India Exim Bank

Working Paper No: 149

# STRENGTHENING REGIONAL COOPERATION AND TRADE IN ASIA PACIFIC

**EXPORT-IMPORT BANK OF INDIA**

**WORKING PAPER NO. 149**

# Strengthening Regional Cooperation and Trade in Asia Pacific

*India Exim Bank's research publications are an attempt to disseminate the findings of research studies carried out in the Bank. The results of research studies can interest exporters, policy makers, industrialists, export promotion agencies as well as researchers. However, views expressed do not necessarily reflect those of the Bank. While reasonable care has been taken to ensure authenticity of information and data, India Exim Bank accepts no responsibility for authenticity, accuracy or completeness of such items.*

# CONTENTS




**Project Team: Research and Analysis Group**

Dr. Viswanath Jandhyala, Deputy General Manager

Ms. Alfiya Ansari, Manager

Mr. Siddharth Nema, Manager

# LIST OF TABLES

# LIST OF CHARTS

# LIST OF EXHIBITS

# *Executive Summary*

The Asia-Pacific region is a vital and diverse economic powerhouse, encompassing East Asia, Southeast Asia, South Asia, Oceania, and parts of North and Central Asia. With a population exceeding 4.4 billion, the region is a key driver of the global economy, contributing about 35% of world GDP through its deep integration in global supply chains across manufacturing, electronics, textiles, and digital services. The region's strategic importance is enhanced by its busy maritime corridors, manufacturing clusters, natural resources, and expanding consumer markets.

The study focuses on select Asia Pacific economies, namely Australia, China, India, Indonesia, Japan, South Korea, Malaysia, Philippines, Thailand, Türkiye, and Vietnam. Collectively, these countries accounted for approximately 90% of the region's GDP and around 85% of its population in 2024. For the purpose of analysis, in this study, these economies will serve as representation of the broader Asia-Pacific region.

In recent decades, the Asia-Pacific region has emerged as the epicentre of global economic growth. However, the region exhibits significant economic diversity. China's economy is transitioning to slower, consumption-led growth after rapid expansion driven by manufacturing and investment, while India's economy is growing rapidly with strong domestic demand and digitalization fuelling its expansion. Advanced economies in the region tend to have slower growth. Many Southeast Asian countries maintain steady, export-oriented growth supported by foreign investment.

From high-tech manufacturing hubs to resource-rich economies, economies of the Asia- Pacific region have carved out strategic roles in global supply chains, shaping trade flows across continents. The trade profiles of these select countries reflect not only the scale of their production capabilities but also the sophistication of their trade networks, policy frameworks, and financial institutions. Together, they account for more than 30% of global trade and 70% of region's total trade, underscoring their collective influence in a range of sectors.

### *Intra-Regional Trade of Asia Pacific*

Intra-regional exports among the select Asia Pacific economies has grown steadily over the past decade, expanding from US$ 1.6 trillion in 2015 to US$ 2.5 trillion in 2024, reflecting deeper regional integration and the strengthening of production networks. Exports peaked in 2022 at US$ 2.6 trillion, before moderating in 2023 and slightly recovering in 2024, which mirrors the impact of global supply chain disruptions, inflationary pressures, and uneven post-pandemic recovery across economies.

Some of the economies of the Asia Pacific serve as major exporters of manufactured goods and technology-intensive products, while others, including resource-rich Australia and Indonesia, supply raw materials and energy inputs. At the same time, several emerging economies, including India, Vietnam, and Philippines, are increasingly positioned as both consumers of imports and contributors to export growth through labour-intensive and value-added goods.

The intra-regional export basket of the select economies is highly diversified but continues to be dominated by technology-intensive sectors. In 2024, electrical machinery and equipment (HS-85) led with exports worth US$ 598.5 billion, accounting for 23.6% of total intra-regional exports. Importantly, the region accounted for 34.6% of total world exports in this category, reflecting the region's deep integration into global and regional value chains

for electronics and semiconductors. Similarly, machinery and mechanical appliances (HS-84) contributed nearly 11.9% to total intra-regional exports, with a 29.8% share of global exports, reinforcing the Asia's dominance in industrial and capital goods.

Traditional resource-based commodities also maintained strong positions. Mineral fuels and oils remained a critical intra-regional export item at US$ 201 billion in 2024 and accounted for almost 45.7% of global exports, reflecting energy demand cycles and price volatility. Ores, slag, and ash at US$ 110 billion (4.3% share in total intra-regional exports) demonstrated the significance of raw material supplies from Australia and Indonesia, with an exceptionally high, 91% share in global exports.

Mid-range manufactured and industrial goods also strengthen the intra-regional trade. Vehicles (HS-87) reached US$ 113.4 billion (4.5% share in intra-regional exports), though their global share remains relatively modest at 20%, reflecting the fact that Asia's auto trade is more diversified across global markets. Iron and steel and plastics also featured prominently, contributing 3.8% and 4.3% of intra-regional exports respectively, with strong intra-Asia flows driven by industrial supply chains. Likewise, organic chemicals and inorganic chemicals recorded global shares of 43.9% and 50.4% respectively, reinforcing the region's centrality in the supply of chemical intermediates.

In 2024, China emerged as the largest partner within the select economies, supplying US$ 1.01 trillion, or nearly 40% of total intra-regional exports. This underlines China's pivotal role as the central market for goods produced within the region. Other leading exporters among the select economies included South Korea (US$ 300.6 billion) and Japan (US$ 288.5 billion), reflecting their strong base for producing intermediate goods and high-technology products for regional partners. Vietnam (US$ 202.6 billion) and Australia (US$ 198 billion) each accounted for about 8% of intra-regional exports, highlighting Vietnam's rising importance as a manufacturing hub and Australia's role as a resource rich nation. Indonesia (US$ 161.1 billion), Malaysia (US$ 140.4 billion), and Thailand (US$ 130.5 billion) together represented a significant share in exports, indicating the depth of Southeast Asia's integration into regional production and consumption networks.

India's intra-regional exports to these select economies were valued at US$ 66.7 billion, about 2.6% of the total intra-regional exports. While modest compared to East Asian economies, this still reflects a growing role for India within Asia. As its industrial base strengthens, India's share as a source for intra-regional exports is expected to rise. Philippines (US$ 32.9 billion) and Türkiye (US$ 9.4 billion) accounted for smaller but notable shares, underscoring the broad reach of these trade flows across both core and peripheral members of the group.

## Value Chain in Asia Pacific

Global Value Chains (GVCs) have become essential to modern manufacturing and international trade by organizing production across multiple countries, allowing firms to optimize efficiency and access specialized capabilities. Enabled by advances in telecommunications, computing, logistics, and trade liberalization, GVCs coordinate production stages globally, facilitating specialization based on comparative advantage and fostering productivity and innovation. This interconnected framework has transformed competition and collaboration into complex networks involving global production hubs and regional value chains, with increasing emphasis on knowledge-intensive services like design and IT. As trade costs fall and digital technologies evolve, GVCs continue to drive economic growth, technological progress, and employment worldwide.

### *GVC Positioning of Asia Pacific*

The Global Value Chain Position Index is a quantitative indicator that measures a country's relative position within GVCs. It captures whether a country is primarily engaged in upstream activities, such as supplying raw materials and intermediate goods, or downstream activities, such as assembly, marketing, and final product distribution. Movement from downstream to upstream positions suggests growing domestic innovation, R&D intensity, and integration into high-value activities.

Economies such as Türkiye (1.0715), Australia (1.0262), and Japan (1.0199) indicate an upstream orientation,

indicating specialization in supplying intermediate goods, raw materials, and high-technology components. This positioning aligns with their comparative advantages, viz. advanced manufacturing in Japan, resource-intensive exports in Australia, and diversified industrial production in Türkiye. In contrast, economies such as China (0.9567), Malaysia (0.9866), Vietnam (0.9612), Indonesia (0.9598), and South Korea (0.9537) occupy midstream positions, engaging across multiple stages of production. These countries integrate imported intermediates into globally traded final products, supported by strong manufacturing ecosystems, FDI inflows, and efficient logistics. Meanwhile, India (0.8862), Thailand (0.8973), and Philippines (0.9453) remain downstream, focusing on assembly and final goods production. Their dependence on imported inputs signals opportunities for industrial upgrading.

### *Domestic and Foreign Value Added in Gross Exports*

At one end of the spectrum, Australia (90.8%), Indonesia (88.8%), China (84.1%), and Japan (79.1%) exhibit high levels of domestic value added in their gross exports. These figures suggest that a large proportion of the value of their exports is generated domestically, indicating relatively lower dependence on imported intermediate goods.

Countries including India (76.2%), Philippines (75.4%), and Türkiye (74.8%) occupy an intermediate position, with domestic value-added accounting for around three-quarters of their gross exports. This reflects a balance between domestic production capabilities and reliance on imported inputs.

In contrast, South Korea (64.5%), Malaysia (64.6%), Thailand (63.3%), and Vietnam (54.6%) show significantly lower shares of domestic value added and correspondingly higher foreign content in their exports. This indicates a deeper integration into transnational production networks, where these economies act as assembly and processing hubs within broader global supply chains.

### *Sector - wise contribution of foreign value added (FVA) in gross exports*

Manufacturing dominates the foreign value-added (FVA) content in exports of the Asia Pacific region, especially in Vietnam (48.1%), Thailand (42.6%), Malaysia (42.7%), and South Korea (40.5%). Even countries like India (35.8%) and Japan (25.8%) showcases manufacturing as the primary contributor to FVA, highlighting its integral role in global production fragmentation. Other sectors such as construction and utilities (electricity, gas, and water) also have significant foreign input shares, particularly in middle-income economies where infrastructure development depends heavily on imported machinery and materials. Agriculture, forestry, and fishing show notable foreign input use in countries like Vietnam, Malaysia, and Thailand, reflecting growing agri-food chain integration. Resource-rich nations such as Australia and Indonesia exhibit lower FVA in agriculture, indicating stronger domestic sourcing.

Services, including public administration, education, and health, contribute an increasing share of FVA, especially in advanced economies like Australia and Malaysia, marking the growing 'servicification' of manufacturing. The varied sectoral distribution underscores that GVC integration levels differ widely across industries, with manufacturing, construction, and utilities heavily reliant on foreign inputs.

### *Agglomeration in Asia Pacific*

Agglomeration refers to the spatial and functional concentration of economic activities within and between sectors, leading to increased productivity through shared infrastructure, specialized suppliers, skilled labour pools, and knowledge spillovers. In global and regional production networks, agglomeration is a critical driver of industrial competitiveness and positioning within value chains.

### *Backward and Forward Agglomeration*

Backward agglomeration quantifies the extent to which a sector draws inputs from domestic suppliers relative to global averages. A high backward agglomeration index (greater than one) signals strong domestic supply linkages that support sectoral growth. Forward agglomeration measures the extent to which the sector's output is utilized by other domestic industries compared to global averages. High forward agglomeration means a sector's products

are deeply integrated within the domestic economy. By plotting backward and forward agglomeration, sectors can be categorized into four quadrants reflecting different profiles of domestic integration and export orientation:

- Quadrant I: Strong domestic integration with high backward and forward agglomeration, indicating deep and well-developed domestic value chains.
- Quadrant II: Import-dependent but domestically embedded, where sectors rely on imported inputs but serve domestic industries, showing potential for input substitution and supplier development.
- Quadrant III: Weak domestic linkages with high import dependence and minimal domestic absorptions, signifying limited internal value capture.
- Quadrant IV: Export-oriented sectors sourcing inputs domestically but focusing on external markets, reflecting strong upstream linkages but limited domestic spillovers.

### *Sectoral Relevance and Analysis*

The quadrant based agglomeration analysis examines following five strategically important sectors representing a range of labour intensity, technological complexity, and value chain characteristics:

#### *1. Textiles and Textile Products*

This labour-intensive, export-oriented sector is foundational to the industrialization process in many Asia Pacific economies. It connects closely with agriculture (e.g., cotton, natural fibers) and small-scale manufacturing, driving employment and rural industrialization. Economies such as India, Japan, Australia, South Korea, Malaysia, Indonesia, Türkiye, and the Philippines exhibit high levels of both backward and forward agglomeration, reflecting mature and self-sustaining domestic textile value chains supporting downstream industries like garments and fashion. These countries benefit from strong internal linkages, reducing vulnerability to external supply shocks.

In contrast, China and Thailand, positioned in the import-dependent but export-oriented quadrant, produce textiles largely for export with less integration into domestic downstream industries. Vietnam shows limited domestic input and output integration, relying heavily on imported raw materials and focusing predominantly on exports.

#### *2. Electrical and Optical Equipment*

This high-technology sector is central to the electronics and semiconductor value chains, characterized by regional fragmentation and cross-border trade. India, Australia, China, Türkiye, and Indonesia demonstrate high backward and forward agglomeration, indicating self-sustaining ecosystems sourcing inputs domestically while supplying other industries like machinery and communications. India benefits from initiatives like 'Make in India' that promote local component manufacturing.

Japan displays a unique pattern with strong domestic sourcing (high backward agglomeration), while mainly exporting finished goods (low forward agglomeration), aligning with its specialization in high-end components. Malaysia, Philippines, South Korea, Vietnam, and Thailand lie in the quadrant with limited domestic integration, heavily dependent on imported intermediates, reflective of assembly-oriented export models with modest local value addition.

#### *3. Chemicals and Chemical Products*

China, India, Indonesia, the Philippines, and Australia exhibit high backward and forward agglomeration, demonstrating well-integrated chemical sectors that are self-reliant in inputs and major suppliers to downstream industries like pharmaceuticals, plastics, and fertilizers. India’s diversified chemical industry underpins its wider manufacturing ecosystem. Conversely, Malaysia, Japan, South Korea, Vietnam, and Thailand show lower

integration, dependent more on imports with limited domestic supply chains.

### *4. Basic and Fabricated Metal*

China and Indonesia possess well-developed metal industries with both high backward and forward agglomeration, indicating self-sustaining industrial ecosystems foundational for downstream industries such as machinery, construction, and electronics. Indonesia's metallurgical sector benefits from mineral resource endowments and policies targeting downstream value addition. India and Philippines show expanding domestic integration as metal suppliers, despite some reliance on imported intermediates.

Japan, Malaysia, and Australia have export-oriented metal sectors with strong domestic input sourcing but limited reinvestment of outputs domestically, while Türkiye, South Korea, Vietnam, and Thailand show weak domestic metal sector integration, reliant on imported inputs and embedded in global manufacturing chains.

### *5. Transport Equipment*

China is a standout in this sector with high backward and forward agglomeration, reflecting a robust domestic supply chain that supports downstream industries including logistics and construction. China's automotive and rail manufacturing sectors demonstrate high self-sufficiency.

India, Malaysia, Indonesia, Philippines, and Australia exhibit strong domestic sourcing but focus largely on exports rather than domestic consumption. India's transport equipment sector benefits from local suppliers with production oriented towards international markets. Malaysia and Indonesia integrate into global automotive value chains, underscoring production for exports. Vietnam, with low backward but high forward agglomeration, indicates increasing domestic use of outputs while still relying on imported inputs, signifying its role as an assembly hub in automotive and electronics within global value chains.

South Korea, Japan, Türkiye, and Thailand have low backward and forward agglomeration, reflecting limited domestic linkages. Despite leading global automotive and shipbuilding industries, South Korea and Japan rely on imported specialized inputs and focus on exports, while Türkiye and Thailand remain export-focused assembly points dependent on imports.

### *Activities of Export-Import Bank of India in Asia Pacific*

In line with the Government of India's focus, the Asia-Pacific region has been a focus for India Exim Bank, and thus a critical component of its strategy to promote and support two-way trade and investment flows. India Exim Bank's commitment towards building relationships with the region is reflected in the various activities and programmes, which India Exim Bank has set in place. India Exim Bank plays a critical role and is committed towards supporting GOI's initiatives in promoting strategic partnerships with countries in different regions and especially those in the Asia-Pacific region. This is achieved through continuous engagement with partner countries at bilateral, regional and multilateral levels, and financing and supporting of projects of national importance, thereby strengthening India's role as a development partner in the region. Within Asia, India Exim Bank has a representative office in Dhaka, Dubai and Singapore which play a key role in facilitating economic cooperation with the region and are closely associated with several of the Bank's initiatives.

### *Lines of Credit*

To enhance bilateral trade and investment relations with partner countries, and as a part of its financing programmes, India Exim Bank has extended several Lines of Credit (LOCs) to overseas sovereign governments or their nominated agencies, national or regional development banks, overseas financial institutions, commercial banks abroad, and other select overseas entities, to enable buyers in those countries to import developmental and infrastructure projects, equipment, goods and services from India, on medium and long term credit basis.

As on September 30, 2025, the total number of operative LOCs to the Asia-Pacific region stood at 54, extended to 11 countries, namely Bangladesh, Cambodia, Fiji, Lao PDR, Maldives, Mongolia, Myanmar, Nepal, Papua New Guinea, Sri Lanka and Vietnam, for supporting projects such as setting up of transmission lines, railway tracks, water treatment plants, petroleum refinery and sugar industry, and amounted to over US$ 14.8 billion, with all these LOCs denominated in USD. Additionally, in July 2025, at the behest of the Government of India, India Exim Bank extended its first-ever INR-denominated LOC to the Maldives, amounting to ₹ 48,500 million. This milestone underscores India's ongoing commitment to promoting the use of local currency in international trade and financial transactions.

