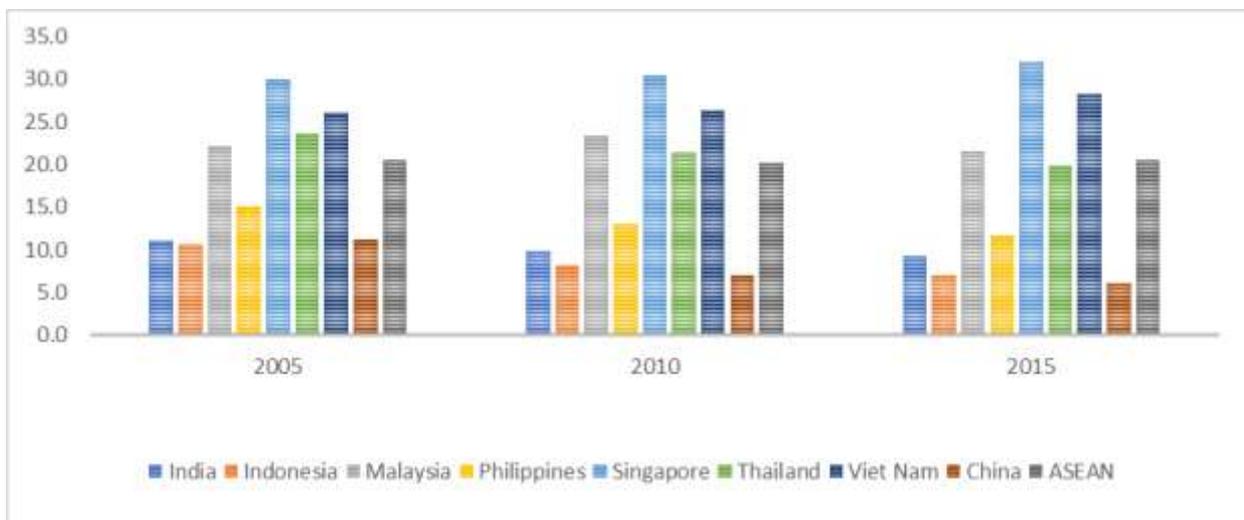
Thus, the overall evidence on GVC linkages, as measured by different indicators, suggests that there are untapped opportunities and areas where India-ASEAN relations can be increased in the manufacturing sector. From the Indian perspective, sectors such as transport equipment and electrical equipment show the most potential for strengthening linkages with ASEAN, while in sectors such as textiles and apparel and chemicals, India's position appears to be weaker compared to other partners such as China.

These trends are pertinent against the backdrop of the government's 'Make in India' initiative to increase manufacturing capacity and competitiveness as well as recent announcements following the pandemic, to increase self-reliance in several of these industries, along with the shifting strategies of some MNEs to relocate and diversify their investments from China to other countries. India and ASEAN nations could potentially leverage these developments by positioning themselves within different segments of these industries. This would require an understanding of the specific segments and parts of the value chain within each industry to identify where their strengths lie and in the bilateral context to identify areas of overlap and complementarity between India and ASEAN where value chain linkages, backward and forward, could be created and enhanced.

### 3. GVC Opportunities in Services for India and ASEAN

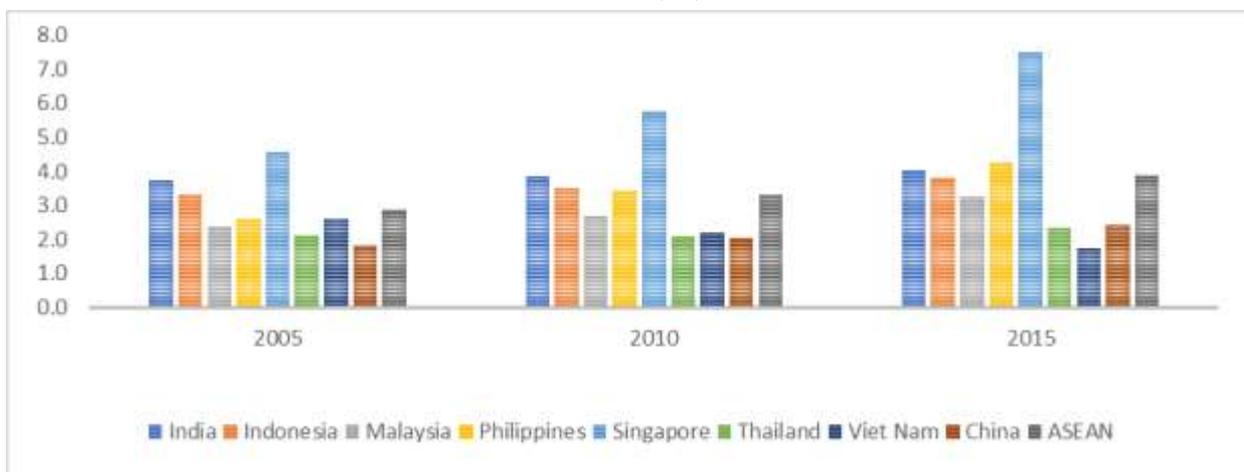
Most of the focus in India-ASEAN relations has been on manufacturing sector linkages. However, GVC opportunities in services warrant a closer look given the fact that India is relatively more competitive in services than in goods, as indicated by its higher penetration of global services compared to goods exports. Moreover, services are a sector where India has consistently sought market access under comprehensive agreements as a tradeoff for market access conceded in goods and thus establishing GVC linkages with FTA partners in services is important.

**Figure 5. Backward GVC Participation in Services for India, Selected ASEAN Countries and China (%)**



Source: <https://stats.oecd.org/index.aspx?queryid=75537#>

**Figure 6. Forward GVC Participation for India, Selected ASEAN Member Countries and China (%)**

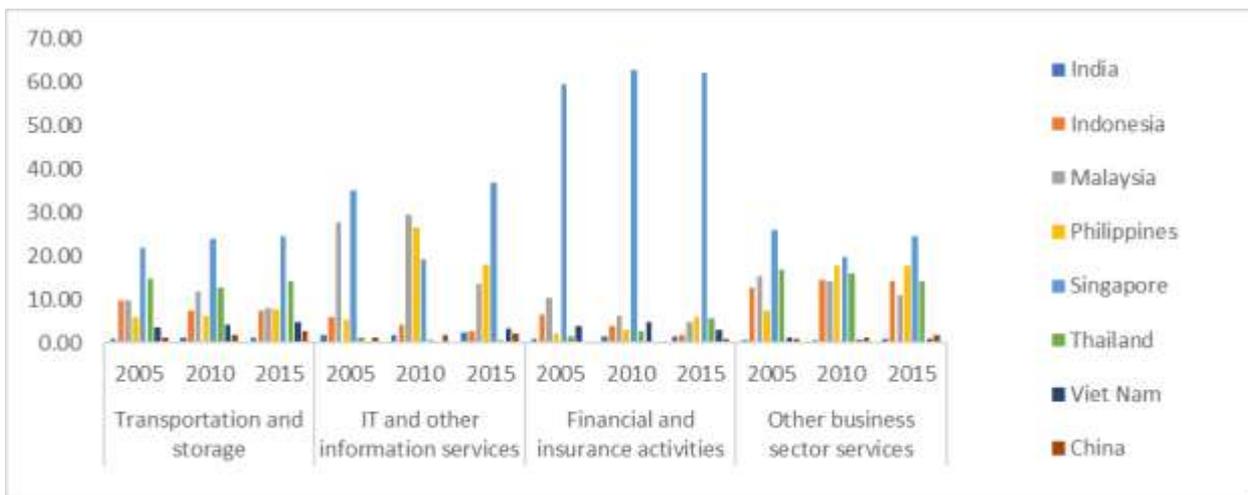


Source: <https://stats.oecd.org/index.aspx?queryid=75537#>

Data on the direction of gross trade flows in services provided by the Reserve Bank of India indicate that ASEAN countries, excepting Singapore, account for less than 1 per cent of India's services exports while the US and the UK remain its main markets, together accounting for over half of its services exports. In some services such as computer and information services, the US and the UK account for over 80 per cent of India's exports while ASEAN's share stands at less than 5 per cent. Similarly, this region accounts for a very small share in India's services imports, except for Singapore whose significance in India's services import basket has grown over time and spans a variety of subsectors.