### *Overseas Investment Finance*

India Exim Bank supports Indian companies in their endeavour to globalise their operations, through overseas joint ventures (JVs) and wholly owned subsidiaries (WOS). Such support includes loans and guarantees, equity finance and in select cases direct participation in equity along with Indian promoters to set up such ventures overseas. These ventures serve to promote value addition, as also contribute to capacity building and capacity creation in host countries. As on September 30, 2025, India Exim Bank through its overseas investment finance programme has supported over 150 such ventures, set up by Indian companies in 18 countries in the Asia-Pacific region namely, Australia, Bangladesh, China, Singapore, Hong Kong, Indonesia, Japan, Kazakhstan, South Korea, Malaysia, Myanmar, Nepal, Papua New Guinea, Sri Lanka, Taiwan, Thailand, Tajikistan, Uzbekistan and Vietnam, with an aggregate sanction amount of INR. 17,241.7 crore.

### *Trade Assistance Programme*

Recognising the need to increase the availability of both traditional and new trade finance instruments, India Exim Bank has developed its trade facilitation initiative, the 'Trade Assistance Programme (TAP)' in 2022 to address the growing trade finance gap, particularly in the MSME sector. Under TAP, the Bank has supported 912 transactions aggregating to approximately US$ 1.4 billion, including 899 trade transactions and the balance 13 transactions in form of export credits lines / refinance facilities amounting to over US$ 1.1 billion extended to Banks and FIs in the Asia-Pacific region. The countries covered under TAP within the region, include Bangladesh, Bhutan, Indonesia, Malaysia, Nepal, Sri Lanka, Tajikistan and Thailand.

### *Facilitating Trade through Institutional Linkages*

India Exim Bank is a founding member of the Global Network of Exim Banks and Development Financial Institutions (G-NEXID), formed in 2006 to promote long-term cooperation, knowledge sharing, and financial linkages among developing countries. The network has 25 members worldwide, including China Exim Bank, Indonesia Exim Bank, Exim Thailand. Further, the Bank provides consultancy and technical assistance on capacity creation, institutional strengthening, export development, and export capability building. Notable projects include regional cooperation study for UNESCAP, strategy development for SAARC Development Fund, national export strategy formulation for Myanmar, and export marketing seminars for SMEs in Vietnam. Additionally, leveraging decades of experience, India Exim Bank advises developing countries on export finance frameworks and institutional strengthening. An example is the consultancy for Sri Lanka Export Credit Insurance Corporation (SLECIC), where it reviewed policies and recommended improvements to enhance export competitiveness and credit flows.

### *Way Forward and Policy Recommendations*

As the global economic landscape undergoes rapid transformation, the Asia-Pacific region stands at a pivotal juncture. With its vast population, diverse economies, and increasing technological capabilities, the region has the potential to lead the global growth. To do so, countries in Asia Pacific must adapt to emerging trends and strategically position themselves to harness new opportunities. A few policy catalysts that could offer promising pathways for sustainable and inclusive development include i) advancing regional trade and investment integration through regulatory harmonization, policy alignment, and institutional strengthening; ii) improving supply chain connectivity by promoting digital transformation, innovative financing tools, and stronger public-private and

regional collaboration; iii) accelerating infrastructure development and modernization through digital integration, sustainable financing mechanisms, and targeted capacity-building;  iv). facilitating the transition to a services-led growth model in Asia Pacific by investing in education and digital infrastructure and promoting cross-border trade agreements; v). accelerating digital transformation across Asia Pacific by expanding digital infrastructure, broadband access, and next-generation networks; vi). establishing a coordinated regional framework to expand renewable energy integration through cross-border power trading, joint technology development, and blended finance mechanisms; vii). promoting the expanded use of local currencies in cross-border trade and finance across Asia Pacific; and viii). prioritizing building an integrated regional framework that promotes sustainable growth.

Chapter 1

# Background

The Asia-Pacific region is one of the most dynamic, diverse, and strategically important regions in the world. It spans a vast geographical area that includes East Asia, Southeast Asia, South Asia, Oceania, and parts of North and Central Asia. With a population exceeding 4.4 billion, the region plays a central role in shaping global economic, technological, and geopolitical developments. The region contributes significantly to global GDP, manufacturing output, and trade volumes. The region's demographic profile is diverse, with both aging populations and large youth cohorts, influencing labour markets, consumption patterns, and policy priorities.

## Drivers of Growth and Transformation

Over the past decades, Asia Pacific has experienced sustained economic expansion, supported by export-led growth, infrastructure investment, and technological innovation. Urbanisation has accelerated, with cities becoming hubs of economic activity and innovation. Digital transformation is reshaping industries, trade and transactions with widespread adoption of mobile technologies, e-commerce platforms, and fintech solutions.

The region's economies share common growth drivers, including trade liberalisation, regional supply chain integration, and investment in education and human capital. These factors have fostered increased interdependence in areas such as energy, finance, and logistics, making regional cooperation more critical than ever.

## Strategic Importance of the Region

The Asia Pacific region is crucial for the global economy, contributing nearly 35% of world GDP and powering much of today's growth. Its economic strength rests on deep integration into global supply chains, spanning advanced manufacturing, electronics, textiles and the fast-growing realm of digital services, and on its leadership in technology, research and development. This combination of scale and innovation makes the region both a source of goods and a generator of new technologies that shape global markets.

The region contains some of the world's busiest maritime corridors, dense manufacturing clusters, abundant natural resources and rapidly expanding consumer markets. These resources make Asia Pacific indispensable to global trade, investment and value chains.

At the same time, structural weaknesses limit the region's full potential. Persistent development gaps, uneven infrastructure, and regulatory fragmentation raise transaction costs, slow cross-border investment and leave supply chains vulnerable to shocks. Addressing these frictions is essential to unlock higher levels of intra-regional trade, resilient production networks and inclusive growth.

Further, Asia Pacific's strategic significance extends beyond economics. Strengthened regional institutions, improved connectivity, regulatory harmonization and coordinated climate and disaster strategies will not only boost prosperity but also enhance stability and resilience. Deeper integration in Asia Pacific is thus, both an economic opportunity and a strategic imperative for regional and global well-being.

## Evolution of Regional Cooperation

Over the decades, the Asia Pacific has witnessed the emergence of various regional frameworks and institutions aimed at promoting economic integration and cooperation. Major regional cooperation agreements in the Asia Pacific region include:

## ASEAN (Association of Southeast Asian Nations)

***Founded: 1967***

***Member Countries: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.***

ASEAN which was established with the signing of the ASEAN Declaration (Bangkok Declaration), promotes regional stability, economic cooperation and social-cultural collaboration among Southeast Asian states. Through instruments such as the ASEAN Economic Community, the bloc advances trade facilitation, connectivity, and harmonized standards to deepen market integration. ASEAN's consensus-driven institutions (Summits, Ministerial Councils and a permanent Secretariat) support cooperation on infrastructure, digital transformation and supply-chain resilience. While ASEAN has significantly expanded intra-regional trade and policy coordination, differences in capacity and political systems mean implementation varies across members, underscoring the need for targeted technical and financing support.

## Pacific Islands Forum

***Founded: 1971***

***Member Countries: Australia, Cook Islands, Federated States of Micronesia, Fiji, French Polynesia, Kiribati, Nauru, New Caledonia, New Zealand, Niue, Palau, Papua New Guinea, Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.***

The Pacific Islands Forum, founded in 1971 and served by the Forum Secretariat, unites 18 Pacific members and territories under a "Blue Pacific" vision prioritizing resilience, sustainable development and regional security. Given acute climate vulnerability and small-state dynamics, the Forum emphasizes pooled diplomacy, ocean governance, disaster preparedness and partnership mobilization to secure finance and technical assistance while safeguarding cultural and environmental sustainability.

## APTA (Asia-Pacific Trade Agreement)

***Founded: 1975***

***Member Countries: Bangladesh, China, India, Lao PDR, the South Korea and Sri Lanka***

APTA, formerly the Bangkok Agreement with secretarial support from UN-ESCAP promotes preferential, development-oriented trade liberalization among developing Asia Pacific economies. Focused on reciprocal tariff concessions, rules of origin and trade facilitation, APTA combines tariff liberalization with technical assistance to help members integrate into regional value chains. Members represent developing and emerging economies with shared interests in progressive, capacity-sensitive liberalization. UN-ESCAP's stewardship emphasizes monitoring, research and assistance to strengthen implementation, helping smaller members overcome institutional and infrastructure constraints to benefit from incremental market access.

## APEC (Asia-Pacific Economic Cooperation)

***Founded: 1989***

***Member Countries: Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Taiwan, Thailand, USA and Vietnam.***

APEC is a non-binding, voluntary forum of 21 Pacific-rim economies focused on trade and investment liberalization, business facilitation and economic-technical cooperation. It pursues practical, project-based reforms, customs

modernization, digital readiness, SME support and regulatory cooperation through working groups and an operational Secretariat. By convening public and private stakeholders, APEC pilots good practices and capacity-building that complement formal trade agreements and lower transaction costs across diverse member economies.

## SAARC (South Asian Association for Regional Cooperation)

***Founded: 1985***

***Member Countries: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.***

SAARC, established by a Charter, provides a platform for South Asian cooperation in economic, social and technical domains. Its institutional architecture (Summits, Council of Ministers and a Kathmandu-based Secretariat) supports programmes on poverty alleviation, connectivity, energy and human development. While SAARC has advanced sectoral initiatives, collaboration is often based on cooperation in specific projects of mutual interest among partner countries.

## RCEP (Regional Comprehensive Economic Partnership)

***Founded: 2020***

***Member Countries: ASEAN Member Countries + China, Japan, South Korea, Australia and New Zealand***

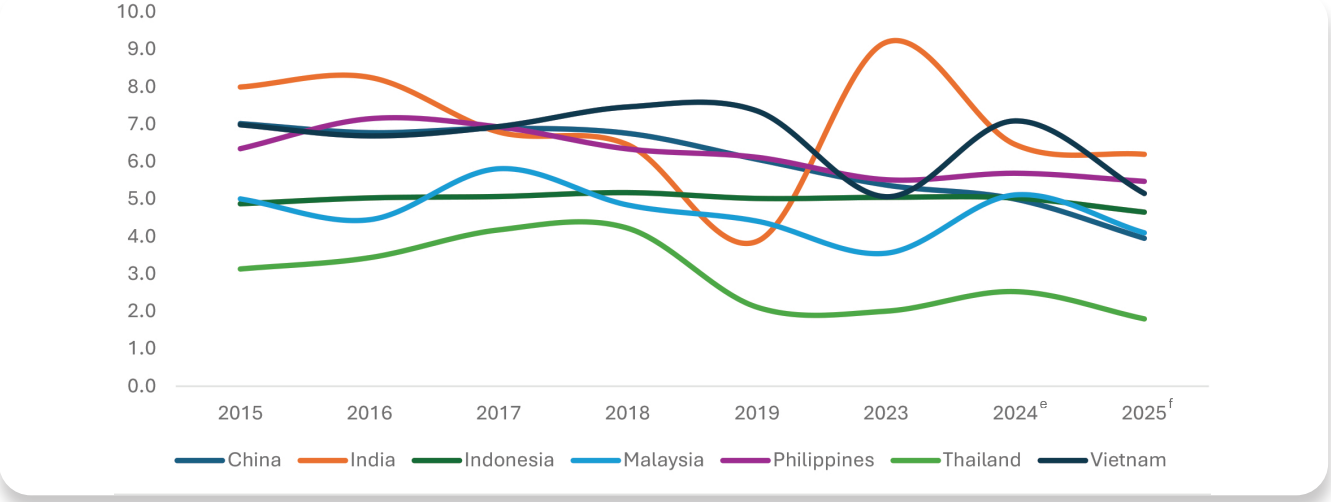
RCEP is a comprehensive free-trade agreement that brings together the ten ASEAN members and their key partners to build a large, integrated market for goods, services and investment. Negotiated under ASEAN's auspices, RCEP harmonizes rules of origin, tariff schedules and customs procedures while establishing disciplines on e-commerce, competition and SME cooperation. Its phased implementation simplifies preferential access across a diverse membership, strengthens regional production networks and reduces trade costs through more predictable market rules. RCEP also provides a framework for accession and deeper regulatory cooperation as members pursue further economic integration.

## Growth of Emerging and Developing Asia

Based on the IMF's April 2025 World Economic Outlook, the real GDP growth trends ***(Chart 1.1)*** for Emerging and Developing Asia reveal a nuanced picture of economic resilience and divergence across key economies. India and Vietnam stand out as the region's growth leaders, with India peaking at nearly 9% in 2023, driven by robust domestic demand, digital transformation, and infrastructure investments. Vietnam maintains a consistently strong growth trajectory, reflecting its expanding manufacturing base and integration into global supply chains. China's growth trajectory has moderated over the past decade, reflecting a strategic transition from an export-driven model to one centered on domestic consumption and services, while also navigating demographic shifts and adjustments in the real estate sector.

Other Southeast Asian economies such as Indonesia, Malaysia, and Philippines exhibit moderate but stable growth patterns, generally ranging between 4% and 6%, suggesting steady economic fundamentals and policy continuity. Thailand, however, shows a more subdued performance, with growth tapering below 3% by 2025. These trends underscore the importance of regional cooperation to address shared challenges such as supply chain resilience, climate adaptation, and digital connectivity, while leveraging the strengths of high-growth economies to foster inclusive and sustainable development across Asia Pacific.

**Chart 1.1: Real GDP Growth Rates of Select Emerging and Developing Asian Economies (%)**




*Note: e- Estimates; f- Forecasts*
*Source: IMF WEO April 2025*

### *Economic Prospect of Asia Pacific Region*

The macroeconomic indicators outlined in ***Table 1.1*** provide a comprehensive overview of the economic performance and outlook for select Asia Pacific economies, namely Australia, China, India, Indonesia, Japan, South Korea, Malaysia, Philippines, Thailand, Türkiye, and Vietnam. Collectively, these countries accounted for approximately 90% of the region's GDP and around 85% of its population in 2024. For the purpose of analysis, in this study, these economies will serve as representation of the broader Asia Pacific region in the subsequent chapters. Presently, Export Credit Agencies (ECAs) from the 11 countries are members of the Asian Exim Bank's Forum, with the Asian Development Bank (ADB) being a permanent observer. The forum endeavours to share the expertise and knowledge gained by Asian ECAs amongst the members and explore possible areas of cooperation. The members have entered into various bilateral and multilateral facilities and arrangements.

There lies significant variations across macroeconomic indicators of these countries reflecting the diverse economic structures and policy environments across the region. China and India dominate in terms of GDP size, with China's economy expanding from US$ 11.3 trillion in 2015 to US$ 18.7 trillion in 2024, albeit with a declining growth rate from 7% to 5%, indicating a maturing economy transitioning toward consumption-led growth. India, meanwhile, shows robust expansion, with GDP nearly doubling from US$ 2.1 trillion to US$ 3.9 trillion, supported by consistently high growth rates, peaking at 9.2% in 2023, driven by domestic demand, digitalization, and infrastructure investments. It has remined the fastest growing major economy in the world during 2023 and 2024.

Among the advanced economies in the region, Australia and Japan present contrasting trends. Australia's GDP grows steadily, but its real GDP growth rate slows to 1% in 2024, and inflation remains elevated. Japan's GDP contracts slightly over the period, and its growth rate moderated to 0.1% in 2024. South Korea maintains moderate growth and a strong current account surplus, suggesting resilience in exports and external competitiveness. In Southeast Asia, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam show relatively stable growth trajectories. Vietnam stands out with a 7.1% growth in 2024, supported by export-oriented manufacturing and foreign investment. Current account balances vary, with Vietnam and Malaysia maintaining surpluses, while the Philippines and Thailand face growing deficits.

Türkiye presents a unique case with high inflation at 58.5% in 2024, and a volatile current account balance, reflecting macroeconomic instability and policy challenges. Despite moderate GDP growth, the inflationary pressures and external imbalances pose risks to sustainable development.

**Table 1.1: Macro indicators for Select Asia Pacific Countries**

| | GDP at Current Prices (US$ billion) | | | Real GDP Growth Rate (%) | | | Inflation (average; %) | | | Current account deficit (% of GDP) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Country** | 2015 | 2023 | 2024 | 2015 | 2023 | 2024 | 2015 | 2023 | 2024 | 2015 | 2023 | 2024 |
| **Australia** | 1,233.9 | 1,742.5 | 1,796.8 | 2.3 | 2.1 | 1.0 | 1.5 | 5.6 | 3.2 | -4.7 | -0.3 | -1.9 |
| **China** | 11,307.2 | 18,270.4 | 18,748.0 | 7.0 | 5.4 | 5.0 | 1.4 | 0.2 | 0.2 | 2.6 | 1.4 | 2.3 |
| **India** | 2,103.6 | 3,638.5 | 3,909.1 | 8.0 | 9.2 | 6.5 | 4.9 | 5.4 | 4.7 | -1.1 | -0.7 | -0.8 |
| **Indonesia** | 860.9 | 1,371.2 | 1,396.3 | 4.9 | 5.0 | 5.0 | 6.4 | 3.7 | 2.3 | -2.0 | -0.1 | -0.6 |
| **Japan** | 4,444.9 | 4,213.2 | 4,026.2 | 1.6 | 1.5 | 0.1 | 0.8 | 3.3 | 2.7 | 3.1 | 3.8 | 4.8 |
| **South Korea** | 1,539.2 | 1,839.1 | 1,869.7 | 2.9 | 1.4 | 2.0 | 0.7 | 3.6 | 2.3 | 6.8 | 1.8 | 5.3 |
| **Malaysia** | 301.4 | 399.7 | 419.6 | 5.0 | 3.6 | 5.1 | 2.1 | 2.5 | 1.8 | 3.0 | 1.5 | 1.7 |
| **Philippines** | 306.4 | 437.1 | 461.6 | 6.3 | 5.5 | 5.7 | 0.7 | 6.0 | 3.2 | 2.4 | -2.8 | -3.8 |
| **Thailand** | 401.3 | 515.9 | 526.4 | 3.1 | 2.0 | 2.5 | -0.9 | 1.2 | 0.4 | 6.9 | 1.4 | 2.1 |
| **Türkiye** | 867.1 | 1,130.1 | 1,322.4 | 6.1 | 5.1 | 3.2 | 7.7 | 53.9 | 58.5 | -2.5 | -3.5 | -0.8 |
| **Vietnam** | 236.8 | 433.0 | 459.5 | 7.0 | 5.1 | 7.1 | 0.6 | 3.3 | 3.6 | -0.9 | 5.9 | 6.1 |

*Note: e- Estimates; f- Forecasts*

*Source- IMF WEO April 2025*

Countries with strong fundamentals and diversified economies are better positioned to leverage regional trade and investment opportunities. Meanwhile, economies facing inflationary pressures or external deficits may benefit from coordinated policy frameworks and regional support mechanisms. This comparative analysis sets the stage for deeper exploration into how regional cooperation can help address shared challenges and unlock growth potential across Asia Pacific.

The Asia-Pacific region stands at the forefront of global transformation. Its economic vitality, demographic scale, and technological innovation position it as a central actor in shaping the future of global development. At the same time, its diversity and complexity demand nuanced approaches to governance, cooperation, and sustainability.

Chapter 2

# International Trade of Asia Pacific

In recent decades, the Asia-Pacific region has emerged as the epicentre of global economic growth. From high-tech manufacturing hubs to resource-rich economies, the economies considered in the study *(viz. Australia, China, India, Indonesia, Japan, South Korea, Malaysia, Philippines, Thailand, Türkiye, and Vietnam)* have carved out strategic roles in global supply chains, shaping trade flows across continents. The trade profiles of these select countries reflect not only the scale of their production capabilities but also the sophistication of their trade networks, policy frameworks, and financial institutions. Together, they account for more than 70% of Asia's total trade, underscoring their collective influence in a range of sectors.

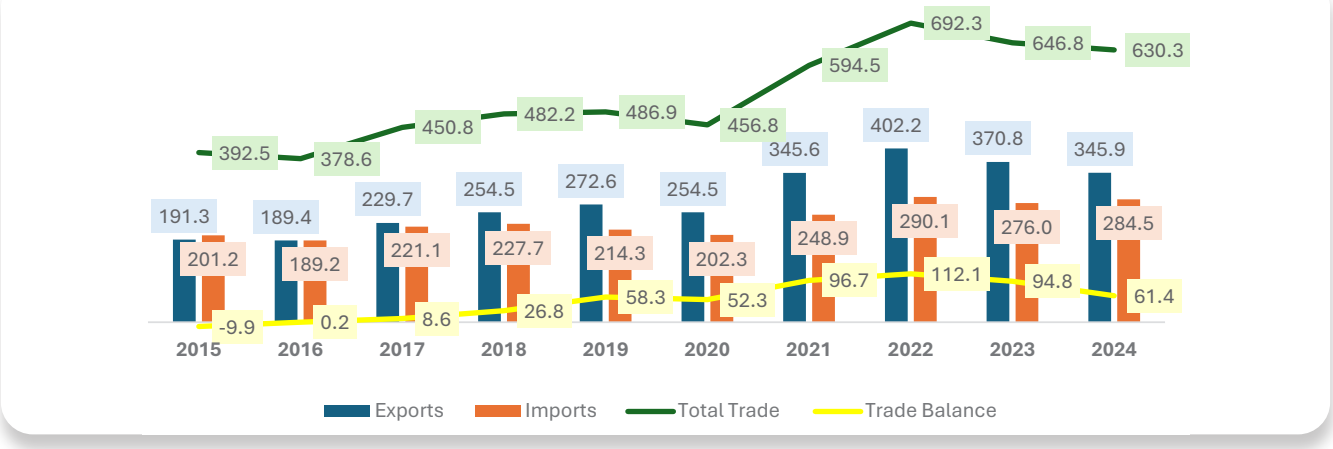
The following section presents a concise overview of the international merchandise trade performance of the select countries of Asia Pacific over the past decade. It highlights key trends in their export and import activities, identifies their top traded commodities, and maps the directional flow of goods across global markets. This analysis serves as a foundational lens to understand the trade composition and strategic positioning of these economies. The chapter sets the stage for a deeper exploration of the roles of countries in the region, within global value chains, which will be examined in detail in the subsequent chapters.

## Australia

Australia's international merchandise trade expanded steadily from US$ 392.5 billion in 2015 to a peak of US$ 692.3 billion in 2022, before moderating to US$ 630.3 billion in 2024 ***(Chart 2.1).*** Exports, which amounted to US$ 345.9 billion in 2024, have generally grown faster than imports, resulting in a consistent trade surplus since 2016. The trade balance improved significantly, rising from a marginal surplus of US$ 0.2 billion in 2016 to a record US$ 112.1 billion in 2022, reflecting strong global demand for Australia's resource-based exports, particularly minerals and energy products.

Imports also increased over the period, from US$ 201.2 billion in 2015 to US$ 284.5 billion in 2024, but their growth remained moderate compared to exports. While total trade dipped slightly after 2022 due to global economic headwinds and softer commodity prices, Australia has continued to maintain a healthy trade surplus, underscoring the resilience of its external sector and the central role of resource exports in driving trade performance.

**Chart 2.1: International Merchandise Trade of Australia (in US$ billion)**




*Source: ITC TradeMap and India Exim Bank Analysis*

Australia's export profile is heavily resource-driven, with mineral fuels (accounting for 32.8% share in total exports) and ores (28%) together making up over 60% of total exports in 2024, followed by precious metals and stones (7.4%) ***(Table 2.1).*** Agricultural products such as meat (4.2%) and cereals (2.4%) add strength to its agro-based exports, while industrial items like inorganic chemicals, aluminium, copper, machinery and appliances, and electrical equipment collectively account for a modest share of around 7–8%.

At more disaggregated level the major export commodities of Australia include, non-agglomerated iron ores and concentrates, bituminous coal, liquefied natural gas (LNG), gold (non-monetary, semi-manufactured forms), and crude petroleum oils, underscoring its strong reliance on mineral and energy commodities.

**Table 2.1: Major Merchandise Export Commodities of Australia (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **191.3** | **272.6** | **370.8** | **345.9** | **100.0** |
| 27 | Mineral fuels and oils | 49.0 | 88.9 | 125.7 | 113.5 | 32.8 |
| 26 | Ores, slag and ash | 48.1 | 78.8 | 104.4 | 96.8 | 28.0 |
| 71 | Natural or cultured pearls, precious stones and metals | 12.7 | 18.1 | 21.5 | 25.6 | 7.4 |
| 02 | Meat and edible meat offal | 10.0 | 11.6 | 12.3 | 14.5 | 4.2 |
| 10 | Cereals | 6.5 | 3.4 | 13.0 | 8.4 | 2.4 |
| 28 | Inorganic chemicals | 5.5 | 6.3 | 6.3 | 7.6 | 2.2 |
| 84 | Machinery and mechanical appliances | 5.2 | 4.8 | 5.3 | 5.7 | 1.6 |
| 76 | Aluminium and articles thereof | 3.5 | 3.3 | 4.4 | 4.9 | 1.4 |
| 74 | Copper and articles thereof | 2.9 | 3.1 | 4.2 | 4.4 | 1.3 |
| 85 | Electrical machinery and equipment | 2.6 | 3.5 | 3.9 | 4.2 | 1.2 |

*Source: ITC TradeMap and India Exim Bank Analysis*

Australia's import basket is dominated by vehicles (15% share in total imports), machinery and appliances (14.4%), and mineral fuels (13.3%), together accounting for over 40% of total imports in 2024 ***(Table 2.2)***. Electrical machinery and equipment (11%) also form a significant share, reflecting strong demand for capital goods, automobiles, and energy inputs to support domestic consumption and industrial activity. Pharmaceuticals (3.8%), optical and medical equipment (3.5%), and precious metals (3.2%) highlight Australia's reliance on high-value, technology-intensive imports to meet healthcare and industrial needs. Other categories such as plastics, iron and steel articles, and furniture contribute modestly, each under 3% to total imports.

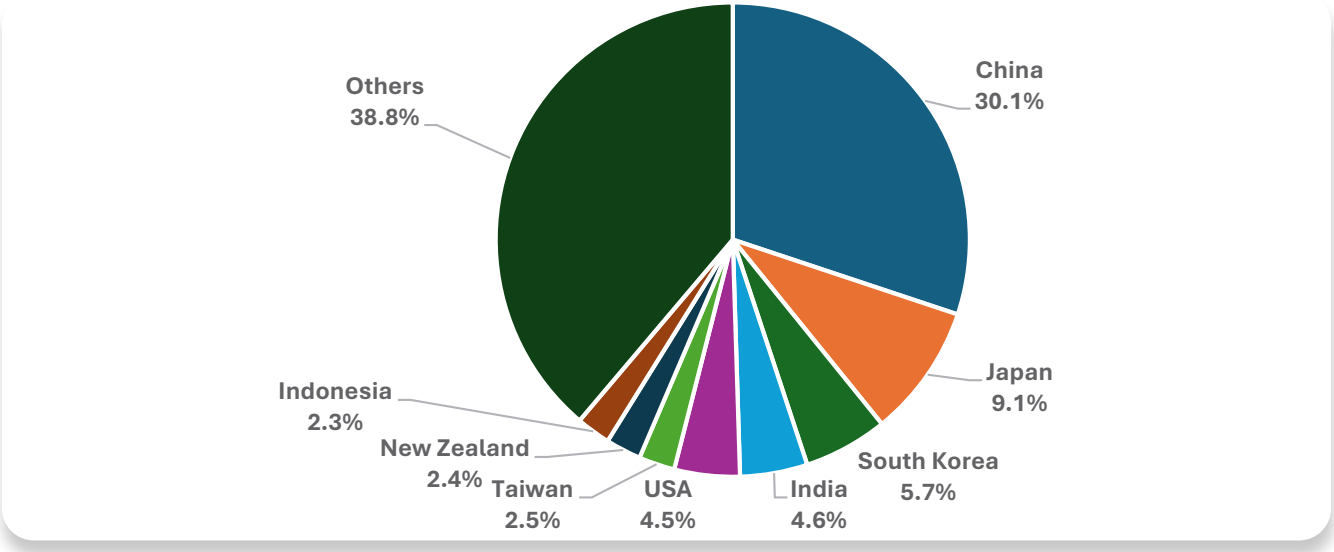
**Table 2.2: Major Merchandise Import Commodities of Australia (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **201.2** | **214.3** | **276.0** | **284.5** | **100** |
| 87 | Vehicles other than railway or tramway | 25.0 | 26.7 | 43.2 | 42.6 | 15.0 |
| 84 | Machinery and mechanical appliances | 31.6 | 30.7 | 38.8 | 40.9 | 14.4 |
| 27 | Mineral fuels and oils | 22.2 | 27.2 | 41.2 | 38.0 | 13.3 |
| 85 | Electrical machinery and equipment | 20.6 | 24.6 | 29.0 | 31.3 | 11.0 |
| 30 | Pharmaceutical products | 7.3 | 8.4 | 11.1 | 10.9 | 3.8 |
| 90 | Optical, photographic, and medical equipment | 7.7 | 8.1 | 9.8 | 10.1 | 3.5 |
| 71 | Natural or cultured pearls, precious stones and metals | 5.3 | 6.6 | 8.7 | 9.0 | 3.2 |
| 39 | Plastics and articles thereof | 5.4 | 5.8 | 6.8 | 7.2 | 2.5 |
| 73 | Articles of iron or steel | 6.9 | 4.5 | 6.0 | 6.8 | 2.4 |
| 94 | Furniture; bedding and mattresses | 4.4 | 4.6 | 4.8 | 5.2 | 1.8 |

*Source: ITC TradeMap and India Exim Bank Analysis*

China alone accounts for 30.1% of total exports of Australia in 2024, underscoring its role as a dominant trading partner of Australia, particularly for minerals and energy ***(Chart 2.2)***. Other key destinations include Japan (9.1%), South Korea (5.7%), India (4.6%), and the USA (4.5%), reflecting Australia's strong integration with both Asian and advanced economies. Countries including, Taiwan, New Zealand, and Indonesia each hold around 2–3% shares, indicating a broad but fragmented set of export partners.

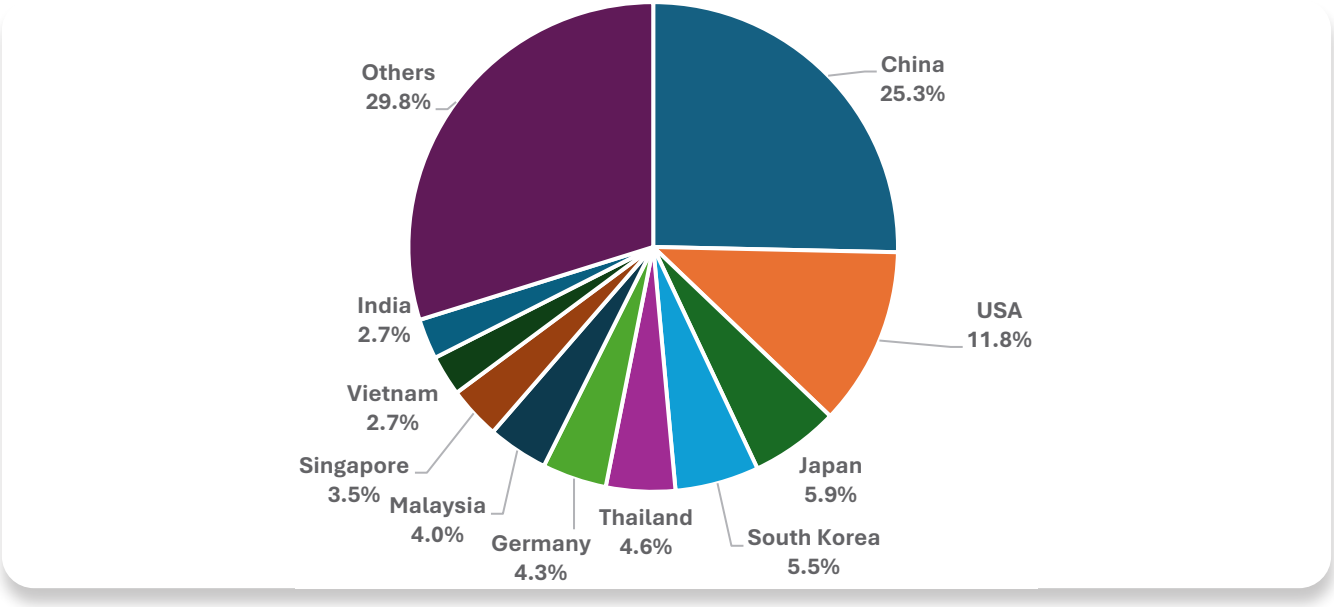
**Chart 2.2: Major Merchandise Export Destinations of Australia in 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

China is the leading import source for Australia accounting for a dominant 25.3% share in 2024. The USA (11.8%) is the second-largest source, supplying high-value capital goods and technology-intensive products ***(Chart 2.3).*** Other significant import partners include Japan (5.9%), South Korea (5.5%), and Thailand (4.6%), which together underline Australia's strong trade integration within the Asia-Pacific region. European suppliers such as Germany (4.3%) also feature prominently, mainly in automobiles and machinery. Regional hubs like Malaysia (4%) and Singapore (3.5%), along with emerging suppliers such as Vietnam and India (2.7% each), add diversity to Australia's import structure.