An examination of GVC participation by India and ASEAN in services also reflects this low level of integration. Both backward and forward participation rates with the world are much lower for both India and ASEAN (excepting Singapore) in the service sector. These low participation levels are likely to reflect the many border and behind-the-border restrictions which impede services trade.

**Figure 7. Value-Added Content of Countries as a share of Value-Added Content of the World in ASEAN's exports in selected services subsectors (%)**

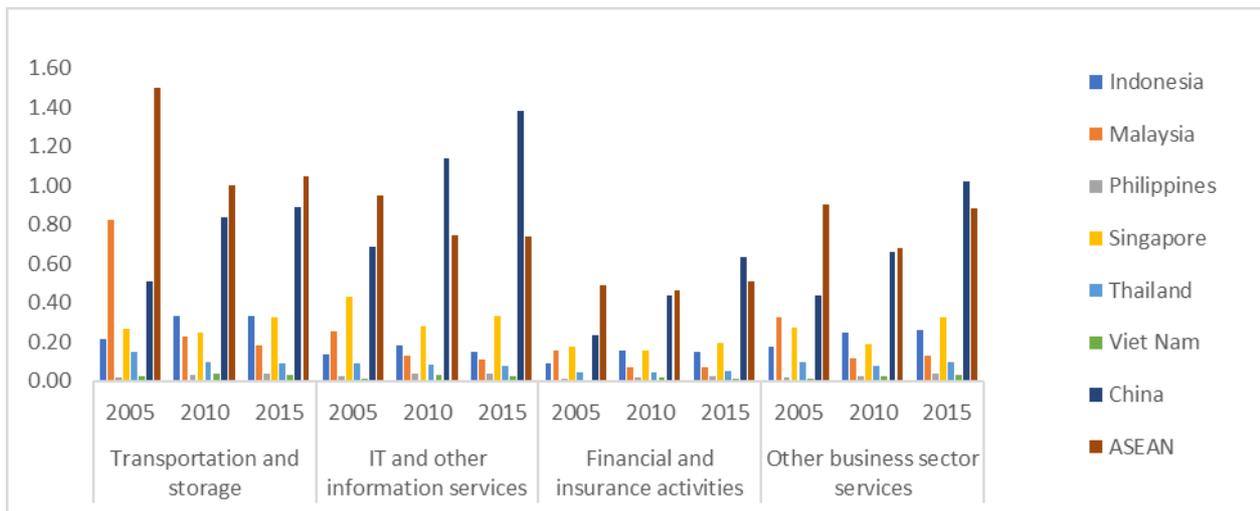


Source: <https://stats.oecd.org/index.aspx?queryid=75537#>

A similar picture emerges if one considers bilateral value chain linkages between India and ASEAN in services. India's value-added contribution to services exports of ASEAN members is extremely low and has not shown any increase over the 2005-2015 period, not even in subsectors such as IT and other business services where India is known to be competitive. This is in stark contrast to ASEAN member countries such as the Philippines in the case of IT and information services, Singapore in financial services (with very high shares), Malaysia and Singapore in

transport services, and Singapore and the Philippines in other business services. The contribution of ASEAN countries in the region's services exports has also grown over this period, indicating increased intraregional dependence on services. India's lack of penetration in the ASEAN market in services, even in its competitive areas, is suggestive of regulatory barriers as well as cultural and linguistic differences with ASEAN which are known to have hindered bilateral services relations.

**Figure 8. Value-Added Content of countries as a Share of the World in India's Exports of Selected Services (%)**



Source: <https://stats.oecd.org/index.aspx?queryid=75537#>

Figure 8 similarly indicates that the low levels of penetration also hold for ASEAN members in India's services sector. ASEAN members' shares are less than 2 per cent across all the services in the Indian market, the highest being in the subsector of transport services. Further ASEAN's value-added contribution in Indian services exports has either stagnated or declined over the period, while that of China, albeit with low shares, shows a much greater increase. These trends indicate India's lack of diversification in its trade relations in the service sector with the Asia-Pacific region, as well as the restrictions that prevail in India's services sector which impede the entry of foreign service providers.