**Chart 2.3: Major Merchandise Import Sources of Australia in 2024 (%)**



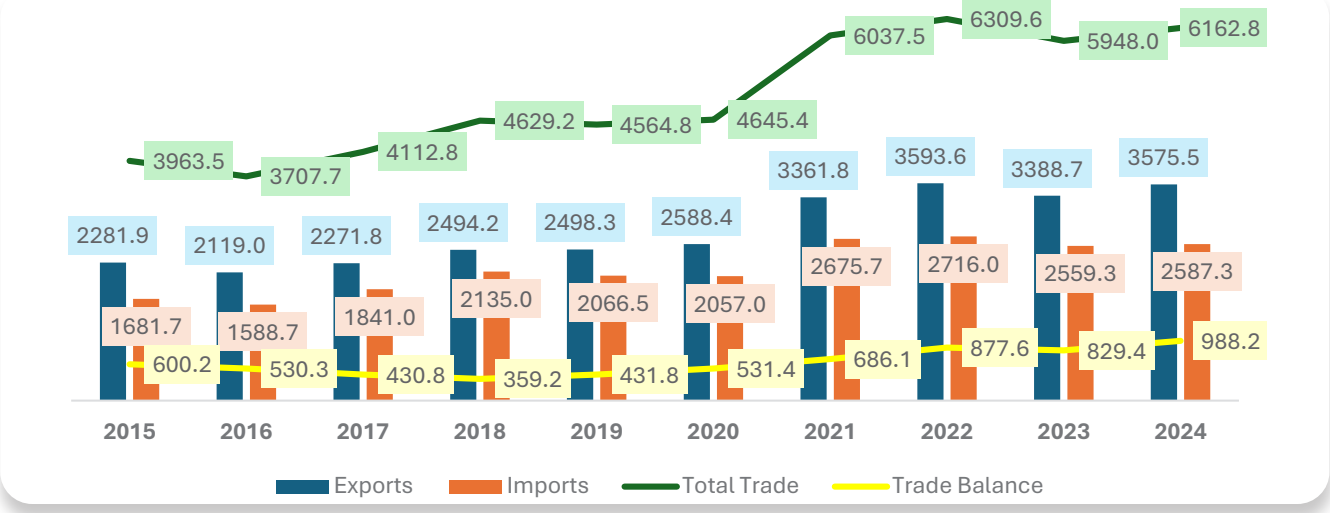

*Source: ITC TradeMap and India Exim Bank Analysis*

## China

China's international merchandise trade has expanded significantly over the past decade, consolidating its position as the world's leading trading nation. Exports rose from US$ 2.3 trillion in 2015 to US$ 3.6 trillion in 2024 ***(Chart 2.4)***, reflecting strong global demand for Chinese goods, especially during and after the pandemic when China's manufacturing resilience and supply chain role were critical. Imports also increased from US$ 1.7 trillion in 2015 to US$ 2.6 trillion in 2024, though their pace of growth was relatively slower than exports.

This divergence has consistently resulted in large trade surpluses, which widened from US$ 600.2 billion in 2015 to a record US$ 988.2 billion in 2024. The surplus reflects China's competitive strength in manufacturing, electronics, machinery, and consumer goods, combined with moderated import growth. Total trade peaked at US$ 6.3 trillion in 2022 before stabilizing at US$ 6.2 trillion in 2024, suggesting some impact of global demand slowdown and trade tensions.

**Chart 2.4: International Trade of China (in US$ billion)**




*Source: ITC TradeMap and India Exim Bank Analysis*

China's exports are dominated by manufactured goods, led by electrical machinery and equipment (26% share in total exports) and machinery and mechanical appliances (15.9%), which together form over 40% of total exports in 2024 ***(Table 2.3)***. Vehicles exports have grown rapidly accounting for a share of 6%, driven by rising global demand for Chinese automobiles, especially electric vehicles. Other notable categories include plastics (4%), furniture (3.5%), iron and steel articles (2.8%), knitted apparel (2.4%), organic chemicals (2.3%), toys (2.3%), and optical and medical equipment (2%), among others.

**Table 2.3: Major Merchandise Export Commodities of China (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **2,281.9** | **2,498.3** | **3,388.7** | **3,575.5** | **100.0** |
| 85 | Electrical machinery and equipment | 600.3 | 670.4 | 899.0 | 928.0 | 26.0 |
| 84 | Machinery and mechanical appliances | 364.5 | 416.6 | 512.0 | 568.3 | 15.9 |
| 87 | Vehicles other than railway or tramway | 62.7 | 74.3 | 192.7 | 216.1 | 6.0 |
| 39 | Plastics and articles thereof | 65.8 | 84.2 | 132.5 | 141.3 | 4.0 |
| 94 | Furniture; bedding and mattresses | 98.7 | 99.1 | 121.0 | 126.4 | 3.5 |
| 73 | Articles of iron or steel | 60.6 | 69.3 | 97.9 | 100.1 | 2.8 |
| 61 | Articles of apparel and clothing accessories, knitted or crocheted | 83.8 | 71.4 | 83.0 | 85.4 | 2.4 |

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **2,281.9** | **2,498.3** | **3,388.7** | **3,575.5** | **100.0** |
| 29 | Organic chemicals | 42.7 | 56.8 | 77.9 | 82.6 | 2.3 |
| 95 | Toys, games and sports requisites | 42.7 | 62.4 | 89.1 | 82.5 | 2.3 |
| 90 | Optical, photographic and medical equipment | 73.8 | 72.9 | 69.8 | 72.5 | 2.0 |

*Source: ITC TradeMap and India Exim Bank Analysis*

China's imports are led by electrical machinery and equipment (22.6% share in total imports) and mineral fuels (19.5%), reflecting China's reliance on advanced technology inputs and its high energy demand ***(Table 2.4)***. Imports of ores (9.7%) and machinery and mechanical appliances (8.9%) further highlight the resource and industrial inputs required to sustain China's manufacturing base. Precious metals (4.6%), optical/medical instruments (2.9%), and copper (2.8%), also form notable shares, while oil seeds (2.4%) and plastics (2.4%) underline the country's dependence on agricultural commodities and petrochemicals. Vehicles (2.4%) represent a relatively smaller but significant share.

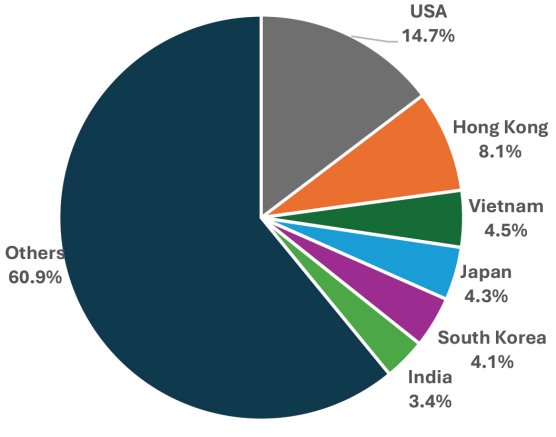
**Table 2.4: Major Merchandise Import Commodities of China (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **1,681.7** | **2,066.5** | **2,559.3** | **2,587.3** | **100.0** |
| 85 | Electrical machinery and equipment | 431.6 | 497.4 | 550.4 | 585.0 | 22.6 |
| 27 | Mineral fuels and oils | 198.7 | 335.4 | 514.4 | 503.4 | 19.5 |
| 26 | Ores, slag and ash | 95.1 | 165.0 | 237.9 | 251.5 | 9.7 |
| 84 | Machinery and mechanical appliances | 157.2 | 190.4 | 197.8 | 229.5 | 8.9 |
| 71 | Natural or cultured pearls, precious stones and metals | 18.0 | 60.5 | 114.2 | 118.8 | 4.6 |
| 90 | Optical, photographic and medical equipment | 99.7 | 98.7 | 77.7 | 75.0 | 2.9 |
| 74 | Copper and articles thereof | 38.4 | 40.6 | 62.9 | 72.8 | 2.8 |
| 87 | Vehicles other than railway or tramway | 69.6 | 75.1 | 70.7 | 62.3 | 2.4 |
| 12 | Oil seeds and oleaginous fruits | 39.8 | 40.1 | 69.8 | 61.6 | 2.4 |
| 39 | Plastics and articles thereof | 65.6 | 71.6 | 62.0 | 61.1 | 2.4 |

*Source: ITC TradeMap and India Exim Bank Analysis*

China's export market in 2024 is led by the USA (14.7%), followed by Hong Kong (8.1%), which functions as both a re-export hub and a key financial gateway ***(Chart 2.5).*** Other important destinations include Vietnam (4.5%), Japan (4.3%), South Korea (4.1%), and India (3.4%), highlighting China's deep integration with Asian value chains

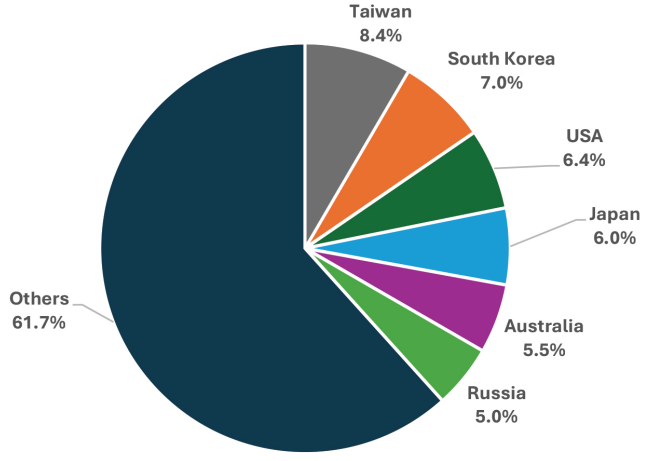
**Chart 2.5: Major Merchandise Export Destinations of China in 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, China's merchandise imports were sourced from a wide range of countries, reflecting its deep integration into global trade networks. Taiwan stood out as the largest individual supplier, contributing 8.4% of China's total imports ***(Chart 2.6).*** This is largely attributed to Taiwan's dominance in the semiconductor and electronics sectors, which are critical to China's manufacturing ecosystem. South Korea followed with a 7% share, underscoring its role as a key supplier of intermediate goods and high-tech components. USA accounted for 6.4% of China's imports, Japan contributed 6%, maintaining its position as a major exporter of advanced machinery and automotive parts to China. Australia, with a 5.5% share, continued to be a vital source of raw materials, particularly iron ore and coal.

**Chart 2.6: Major Merchandise Import Sources of China in 2024 (%)**



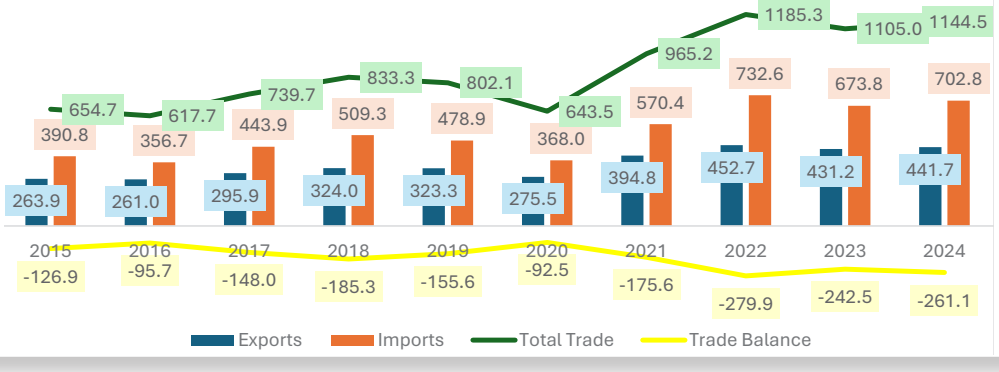

*Source: ITC TradeMap and India Exim Bank Analysis*

## India

India's merchandise trade expanded significantly over the last decade, with total trade rising from US$ 654.7 billion in 2015 to US$ 1.1 trillion in 2024, registering a CAGR of around 6.6% ***(Chart 2.7)***. Exports grew from US$ 263.9 billion to US$ 441.7 billion, translating to a CAGR of about 6%, supported by stronger performance in sectors like engineering goods, chemicals, and electronics. Imports, however, grew marginally faster from US$ 390.8 billion to US$ 702.8 billion over the same period, at a CAGR of roughly 7.1%. This expansion underscores India's growing integration into global supply chains both as a major exporter and a large consumption-driven importer.

The trade balance, though negative, also reflects India's growing economic activity and expanding domestic demand. The deficit widened from US$ 126.9 billion in 2015 to US$ 261.1 billion in 2024, peaking at nearly US$ 280 billion in 2022 before easing in subsequent years. Import growth, while outpacing exports, highlights India's strong investment in energy, technology, and capital goods needed to support industrialization and infrastructure expansion. At the same time, exports have shown steady gains, with newer sectors such as electronics and engineering goods beginning to make a stronger mark.

**Chart 2.7: International Merchandise Trade of India (in US$ billion)**




*Source: ITC TradeMap and India Exim Bank Analysis*

Mineral fuels and oils rose to US$ 75.3 billion, more than double as compared to 2015 levels though lower than the 2023 peak ***(Table 2.5).*** Electrical machinery surged from US$ 7.9 billion in 2015 to an impressive US$ 40.2 billion, while machinery exports reached US$ 32.5 billion. Pharmaceuticals expanded to US$ 23.3 billion, and vehicles to US$ 22.1 billion, both showing steady gains. Precious stones moderated to US$ 29.9 billion, while cereals, chemicals, iron and steel, and related articles added further strength.

**Table 2.5: Major Merchandise Export Commodities of India (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **263.9** | **323.3** | **431.2** | **441.7** | **100.0** |
| 27 | Mineral fuels and oils | 30.9 | 44.5 | 89.3 | 75.3 | 17.0 |
| 85 | Electrical machinery and equipment | 7.9 | 14.9 | 32.3 | 40.2 | 9.1 |
| 84 | Machinery and mechanical appliances | 13.2 | 21.3 | 29.3 | 32.5 | 7.4 |
| 71 | Natural or cultured pearls, precious stones and metals | 38.8 | 36.7 | 33.4 | 29.9 | 6.8 |
| 30 | Pharmaceutical products | 12.5 | 16.3 | 21.3 | 23.3 | 5.3 |
| 87 | Vehicles other than railway or tramway | 14.1 | 17.4 | 20.8 | 22.1 | 5.0 |
| 29 | Organic chemicals | 11.2 | 18.2 | 19.4 | 21.0 | 4.7 |
| 10 | Cereals | 6.8 | 7.1 | 11.3 | 12.1 | 2.7 |
| 72 | Iron and steel | 6.3 | 9.8 | 11.8 | 10.3 | 2.3 |
| 73 | Articles of iron or steel | 6.5 | 7.3 | 9.7 | 10.1 | 2.3 |

*Source: ITC TradeMap and India Exim Bank Analysis*

Mineral fuels and oils at US$ 220.5 billion, accounted for over 31% of the total imports of India in 2024 ***(Table 2.6)***. Electrical machinery rose strongly to US$ 85 billion, while pearls and precious stones increased to US$ 83.4 billion, reinforcing India's role in global gems and jewellery. Machinery and mechanical appliances contributed US$ 61.6 billion, alongside steady inflows of organic chemicals, plastics, and iron and steel as key industrial inputs. Imports of vegetable oils stood at US$ 17 billion, and optical and medical instruments at US$ 13.7 billion, while aircraft and parts imports climbed to US$ 12.6 billion.

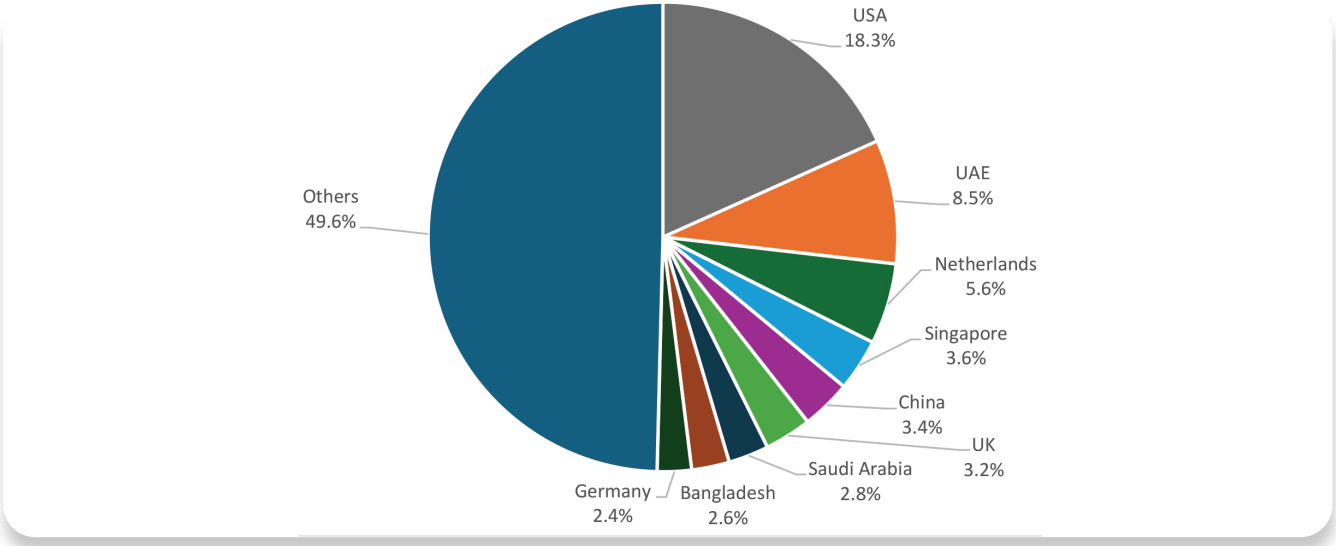
**Table 2.6: Major Merchandise Import Commodities of India (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **390.8** | **478.9** | **673.8** | **702.8** | **100** |
| 27 | Mineral fuels and oils | 104.6 | 152.7 | 220.6 | 220.5 | 31.4 |
| 85 | Electrical machinery and equipment | 35.9 | 50.8 | 76.0 | 85.0 | 12.1 |
| 71 | Natural or cultured pearls, precious stones and metals | 59.7 | 58.9 | 72.6 | 83.4 | 11.9 |
| 84 | Machinery and mechanical appliances | 32.1 | 44.5 | 57.0 | 61.6 | 8.8 |
| 29 | Organic chemicals | 15.9 | 20.5 | 27.2 | 26.0 | 3.7 |
| 39 | Plastics and articles thereof | 11.3 | 14.6 | 22.6 | 21.9 | 3.1 |
| 72 | Iron and steel | 11.7 | 11.8 | 18.9 | 17.7 | 2.5 |
| 15 | Animal, vegetable or microbial fats and oils | 10.5 | 9.8 | 16.6 | 17.0 | 2.4 |
| 90 | Optical, photographic, medical equipment | 7.2 | 9.5 | 12.6 | 13.7 | 1.9 |
| 88 | Aircraft, spacecraft, and parts thereof | 2.8 | 3.3 | 11.8 | 12.6 | 1.8 |

*Source: ITC TradeMap and India Exim Bank Analysis*

USA was the top destination of Indian exports, accounting for 18.3% or approximately US$ 80.8 billion, driven by strong demand for pharmaceuticals, textiles, and engineering goods ***(Chart 2.8)***. The UAE followed with US$ 37.8 billion (8.5%), supported by robust trade in gems, jewellery, and petroleum products. The Netherlands received 5.6% of India's exports, reflecting growing trade in chemicals and refined products. Other key destinations included Singapore (3.6%), China (3.4%), and the UK (3.2%). Exports to Saudi Arabia, Bangladesh, and Germany ranged from 2.4% to 2.8%.

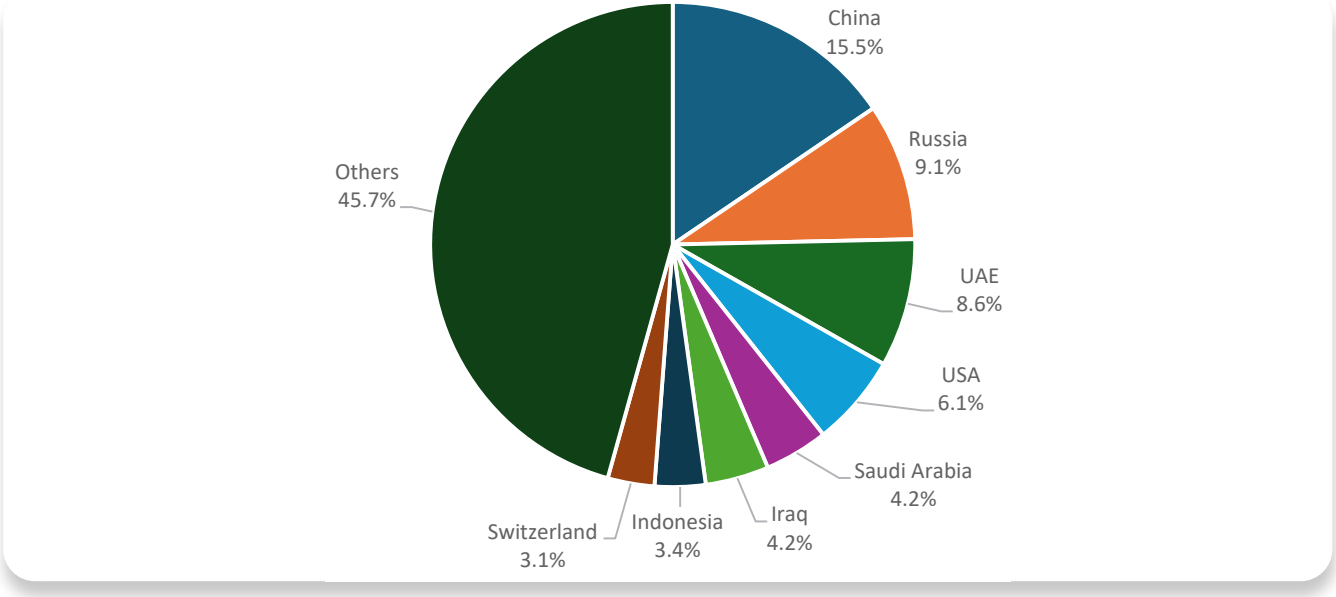
**Chart 2.8: Major Merchandise Export Destinations of India in 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

China was India's largest import source, accounting for 15.5% of imports in 2024, driven by strong trade in raw materials and intermediate goods ***(Chart 2.9)***. Russia followed with 9.1% share in total imports. The UAE supplied US$ 60.2 billion (8.6%), supported by robust imports of petroleum products and precious metals. Imports from the USA accounted for 6.1% of India's imports, maintaining its role as a key supplier of machinery, electronics, and medical equipment. Saudi Arabia and Iraq each contributed around 4.2%, largely driven by energy and petrochemical trade.

**Chart 2.9: Major Merchandise Import Sources of India in 2024 (%)**



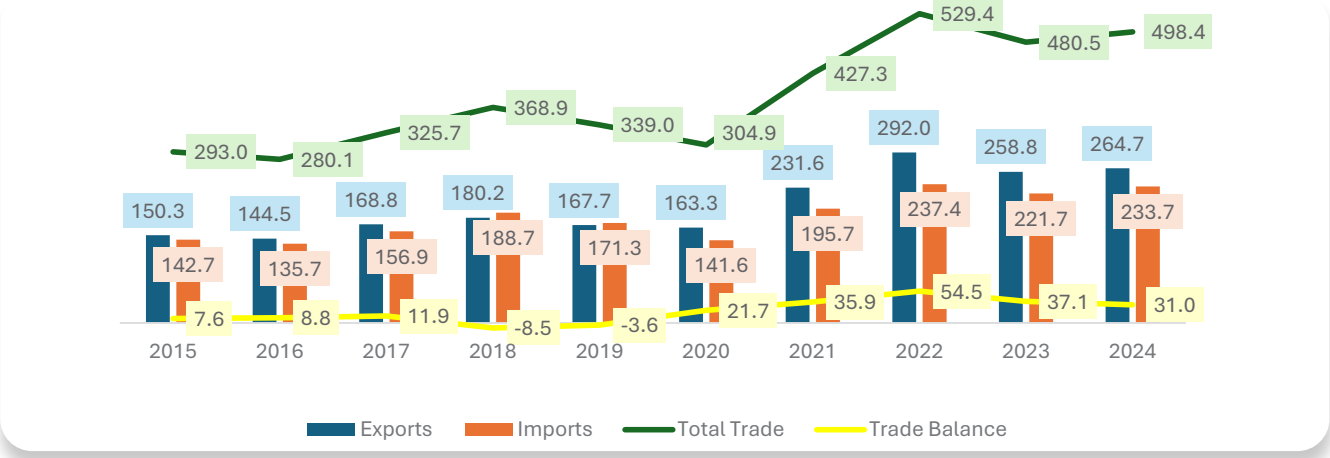

*Source: ITC TradeMap and India Exim Bank Analysis*

## Indonesia

Between 2015 and 2024, Indonesia's merchandise trade exhibited notable fluctuations, shaped by global economic conditions, commodity prices, and domestic policy shifts. Exports increased from US$ 150.3 billion in 2015 to US$ 264.7 billion in 2024, with a significant surge observed between 2020 and 2022, peaking at US$ 292 billion in 2022 ***(Chart 2.10).*** This growth was largely driven by strong global demand for commodities and a rebound in economic activity post-pandemic.

Imports followed a similar trend, rising from US$ 142.7 billion in 2015 to US$ 233.7 billion in 2024. The sharpest increase occurred between 2020 and 2022, reflecting increased domestic consumption and industrial demand. Total trade volume expanded from US$ 293 billion in 2015 to US$ 498.4 billion in 2024, with the highest level recorded in 2022 at US$ 529.4 billion, reflecting Indonesia's growing integration into global trade networks. The trade balance remained positive for most of the period, except in 2018 and 2019 when imports outpaced exports. From 2020 onwards, Indonesia consistently recorded trade surplus, reaching a peak of US$ 54.5 billion in 2022, before moderating to US$ 31 billion in 2024.

**Chart 2.10: International Merchandise Trade of Indonesia (in US$ billion)**




*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, Indonesia's top five export commodities collectively accounted for over half of its total merchandise exports ***(Table 2.7)***. Mineral fuels and oils remained the largest export category at US$ 55.5 billion (21% share in total exports), despite a slight dip from 2023, reflecting continued global demand for energy resources. Animal and vegetable oils, primarily palm oil, followed with US$ 26.8 billion (10.1%), maintaining its long-standing role in Indonesia's export profile. A standout transformation was seen in iron and steel, which surged from just US$ 1.2 billion in 2015 to US$ 25.8 billion in 2024, driven by downstream processing and industrial policy reforms. Electrical machinery and equipment also showed consistent growth, rising from US$ 8.6 billion in 2015 to US$ 15.1 billion in 2024, indicating progress in the electronics sector. Meanwhile, vehicles exports doubled over the decade to reach US$ 11 billion, reflecting the expansion of Indonesia's automotive manufacturing base and its growing competitiveness in regional markets.

**Table 2.7: Major Merchandise Export Commodities of Indonesia (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **150.3** | **167.7** | **258.8** | **264.7** | **100.0** |
| 27 | Mineral fuels and oils | 34.6 | 34.1 | 59.5 | 55.5 | 21.0 |
| 15 | Animal, vegetable or microbial fats and oils | 18.7 | 17.6 | 28.5 | 26.8 | 10.1 |
| 72 | Iron and steel | 1.2 | 7.4 | 26.7 | 25.8 | 9.7 |
| 85 | Electrical machinery and equipment | 8.6 | 9.0 | 14.3 | 15.1 | 5.7 |

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **150.3** | **167.7** | **258.8** | **264.7** | **100.0** |
| 87 | Vehicles other than railway or tramway | 5.4 | 8.2 | 11.2 | 11.0 | 4.2 |
| 71 | Natural or cultured pearls, precious stones and metals | 5.5 | 6.6 | 7.5 | 8.9 | 3.4 |
| 26 | Ores, slag and ash | 3.4 | 3.1 | 8.7 | 8.2 | 3.1 |
| 75 | Nickel and articles thereof | 0.8 | 0.8 | 6.8 | 8.0 | 3.0 |
| 64 | Footwear, gaiters and related products | 4.5 | 4.4 | 6.4 | 7.1 | 2.7 |
| 84 | Machinery and mechanical appliances | 5.2 | 5.5 | 6.5 | 6.9 | 2.6 |

*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, mineral fuels and oils lead as the top import item at US$ 40.7 billion (17.4% share in total imports), driven by the need to supplement domestic energy production ***(Table 2.8)***. Machinery and mechanical appliances followed at US$ 33.5 billion (14.3%), highlighting continued investment in infrastructure and manufacturing. Electrical machinery and equipment imports rose steadily to US$ 27 billion (11.6%), supporting the country's expanding electronics and power sectors. Iron and steel imports, though slightly down from 2023, remained significant at US$ 10.7 billion (4.6%), while plastics and related products reached US$ 10.6 billion (4.5%), reflecting their widespread use across industries.

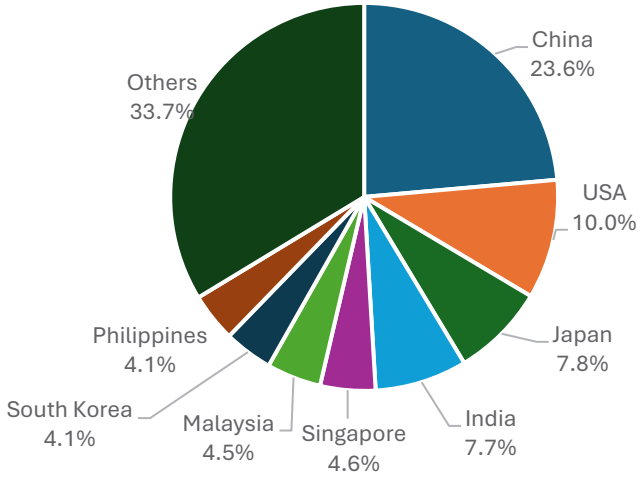
**Table 2.8: Major Merchandise Import Commodities of Indonesia (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **142.7** | **171.3** | **221.7** | **233.7** | **100.0** |
| 27 | Mineral fuels and oils | 25.0 | 23.5 | 40.1 | 40.7 | 17.4 |
| 84 | Machinery and mechanical appliances | 22.4 | 26.8 | 32.2 | 33.5 | 14.3 |
| 85 | Electrical machinery and equipment | 15.5 | 20.1 | 25.8 | 27.0 | 11.6 |
| 72 | Iron and steel | 6.3 | 10.4 | 11.4 | 10.7 | 4.6 |
| 39 | Plastics and articles thereof | 6.8 | 8.8 | 9.4 | 10.6 | 4.5 |
| 87 | Vehicles other than railway or tramway | 5.3 | 7.2 | 10.2 | 9.7 | 4.1 |
| 29 | Organic chemicals | 5.7 | 5.8 | 6.4 | 7.1 | 3.0 |
| 10 | Cereals | 3.2 | 3.2 | 6.0 | 6.8 | 2.9 |
| 71 | Natural or cultured pearls, precious stones and metals | 0.8 | 1.9 | 2.8 | 4.8 | 2.0 |
| 90 | Optical, photographic and medical equipment | 1.9 | 2.9 | 3.8 | 4.4 | 1.9 |

*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, China remained Indonesia's most significant export destination, accounting for 23.6% of total merchandise exports, underscoring the strong trade ties between the two economies, particularly in commodities and intermediate goods ***(Chart 2.11)***. USA followed with a 10% share, reflecting demand for Indonesian manufactured products such as textiles, footwear, and electronics. Japan and India accounted for shares of 7.8% and 7.7% respectively, driven by energy, mineral, and palm oil trade. Singapore (4.6%) and Malaysia (4.5%) also featured prominently, serving both as direct markets and regional trade hubs.

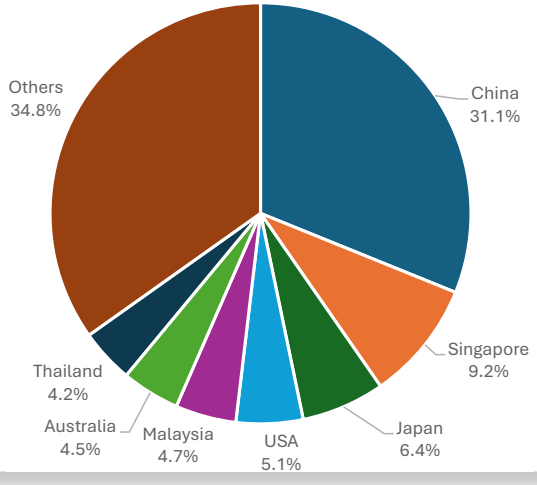
**Chart 2.11: Major Merchandise Export Destinations of Indonesia in 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, China was Indonesia's dominant source of merchandise imports, accounting for nearly one-third of its imports, highlighting the depth of bilateral trade, particularly in machinery, electronics, and intermediate goods. Singapore followed with a 9.2% share, reflecting its role as both a direct supplier and a regional re-export hub. Other key import partners included Japan (6.4%), USA (5.1%), and Malaysia (4.7%), all of which supply a mix of capital goods, technology, and industrial inputs ***(Chart 2.12).*** Australia and Thailand contributed 4.5% and 4.2% respectively, supporting Indonesia's demand for raw materials and manufactured products.

**Chart 2.12: Major Merchandise Import Sources of Indonesia in 2024 (%)**



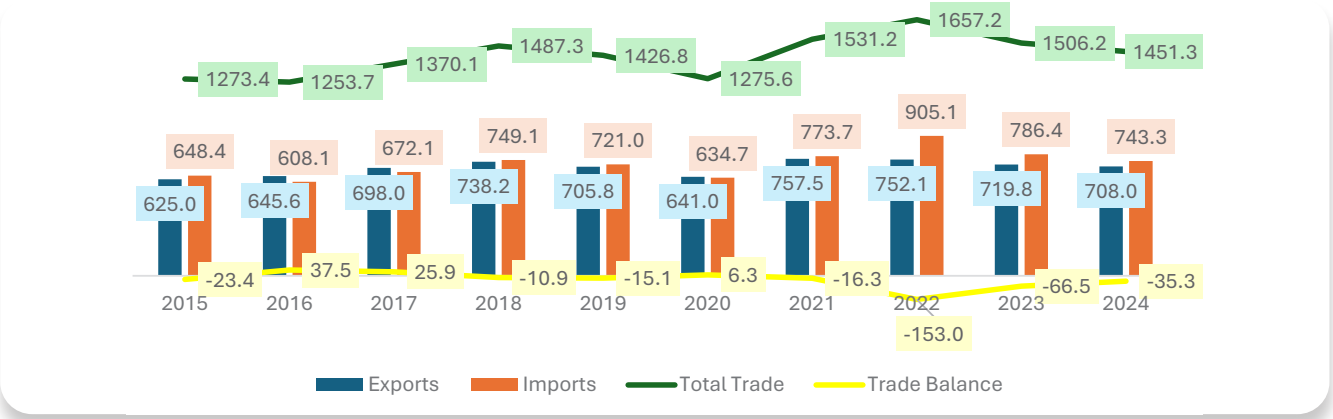

*Source: ITC TradeMap and India Exim Bank Analysis*

## Japan

Japan's merchandise trade over the past decade reflects a fluctuating pattern shaped by global demand shifts, energy prices, and domestic economic conditions. Exports rose from US$ 625 billion in 2015 to a peak of US$ 757.5 billion in 2021, before moderating slightly to US$ 708 billion in 2024, suggesting some cooling in external demand ***(Chart 2.13).*** Imports followed a similar trend, rising from US$ 648.4 billion in 2015 to US$ 905.1 billion in 2022, driven largely by high energy costs and raw material dependence, before easing to US$ 743.3 billion in 2024.