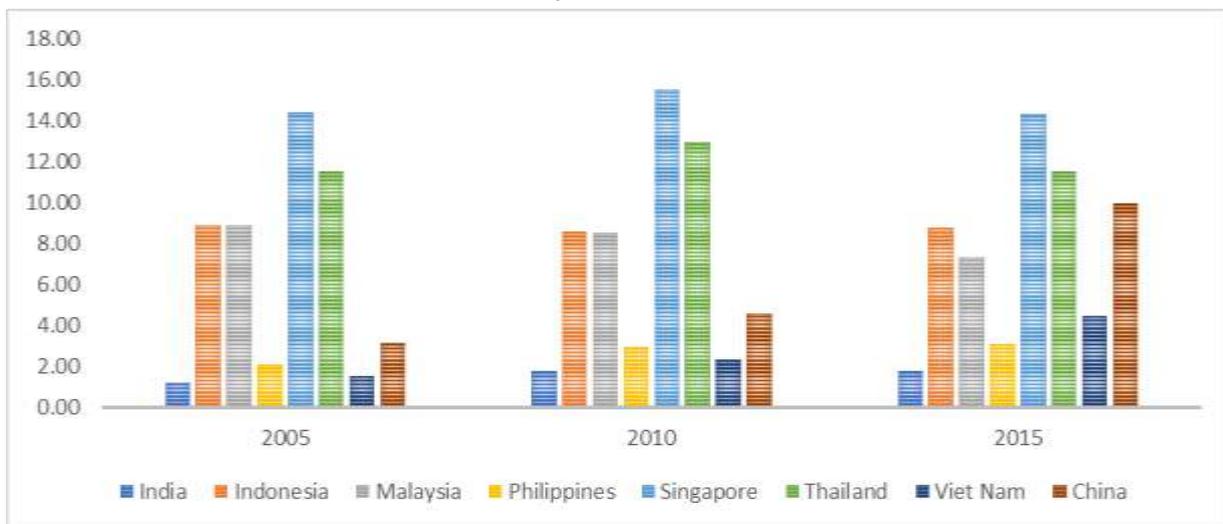
Overall, Figures 7 and 8 indicate that India-ASEAN value chain linkages in services are weak, the primary partner being Singapore. Further, as in the case of manufacturing, intraregional linkages within ASEAN are relatively stronger even in services and India has not been able to participate in this regional value chain. Hence, only if bilateral constraints and regulatory

barriers in services on both sides are addressed, can services linkages be strengthened between India and ASEAN.

### 3.1 Servicification Opportunities in Manufacturing

Another important aspect of the India-ASEAN services relationship is the possibility for India to provide services content in ASEAN’s manufacturing value chain, i.e., complement ASEAN’s relative strength in manufacturing with its strength in services. With growing servicification possibilities in many manufacturing industries, such as transport equipment, electronics, and even traditional ones such as textiles, India may be in a position to enter the ASEAN manufacturing network through services value-added content. Figures 9 and 10, respectively, illustrate the degree of servicification by India and ASEAN in each other’s manufacturing exports.