The trade balance has been volatile, shifting between small surpluses and deficits. While Japan recorded surpluses in 2016, 2017, and 2020, it slipped into deeper deficits in 2018 and again in 2022, when imports surged ahead of exports, resulting in a record trade deficit of US$ 153 billion. By 2024, the deficit narrowed to US$ 35.3 billion, reflecting a relative correction in import bills.

**Chart 2.13: International Merchandise Trade of Japan (in US$ billion)**




*Source: ITC TradeMap and India Exim Bank Analysis*

Japan's exports are dominated by vehicles (21.3% share in total exports), machinery and appliances (17.8%), and electrical machinery (14.3%), which together account for over half of total exports in 2024, underscoring the country's strength in advanced manufacturing and technology-driven industries ***(Table 2.9)***. Other significant categories include optical and medical instruments (5.1%), iron and steel (3.9%), and plastics (3.5%), reflecting Japan's diversified industrial base. Exports of precious metals (3.2%) have gained importance in recent years, while chemicals such as organic (2%) and miscellaneous products (1.9%), along with copper and related products (1.9%), form smaller but steady shares.

**Table 2.9: Major Merchandise Export Commodities of Japan (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **625.0** | **705.8** | **719.8** | **708.0** | **100.0** |
| 87 | Vehicles other than railway or tramway | 134.0 | 148.9 | 157.7 | 151.0 | 21.3 |
| 84 | Machinery and mechanical appliances | 117.7 | 137.1 | 130.0 | 125.8 | 17.8 |
| 85 | Electrical machinery and equipment | 95.6 | 103.0 | 102.1 | 101.1 | 14.3 |
| 90 | Optical, photographic and medical equipment | 35.7 | 39.1 | 36.3 | 36.2 | 5.1 |
| 72 | Iron and steel | 27.5 | 26.1 | 30.6 | 27.4 | 3.9 |
| 39 | Plastics and its articles | 22.5 | 25.2 | 23.7 | 24.7 | 3.5 |
| 71 | Natural or cultured pearls, precious stones and metals | 10.1 | 11.5 | 18.5 | 22.9 | 3.2 |
| 29 | Organic chemicals | 17.9 | 17.9 | 14.8 | 14.3 | 2.0 |
| 74 | Copper and articles thereof | 6.8 | 7.6 | 12.5 | 13.4 | 1.9 |
| 38 | Miscellaneous chemical products | 9.2 | 11.9 | 12.6 | 13.3 | 1.9 |

*Source: ITC TradeMap and India Exim Bank Analysis*

Japan's import profile is led by mineral fuels (22.7% share in total imports), underlining the country's strong reliance on external energy supplies ***(Table 2.10)***. A significant portion of imports also comprises high-technology inputs, with electrical machinery (14.3%) and machinery and mechanical appliances (9.8%) together accounting for almost one-fourth of total imports. Pharmaceutical products (4.1%), ores (3.7%), and optical and medical equipment (3.7%) further highlight Japan's dependence on critical healthcare items and industrial raw materials. Smaller but significant products include vehicles (3.1%), plastics (2.2%), precious metals (2%), and organic chemicals (2%).

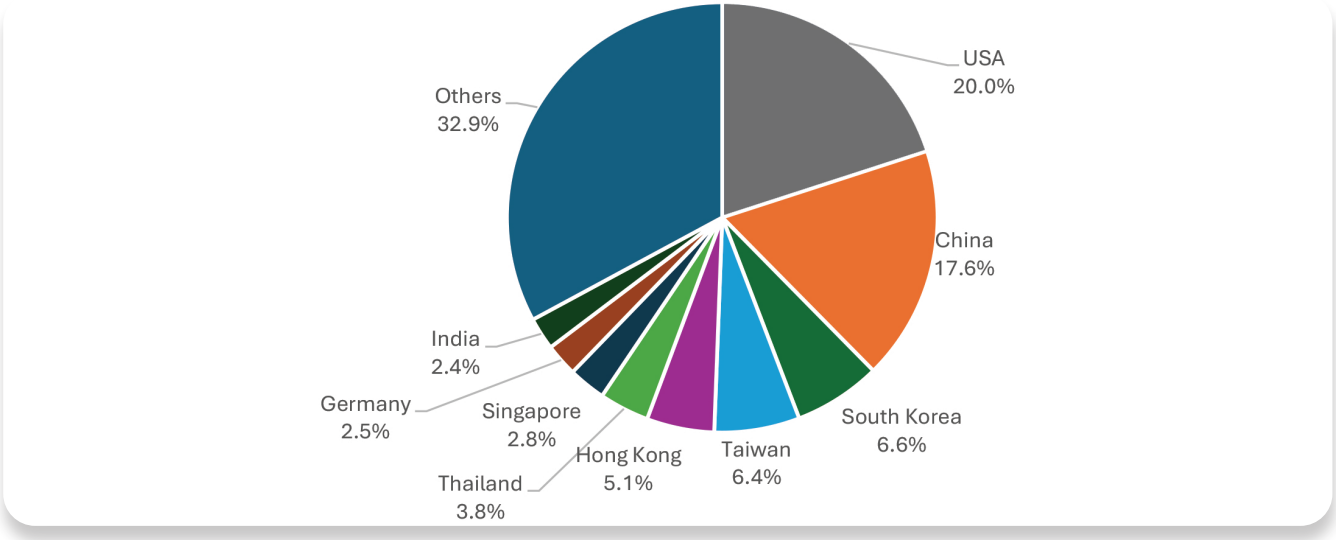
**Table 2.10: Major Merchandise Import Commodities of Japan (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **648.4** | **721.0** | **786.4** | **743.3** | **100.0** |
| 27 | Mineral fuels and oils | 150.8 | 155.7 | 195.2 | 168.8 | 22.7 |
| 85 | Electrical machinery and equipment | 90.2 | 98.8 | 115.4 | 106.2 | 14.3 |
| 84 | Machinery and mechanical appliances | 59.5 | 70.5 | 69.5 | 72.9 | 9.8 |
| 30 | Pharmaceutical products | 23.2 | 27.2 | 30.9 | 30.2 | 4.1 |
| 26 | Ores, slag and ash | 20.9 | 22.2 | 26.4 | 27.9 | 3.7 |
| 90 | Optical, photographic and medical equipment | 23.3 | 28.2 | 28.8 | 27.3 | 3.7 |
| 87 | Vehicles other than railway or tramway | 19.1 | 23.8 | 25.0 | 23.0 | 3.1 |
| 39 | Plastics and articles thereof | 13.8 | 16.2 | 16.1 | 16.1 | 2.2 |
| 71 | Natural or cultured pearls, precious stones and metals | 9.3 | 12.8 | 14.9 | 15.2 | 2.0 |
| 29 | Organic chemicals | 14.2 | 16.1 | 15.4 | 14.7 | 2.0 |

*Source: ITC TradeMap and India Exim Bank Analysis*

Japan's exports in 2024 are concentrated in a few key markets, with the USA (20% of total exports) and China (17.6%) together absorbing nearly 38% of total shipments, reflecting Japan's strong trade linkages with the world's two largest economies ***(Chart 2.14)***. Other significant destinations include South Korea (6.6%), Taiwan (6.4%), and Hong Kong (5.1%), highlighting Japan's deep integration into regional production and supply chains in East Asia. Secondary partners such as Thailand, Singapore, Germany, and India each account for 2–4%. Japan's export geography underscores both its reliance on major partners and its embeddedness in regional trade networks.

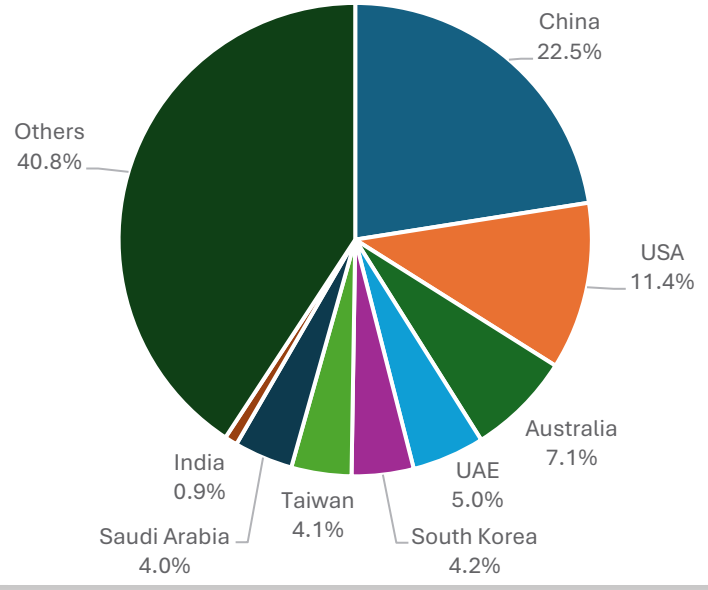
**Chart 2.14: Major Merchandise Export Destinations of Japan in 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

Japan's import source basket in 2024 is dominated by China (22.5% share in total imports), its single largest supplier, followed by the USA (11.4%), together accounting for over one-third of total imports ***(Chart 2.15).*** Resource-rich partners such as Australia (7.1%), the UAE (5%), and Saudi Arabia (4%) highlight Japan's dependence on overseas energy and raw material sources. Regional partners including South Korea (4.2%) and Taiwan (4.1%) also play a notable role in supplying intermediate and technology-intensive goods. Imports from India remain modest at 0.9%.

**Chart 2.15: Major Merchandise Import Sources of Japan in 2024 (%)**



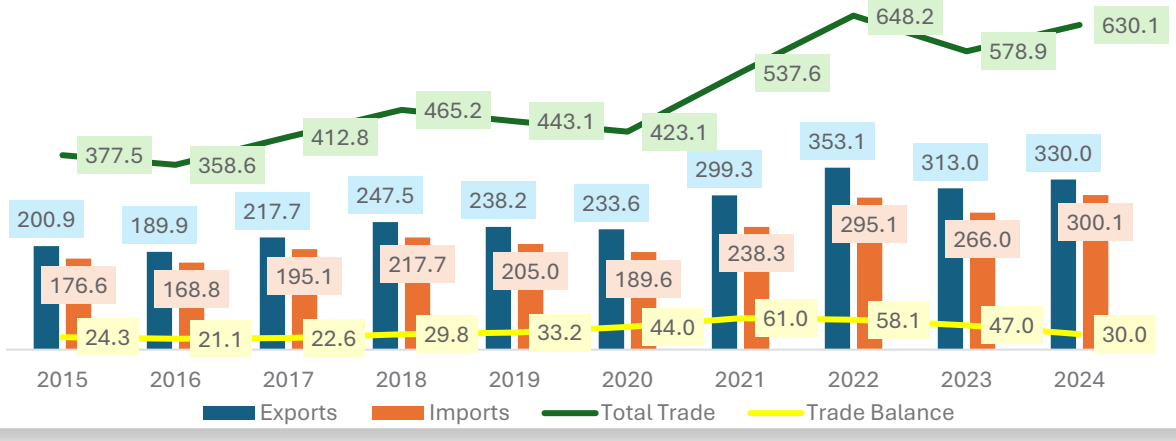

*Source: ITC TradeMap and India Exim Bank Analysis*

## Malaysia

Malaysia's international trade expanded strongly over the past decade, with exports rising from US$ 200.9 billion in 2015 to US$ 330 billion in 2024, and imports from US$ 176.6 billion to US$ 300.1 billion ***(Chart 2.16).*** Total trade grew steadily, reaching US$ 630.1 billion in 2024, underscoring Malaysia's deep integration into global supply chains and its role as a regional trade hub.

The trade balance remained consistently positive, though it has narrowed in recent years. From a surplus of US$ 24.3 billion in 2015, the balance expanded steadily to a record US$ 61 billion in 2021, driven by strong export demand and relatively subdued imports during the pandemic period. However, as global recovery spurred higher import demand for intermediate and consumer goods, the surplus declined to US$ 30 billion in 2024. This suggests a rebalancing of trade, with imports catching up to fuel domestic production and consumption.

**Chart 2.16: International Merchandise Trade of Malaysia (in US$ billion)**




*Source: ITC TradeMap and India Exim Bank Analysis*

Malaysia's exports are led by electrical machinery and equipment, which almost doubled from US$ 59.8 billion in 2015 to US$ 121.4 billion in 2024, making up 36.8% of total exports, underscoring its strength in the global electronics supply chain ***(Table 2.11)***. Mineral fuels and oils (HS-27) exports remain significant, rising from US$ 33.1 billion in 2015 to US$ 47.6 billion in 2024, while machinery and mechanical appliances (HS-84) also expanded steadily to US$ 31.9 billion. Palm oil and related products (HS-15) and optical and medical equipment (HS-90) saw strong

gains, reaching US$ 18.8 billion and US$ 15.5 billion respectively in 2024. Meanwhile, exports of plastics, rubber, aluminium, iron and steel, and miscellaneous chemicals contributed smaller but growing shares.

**Table 2.11: Major Merchandise Export Commodities of Malaysia (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **200.9** | **238.2** | **313.0** | **330.0** | **100.0** |
| 85 | Electrical machinery and equipment | 59.8 | 82.0 | 119.2 | 121.4 | 36.8 |
| 27 | Mineral fuels and oils | 33.1 | 34.5 | 51.7 | 47.6 | 14.4 |
| 84 | Machinery and mechanical appliances | 22.6 | 21.8 | 24.0 | 31.9 | 9.7 |
| 15 | Animal, vegetable or microbial fats and oils | 12.6 | 11.5 | 16.9 | 18.8 | 5.7 |
| 90 | Optical, photographic and medical equipment | 7.0 | 10.1 | 13.7 | 15.5 | 4.7 |
| 39 | Plastics and its articles | 7.1 | 9.6 | 9.0 | 9.7 | 2.9 |
| 40 | Rubber and its articles | 6.3 | 7.1 | 5.5 | 6.7 | 2.0 |
| 76 | Aluminium and its articles | 2.1 | 3.8 | 6.0 | 6.6 | 2.0 |
| 72 | Iron and steel | 1.1 | 4.4 | 5.9 | 6.5 | 2.0 |
| 38 | Miscellaneous chemical products | 3.4 | 4.1 | 5.6 | 6.2 | 1.9 |

*Source: ITC TradeMap and India Exim Bank Analysis*

Malaysia's import profile is dominated by electrical machinery and equipment, which grew from US$ 47.3 billion in 2015 to US$ 86.1 billion in 2024, accounting for 28.7% of total imports ***(Table 2.12)***, reflecting the country's role as a manufacturing hub dependent on high-tech intermediate goods. Mineral fuels and oils (HS-27) are the second-largest import, rising from US$ 21.8 billion in 2015 to US$ 49 billion in 2024, driven by energy demand and refining needs. Imports of machinery and mechanical appliances (HS-84) also expanded notably, nearly doubling to US$ 38.9 billion in 2024, highlighting industrial upgrading and capital investment. Beyond these, plastics, vehicles, optical and medical equipment, precious stones, iron and steel, aluminium, and organic chemicals contribute smaller but steady shares, together ensuring supply of raw materials, capital goods, and consumer products.

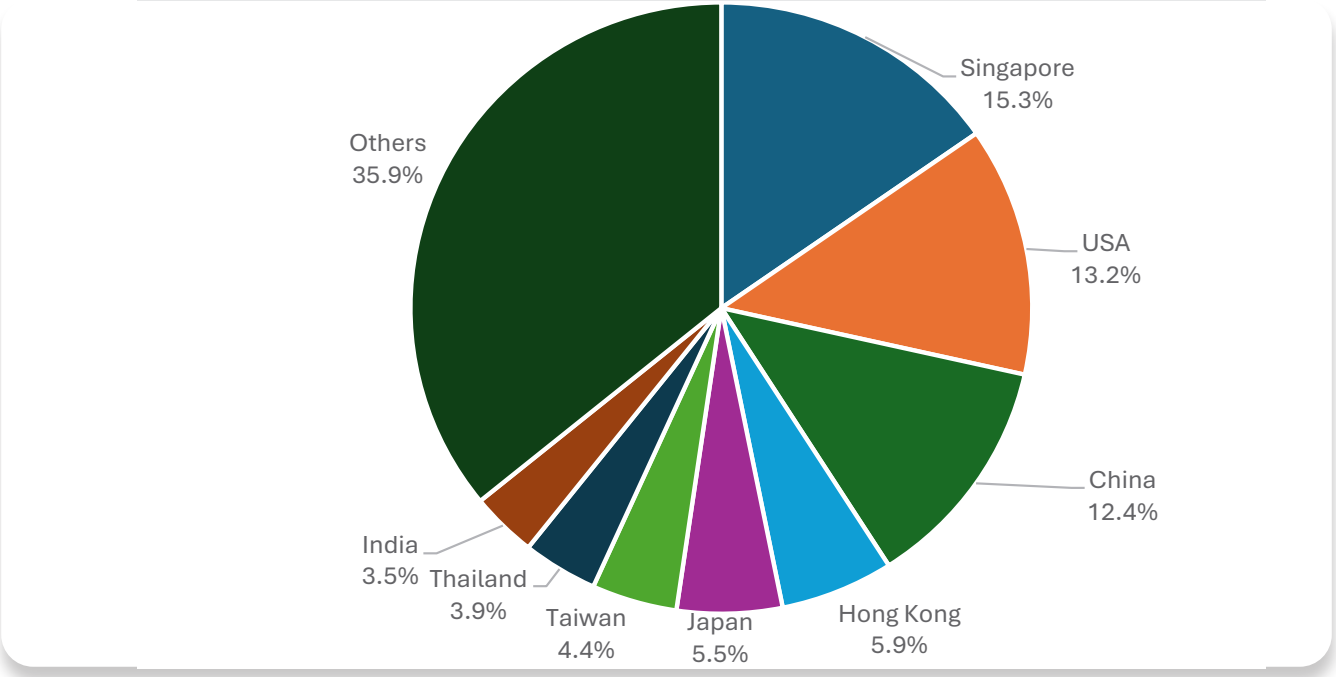
**Table 2.12: Major Merchandise Import Commodities of Malaysia (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **176.6** | **205.0** | **266.0** | **300.1** | **100.0** |
| 85 | Electrical machinery and equipment | 47.3 | 55.9 | 72.9 | 86.1 | 28.7 |
| 27 | Mineral fuels and oils | 21.8 | 29.8 | 50.8 | 49.0 | 16.3 |
| 84 | Machinery and mechanical appliances | 19.9 | 20.8 | 25.3 | 38.9 | 13.0 |
| 39 | Plastics and articles thereof | 6.8 | 8.9 | 8.5 | 9.1 | 3.0 |
| 87 | Vehicles other than railway or tramway | 6.1 | 6.5 | 8.3 | 8.1 | 2.7 |
| 90 | Optical, photographic and medical equipment | 5.3 | 5.6 | 6.7 | 7.2 | 2.4 |
| 71 | Natural or cultured pearls, precious stones and metals | 4.2 | 4.0 | 5.1 | 6.6 | 2.2 |
| 72 | Iron and steel | 4.8 | 6.6 | 6.0 | 5.9 | 2.0 |
| 76 | Aluminium and articles thereof | 2.7 | 3.6 | 5.2 | 5.4 | 1.8 |
| 29 | Organic chemicals | 3.1 | 3.8 | 4.4 | 4.8 | 1.6 |

*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, Malaysia's merchandise exports were broadly diversified, with Singapore as the largest destination, accounting for 15.3% of total exports, followed by the USA (13.2% of total exports) and China (12.4%) ***(Chart 2.17)***. Other key markets included Hong Kong (5.9%), Japan (5.5%), Taiwan (4.4%), Thailand (3.9%), and India (3.5%). The distribution of export destinations highlights both the importance of close ASEAN and Asian partners as well as advanced economies like the USA and Japan in sustaining Malaysia's export.

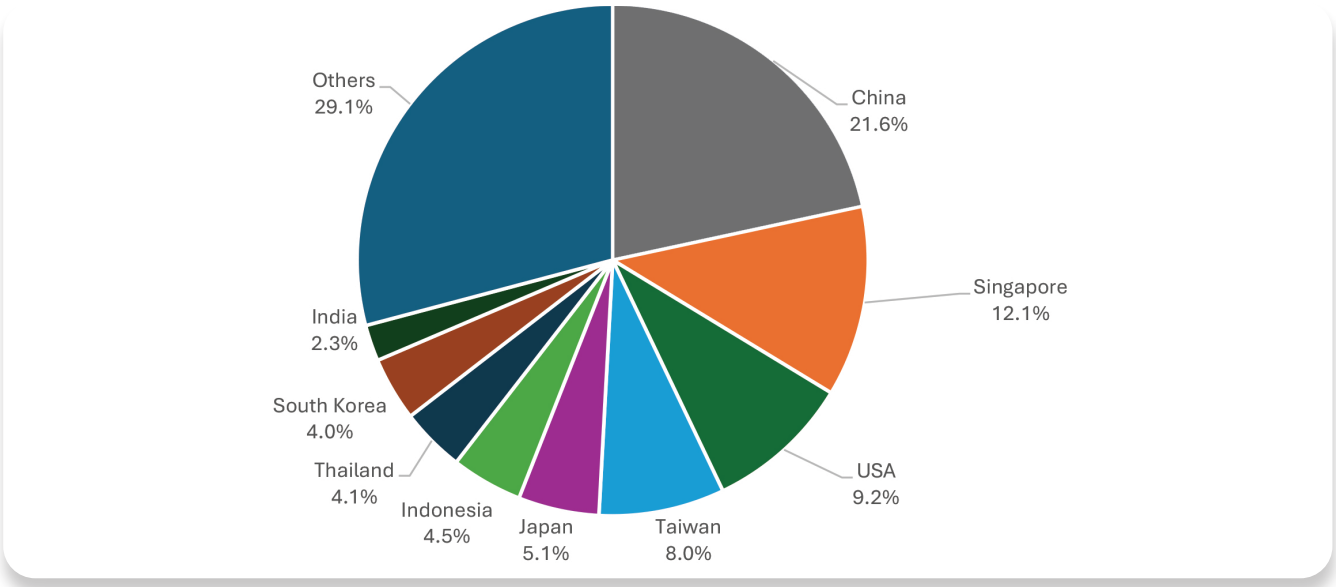
**Chart 2.17: Major Merchandise Export Destinations of Malaysia in 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, China was Malaysia's leading import source, supplying 21.6% of total imports, followed by Singapore (12.1% of total imports) and the USA (9.2%), underscoring Malaysia's strong reliance on major global economies for key inputs. Taiwan (8%) and Japan (5.1%) were also significant suppliers, reflecting the country's integration into East Asian production networks ***(Chart 2.18)***. Within the region, Indonesia (4.5%), Thailand (4.1%), and South Korea (4%) contributed notable shares, while India accounted for 2.3% of imports.

**Chart 2.18: Major Merchandise Import Sources of Malaysia in 2024 (%)**



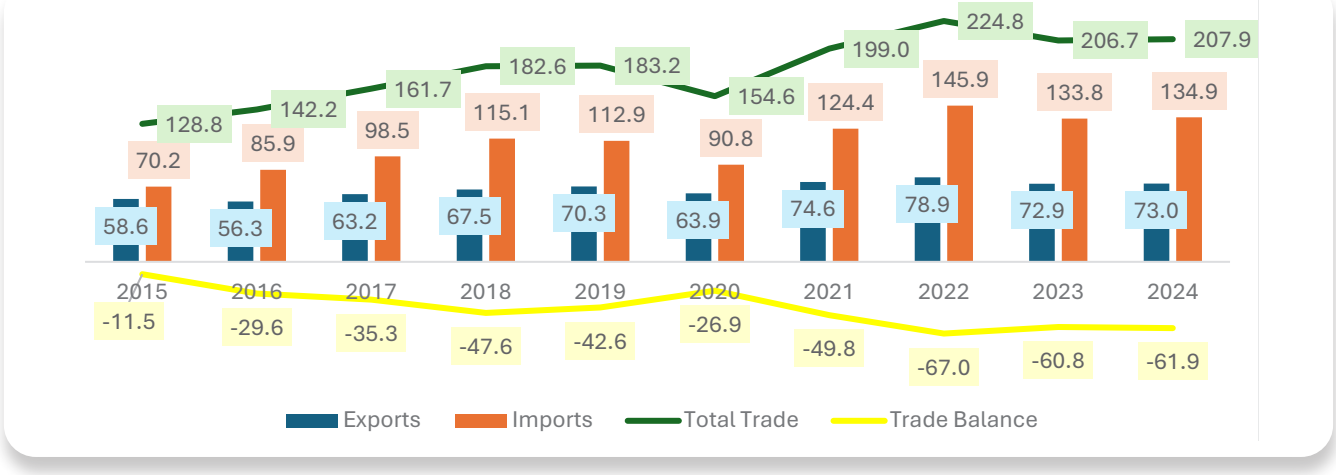

*Source: ITC TradeMap and India Exim Bank Analysis*

## Philippines

The Philippines' merchandise trade has expanded over the past decade, with exports growing from US$ 58.6 billion in 2015 to US$ 73 billion in 2024, peaking at US$ 78.9 billion in 2022 ***(Chart 2.19)***. Imports, however, increased much faster, from US$ 70.2 billion to US$ 134.9 billion over the same period, driving total trade up to US$ 207.9 billion in 2024.

The trade balance remained consistently negative, with deficits widening from US$ 11.5 billion in 2015 to US$ 61.9 billion in 2024 and hitting a peak of US$ 67 billion in 2022. While exports have shown resilience in sectors like electronics, they have not matched the pace of rising imports.

**Chart 2.19: International Merchandise Trade of Philippines (in US$ billion)**




*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, exports from the Philippines were led by electrical machinery and equipment, which stood at US$ 36.7 billion, accounting for just over half of total exports ***(Table 2.13).*** Although still dominant, the exports were lower than the previous year, a sector where the Philippines is deeply integrated into supply chains. Machinery and mechanical appliances followed at US$ 7.1 billion, supported by assembly and component manufacturing for regional industries. Optical and medical equipment rose to US$ 3.4 billion, driven by niche manufacturing and the country's role in supplying precision instruments. Exports of ores, slag and ash grew to US$ 2.7 billion, reflecting continued overseas demand for nickel, in which the Philippines is among the world's top suppliers. Other major exports included vegetable oils, edible fruits and nuts, copper, precious stones, plastics, and vehicles, which together provided relatively marginal contributions to the overall export basket.

**Table 2.13: Major Merchandise Export Commodities of Philippines (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **58.6** | **70.3** | **72.9** | **73.0** | **100.0** |
| 85 | Electrical machinery and equipment | 26.0 | 34.7 | 40.6 | 36.7 | 50.3 |
| 84 | Machinery and mechanical appliances | 8.2 | 10.6 | 6.3 | 7.1 | 9.8 |
| 90 | Optical, photographic and medical equipment | 2.4 | 2.2 | 2.5 | 3.4 | 4.7 |
| 26 | Ores, slag and ash | 1.6 | 1.2 | 2.2 | 2.7 | 3.8 |
| 15 | Animal, vegetable or microbial fats and oils | 1.2 | 1.0 | 1.3 | 2.3 | 3.2 |
| 08 | Edible fruit and nuts | 0.8 | 2.6 | 2.0 | 2.1 | 2.9 |
| 74 | Copper and its articles | 0.9 | 1.4 | 2.5 | 1.8 | 2.4 |
| 71 | Natural or cultured pearls, precious stones and metals | 0.6 | 1.6 | 1.4 | 1.6 | 2.2 |
| 39 | Plastics and its articles | 0.7 | 1.0 | 1.1 | 1.2 | 1.7 |
| 87 | Vehicles other than railway or tramway | 1.4 | 1.1 | 0.9 | 0.9 | 1.3 |

*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, the Philippines' imports were led by electrical machinery and equipment at US$ 27.8 billion, making up over one-fifth of the total, reflecting the country's dependence on electronic parts and components to support its export-oriented manufacturing sector ***(Table 2.14).*** Mineral fuels and oils followed at US$ 20.3 billion, slightly lower than 2023, as domestic energy demand remained high but global fuel prices moderated. Imports of machinery and mechanical appliances held steady at US$ 11.1 billion, while vehicles reached US$ 9.6 billion, reflecting strong demand from a growing middle class. Cereals rose to US$ 5.1 billion, highlighting the Philippines' structural dependence on imports of staple grains such as rice and wheat to meet food security needs. Other major imports included plastic and its articles, articles of iron and steel, chemicals, fertilizers, and consumer goods, underscoring the Philippines' reliance on foreign supplies for both industrial requirements and household consumption.

**Table 2.14: Major Merchandise Import Commodities of Philippines (in US$ billion)**

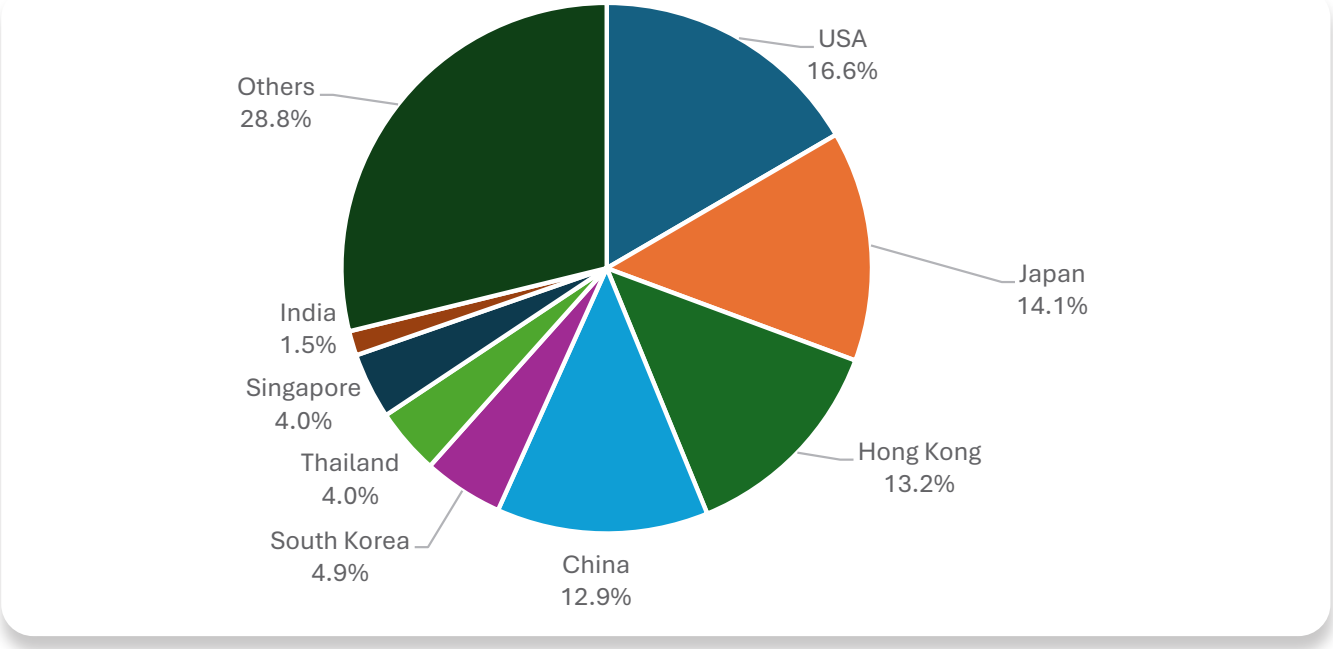
| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **70.2** | **112.9** | **133.8** | **134.9** | **100.0** |
| 85 | Electrical machinery and equipment | 19.9 | 27.0 | 27.1 | 27.8 | 20.6 |
| 27 | Mineral fuels and oils | 8.3 | 13.6 | 21.2 | 20.3 | 15.0 |

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| 84 | Machinery and mechanical appliances | 8.2 | 12.5 | 11.1 | 11.1 | 8.2 |
| 87 | Vehicles other than railway or tramway | 4.9 | 8.5 | 10.2 | 9.6 | 7.1 |
| 10 | Cereals | 1.6 | 2.9 | 4.0 | 5.1 | 3.8 |
| 39 | Plastics and articles thereof | 2.3 | 3.7 | 4.1 | 4.5 | 3.3 |
| 72 | Iron and steel | 1.7 | 3.9 | 4.2 | 4.4 | 3.3 |
| 26 | Ores, slag and ash | 0.3 | 0.5 | 4.0 | 3.4 | 2.5 |
| 73 | Articles of iron or steel | 1.0 | 1.9 | 2.5 | 2.9 | 2.2 |
| 90 | Optical, photographic and medical equipment | 0.9 | 2.4 | 2.9 | 2.8 | 2.1 |

*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, USA was the Philippines' top export market with 16.6% of total shipments headed to the USA, followed by Japan (14.1% share in total exports), Hong Kong (13.2%), and China (12.9%), reflecting strong demand for electronics and manufactured goods across advanced and regional economies ***(Chart 2.20)***. South Korea, Thailand, and Singapore together added over 12%, while India accounted for 1.5%.