**Figure 9. Servicification of Manufacturing Exports from ASEAN by Country VAD Shares (%)**



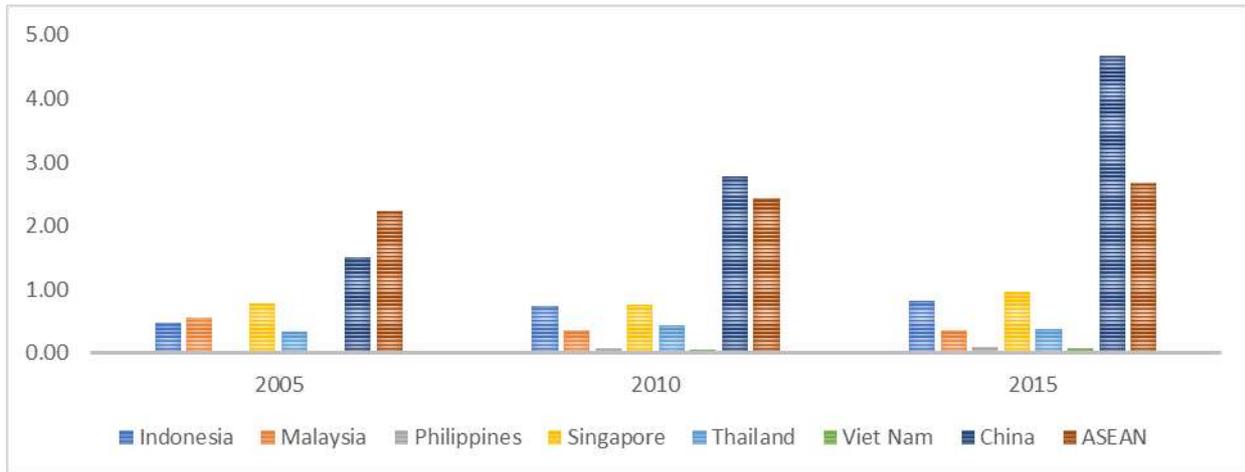
Source: <https://stats.oecd.org/index.aspx?queryid=75537#>

Note: This is measured by taking the services value-added by a country in ASEAN’s manufacturing exports relative to that contributed by the world.

As seen, the bilateral servicification linkage is very low. However, it is much higher among ASEAN members, particularly Singapore, followed by Thailand. India’s services VAD contribution in ASEAN manufacturing remains stagnant at around 2 per cent while that of China has increased from a little over 2 per cent to around 10 per cent over the 2005-15 period. Likewise, ASEAN’s services value-added share is only around 2 per cent in India’s manufacturing exports, although China’s has increased significantly (though still at low levels).

In short, while India and ASEAN exhibit low services contribution to each other's manufacturing sectors, this is not the case within ASEAN and in ASEAN's relations with China.

**Figure 10. Servicification of India's Manufacturing Exports by Country VAD shares (%)**



Source: <https://stats.oecd.org/index.aspx?queryid=75537#>

Note: This is measured by taking the services value-added by a country in India's manufacturing exports relative to that contributed by the world.

## 4. Future Strategies and Way Forward

The main insight that emerges from the preceding discussion is the presence of untapped opportunities for both India and ASEAN to integrate with each other in manufacturing as well as services. To summarize, from India's perspective, within manufacturing, there are opportunities to increase forward linkages in the transport equipment, electrical and electronics, while in services there are prospects in segments like IT and information services and other business services, including through VAD linkages to ASEAN manufacturing. However, for these potential opportunities to be realized, many barriers and bilateral constraints need to be addressed.

### 4.1 Domestic Measures

The overarching constraint stems from structural and policy-related factors in India,<sup>8</sup> which have led to India's low GVC participation rates, not only with ASEAN but also with the world. These factors include the low share of manufacturing in India's economy, especially India's lack of

<sup>8</sup> See, Kowalski et. al (2015)

manufacturing capacity in network products such as electronics and telecom where there is greater scope for intra-industry trade; India's relatively higher import tariffs; its inability to emerge as a manufacturing hub for foreign investors; and its high logistics costs, among other factors. Thus, the realization of value chain opportunities between India and ASEAN would in large part depend on domestic reform measures and initiatives taken by India to address these inadequacies and inefficiencies in its economy. Improving India's competitiveness in manufacturing will be the key to any GVC opportunities that can be created with partners like ASEAN.

For this purpose, one of the most important steps would be to attract more FDI in Indian manufacturing. This would enable the creation of both global and regional value chain linkages in the production process given the already strong MNE presence in several ASEAN countries and the production networks within ASEAN in several manufacturing industries. As the above evidence has highlighted, the lack of FDI-linked intra-industry manufacturing trade appears to be a limiting factor in India-ASEAN GVC relations. In this regard, recent steps by the Indian government to incentivize foreign companies to establish manufacturing units in segments such as electronics can provide the required fillip. However, integration through FDI-linked intermediate exports and imports with ASEAN would, in turn, require continued unilateral efforts to improve the business environment, in particular on dimensions such as contract enforcement, payment of taxes, logistics efficiency, and trade enabling infrastructure and introduction of WTO compliant incentives.

## **4.2 Bilateral Efforts**

Beyond these unilateral measures, steps will also be needed at the bilateral level through dialogue, cooperation, and the ASEAN-India FTA negotiations, as many of the constraints arising from market access and behind-the-border barriers on both sides. From the Indian perspective, this is particularly relevant in services where access for Indian service providers in key modes and subsectors is subject to restrictions arising from lack of mutual recognition, commercial presence conditions, and visa requirements. However, overlapping and competing interests between India and some ASEAN member countries could make progress difficult on certain issues, some of which have been difficult to address even among ASEAN members.

A way forward in this regard would be to focus bilateral discussions on an issue of mutual interest, which is investment facilitation, both by third parties and by each other's companies. In the post-Covid period, investment and associated employment and value creation in the domestic

market will become even more important. Focus on investment facilitation would be well-aligned with India's thrust on boosting manufacturing, developing Champion Services and undertaking ease of doing business related reforms. It would also be consistent with ASEAN's thrust on attracting FDI to the region and on creating a strong regional production network. Stronger FDI relations between India and ASEAN, due to the presence of third-country MNEs or each other's companies, would enable greater backward and forward integration between the two sides by promoting trade in intermediates and harmonization of standards and could provide a push to reducing NTMs and undertaking trade facilitation measures on both sides. Outward FDI by Indian services companies in the ASEAN region could enable exploitation of synergies between manufacturing industries like IT hardware, electronics, automotive on one hand and IT and IT-enabled services on the other, between overseas commercial presence and movement of its professionals' services. Going forward, a detailed examination of individual industries and services and segments within each is needed to identify opportunities and constraints that can be addressed through a combination of domestic measures and bilateral discussions.

### **4.3 Need for Coherence**

While bilateral and unilateral measures could help India improve its GVC linkages with the world and with the ASEAN region, there needs to be a coherent approach in India's trade and industrial policies. Increasingly, there appears to be dissonance between the two which does not bode well for seizing new GVC opportunities.

In recent years, India has become more cautious. Its last three budgets have increased customs duties across a range of products. According to the WTO, trade-restrictive measures implemented during October 2018-19 affected 3.84 per cent of world merchandise imports, of which India alone accounted for 22 per cent of the total impact, second only to the US. Even though the tariff hikes thus far affect only a small share of India's overall imports, these are not consistent with India's goal of increasing GVC participation. Even small tariffs can disrupt such integration by reducing import competition and making imports of intermediate goods more costly, thus raising input costs for exporters and rendering them uncompetitive. Thus, alongside addressing domestic distortions, India must continue to liberalize imports and exports.

Recent calls for self-reliance, what could be termed the "New Import Substitution" and measures to reduce imports from China in segments such as electronics, similarly pose a challenge to India's objectives of GVC integration and of becoming a manufacturing hub. Such steps could put India at a competitive disadvantage, particularly with ASEAN countries that have

strong sourcing linkages with China. While the introduction of production-linked incentive and cluster schemes is welcome, the approach taken should be coherent to ensure competitiveness and GVC integration rather than creating inward-looking, high-cost and inefficient entities which are shielded by tariff protection and cushioned by incentives. Thus, trade liberalization undertaken by India in the past three decades and benefits therefrom should not get undone.

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## About AIC

Considering the work of the ASEAN-India Eminent Persons Group (AIEPG), and its Report with recommendations for forging a closer partnership for peace, progress and shared prosperity, the Heads of the State/Government of ASEAN and India at the ASEAN-India Commemorative Summit 2012, held at New Delhi on 19-20 December 2012, recommended the establishment of ASEAN-India Centre (AIC), which was formally inaugurated by the External Affairs Minister of India on 21 June 2013 at RIS. AIC serves as a resource centre for ASEAN Member States and India to fill the knowledge gaps that currently limit the opportunities for cooperation. The AIC is closely working with the Ministry of External Affairs (MEA), Government of India to undertake and disseminate evidence-based policy research and provide policy recommendations.

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