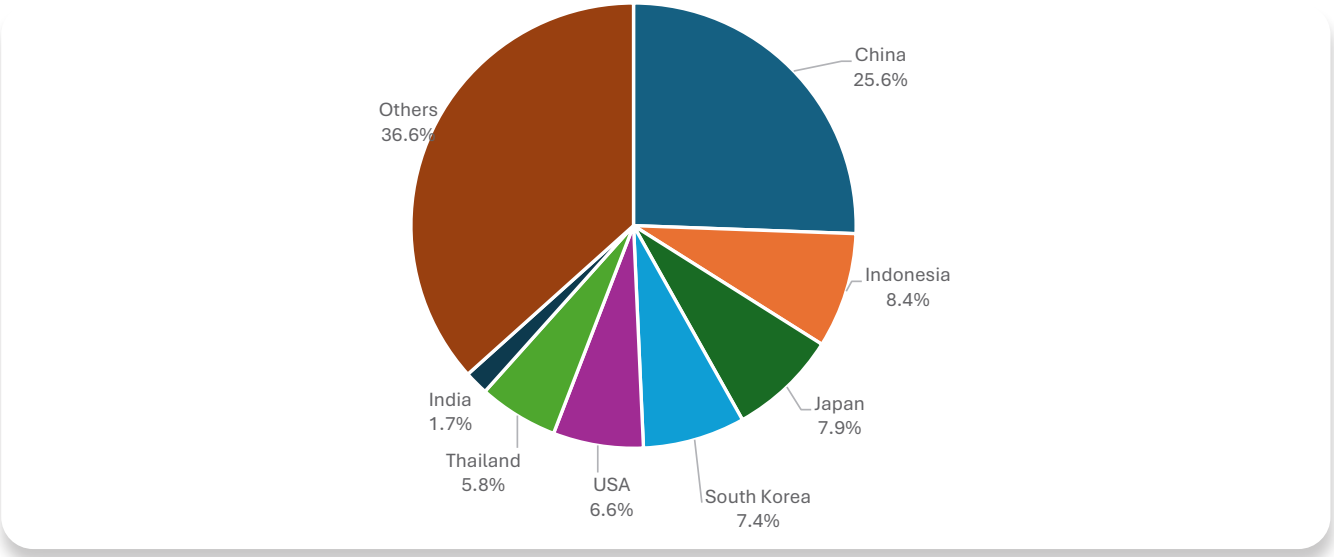
**Chart 2.20: Major Merchandise Export Destinations of Philippines in 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, China was by far the Philippines' largest source of imports, supplying 25.6% of the total imports, reflecting the country's reliance on Chinese intermediate goods, machinery, and consumer products. Other key suppliers included Indonesia (8.4% share in total imports), largely for coal and mineral fuels, and Japan (7.9%) and South Korea (7.4%), both important for machinery, vehicles, and electronics inputs ***(Chart 2.21)***. USA contributed 6.6%, while Thailand accounted for 5.8%, highlighting strong regional trade linkages within Asia. India's share stood at 1.7%, while the remaining 36.6% came from a wide range of partners, underscoring a moderately diversified import structure.

**Chart 2.21: Major Merchandise Import Sources of Philippines in 2024 (%)**



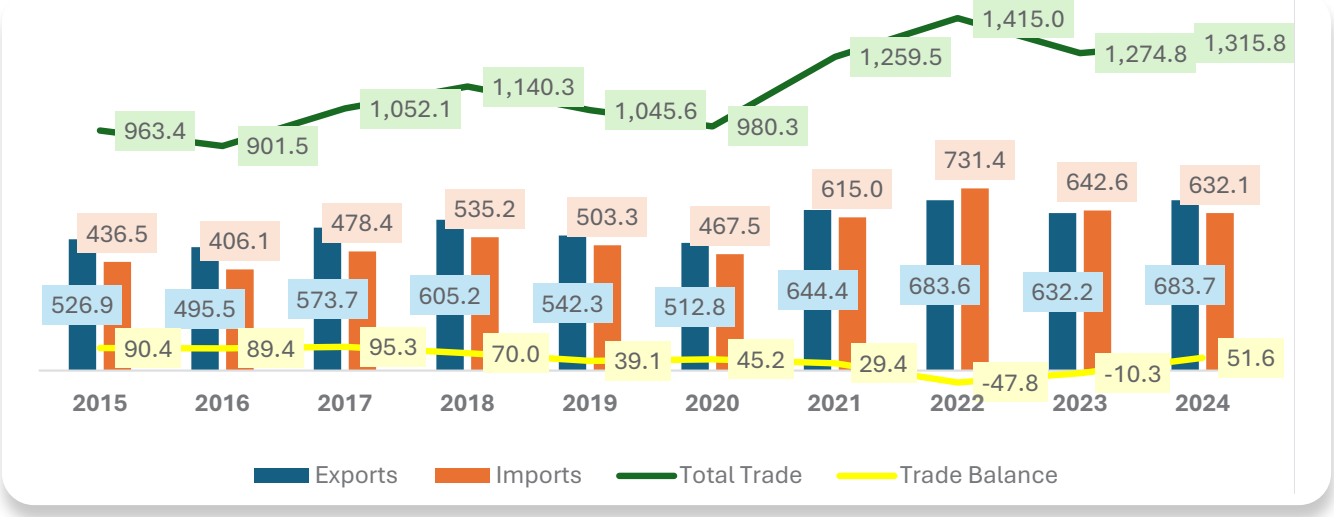

*Source: ITC TradeMap and India Exim Bank Analysis*

## South Korea

South Korea's merchandise trade evolved during 2015 to 2024. Exports and imports generally trended upward, with exports peaking at US$ 683.7 billion in 2024 and imports reaching a high of US$ 731.4 billion in 2022 ***(Chart 2.22).*** The country's total trade volume consistently exceeded the US$ 1 trillion mark since 2017, highlighting its strong integration into global markets. However, external shocks such as the COVID-19 pandemic and global price fluctuations led to notable dips in both exports and imports, particularly in 2019 and 2020, followed by a robust recovery in subsequent years.

The trade balance remained positive for most of the period but turned negative in 2022 and 2023 due to a surge in import costs outpacing export growth. By 2024, South Korea returned to a trade surplus of US$ 51.6 billion, indicating improved export performance and a stabilization of imports.

**Chart 2.22: International Merchandise Trade of South Korea (in US$ billion)**




*Source: ITC TradeMap and India Exim Bank Analysis*

South Korea's merchandise exports in 2024 were led by electrical machinery and equipment, which surged to US$ 212.9 billion (31.1% share in total exports), driven by strong global demand for semiconductors and advanced electronics ***(Table 2.15)***. Vehicles also rebounded sharply after a dip in 2019, reflecting recovery in

global automotive markets and easing supply chain disruptions. Mineral fuels and oils, as well as ships and boats, showed notable volatility, mineral fuels peaked in 2023 amid global energy price hikes before stabilizing, while ship exports fluctuated due to cyclical demand and regulatory changes in shipping. The other major export commodities for South Korea include plastics, iron and steel, organic chemicals, and optical equipment, highlighting the country's diversified industrial base.

**Table 2.15: Major Merchandise Export Commodities of South Korea (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **526.9** | **542.3** | **632.2** | **683.7** | **100.0** |
| 85 | Electrical machinery and equipment | 138.4 | 153.6 | 171.3 | 212.9 | 31.1 |
| 87 | Vehicles other than railway or tramway | 69.1 | 62.9 | 91.8 | 91.9 | 13.4 |
| 84 | Machinery and mechanical appliances | 62.1 | 70.9 | 72.8 | 80.5 | 11.8 |
| 27 | Mineral fuels and oils | 33.2 | 42.1 | 54.0 | 52.6 | 7.7 |
| 39 | Plastics and articles thereof | 28.2 | 32.6 | 35.0 | 36.2 | 5.3 |
| 72 | Iron and steel | 20.2 | 23.1 | 25.7 | 24.8 | 3.6 |
| 89 | Ships, boats and floating structures | 38.4 | 18.9 | 20.3 | 24.0 | 3.5 |
| 29 | Organic chemicals | 18.2 | 21.0 | 21.2 | 22.2 | 3.2 |
| 90 | Optical, photographic and medical equipment | 32.5 | 21.0 | 16.9 | 16.9 | 2.5 |
| 73 | Articles of iron or steel | 11.2 | 9.2 | 10.9 | 9.9 | 1.4 |

*Source: ITC TradeMap and India Exim Bank Analysis*

South Korea's merchandise imports were dominated by mineral fuels and oils, which accounted for 25.7% of total imports in 2024, reflecting the country's heavy reliance on energy imports and the impact of global energy price fluctuations ***(Table 2.16)***. Imports of electrical machinery and equipment also rose steadily, reaching US$ 124.1 billion, driven by demand for components in South Korea's advanced manufacturing sectors. Machinery and mechanical appliances, as well as optical and medical equipment, showed consistent growth, supporting the country's industrial and technological development. Notably, inorganic chemicals saw significant volatility, peaking in 2023 before dropping in 2024, likely due to changes in global supply and demand dynamics. The other major import commodities for South Korea include vehicles, ores, iron and steel, organic chemicals, and plastics, among others.

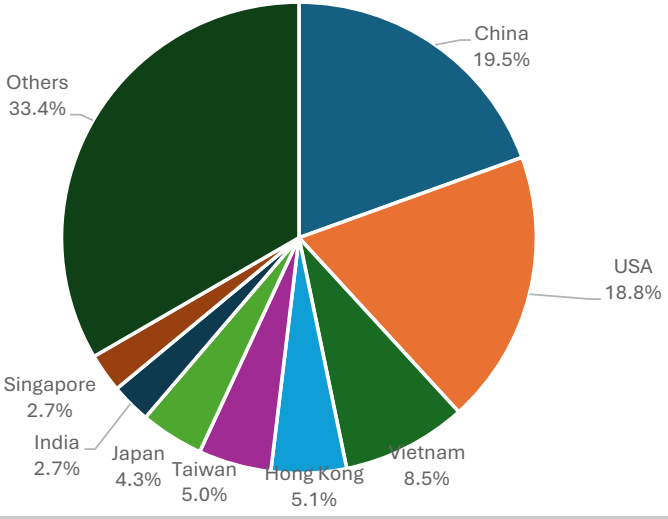
**Table 2.16: Major Merchandise Import Commodities of South Korea (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **436.5** | **503.3** | **642.6** | **632.1** | **100** |
| 27 | Mineral fuels and oils | 103.4 | 127.3 | 171.4 | 162.2 | 25.7 |
| 85 | Electrical machinery and equipment | 77.8 | 89.7 | 119.5 | 124.1 | 19.6 |
| 84 | Machinery and mechanical appliances | 46.4 | 51.6 | 63.1 | 66.0 | 10.4 |
| 90 | Optical, photographic and medical equipment | 18.1 | 18.5 | 22.0 | 22.8 | 3.6 |
| 87 | Vehicles other than railway or tramway | 15.0 | 16.7 | 22.1 | 19.8 | 3.1 |
| 26 | Ores, slag and ash | 12.1 | 15.1 | 19.7 | 19.2 | 3.0 |
| 72 | Iron and steel | 15.4 | 15.7 | 16.5 | 14.2 | 2.3 |
| 29 | Organic chemicals | 12.0 | 12.7 | 13.6 | 14.1 | 2.2 |
| 39 | Plastics and articles thereof | 10.0 | 11.5 | 12.7 | 13.1 | 2.1 |
| 28 | Inorganic chemicals | 5.8 | 8.0 | 21.5 | 12.2 | 1.9 |

*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, South Korea's export market remained highly diversified, with China and the USA as its top trading partners, accounting for 19.5% and 18.8% of total exports, respectively ***(Chart 2.23)***. Vietnam emerged as a significant destination with an 8.5% share, reflecting the growing importance of Southeast Asia in South Korea's trade strategy. Other key markets included Hong Kong, Taiwan, and Japan, each contributing between 4% to 5% of exports, while India and Singapore each accounted for 2.7%.

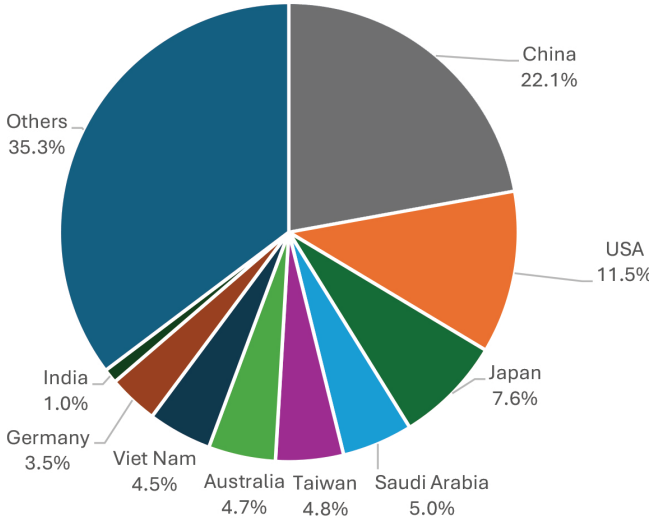
**Chart 2.23: Major Merchandise Export Destinations of South Korea in 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, China also remained South Korea's largest import source, accounting for 22.1% of total imports, reflecting the deep integration of the two economies, especially in electronics and intermediate goods ***(Chart 2.24)***. The USA (11.5% of total imports) and Japan (7.6%) were also key suppliers, providing advanced machinery, technology, and vehicles. Saudi Arabia (5%) and Australia (4.7%) were major sources of energy and raw materials, while Taiwan (4.8%) and Vietnam (4.5%) contributed significantly to the supply of electronics and components. India's share in South Korea's imports basket stood at around 1% in 2024.

**Chart 2.24: Major Merchandise Import Sources of South Korea in 2024 (%)**



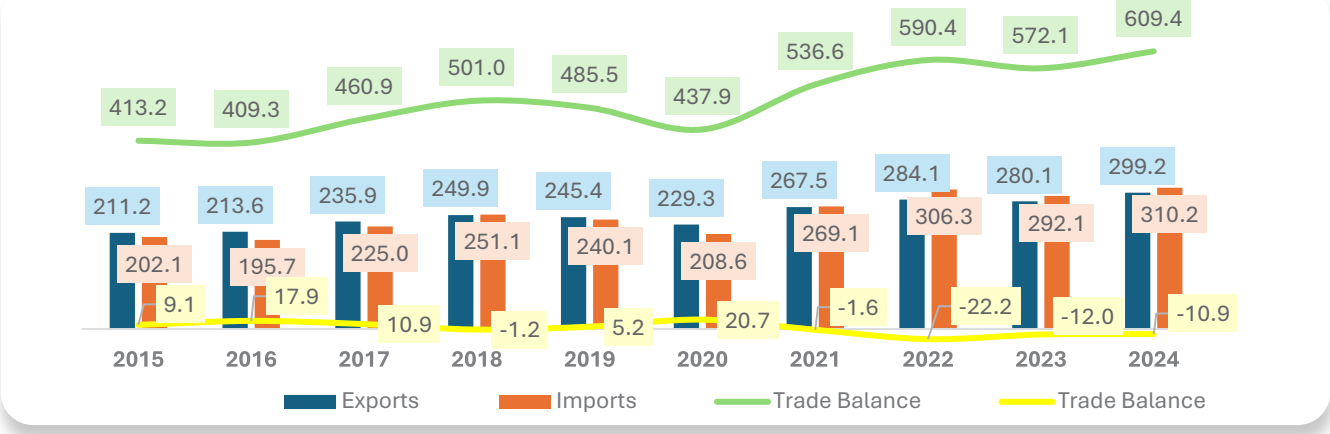

*Source: ITC TradeMap and India Exim Bank Analysis*

## Thailand

Thailand's international trade expanded steadily over the past decade, with total trade rising from US$ 413.2 billion in 2015 to US$ 609.4 billion in 2024 ***(Chart 2.25)***. Exports grew from US$ 211.2 billion to US$ 299.2 billion over this period, while imports also increased from US$ 202.1 billion to US$ 310.2 billion. The trade balance fluctuated, with surpluses recorded in some years, most notably 2020 (US$ 20.7 billion) but persistent deficits in recent years, including US$ 10.9 billion in 2024.

The shift from moderate surpluses in the late 2010s to consecutive deficits since 2022 highlights growing external pressures, including higher energy and input costs and slowing global demand for key exports.

**Chart 2.25: International Merchandise Trade of Thailand (in US$ billion)**




*Source: ITC TradeMap and India Exim Bank Analysis*

Electrical machinery and equipment led as the largest export item at US$ 51.1 billion (17.1% share in total exports), driven by strong global demand for electronics and components ***(Table 2.17)***. Machinery and mechanical appliances followed closely at US$ 47.6 billion, reflecting Thailand's growing role in regional manufacturing supply chains. Vehicle exports remained stable at US$ 33.6 billion, underscoring the country's strength in automotive production. Exports of rubber products and precious stones/metals also grew, supported by favourable global prices and demand. Meanwhile, agricultural exports such as fruits, cereals, and meat showed steady performance, highlighting Thailand's diversified export base across both industrial and agri-based sectors.

**Table 2.17: Major Merchandise Export Commodities of Thailand (in US$ billion)**

| HS Code | Product | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **211.2** | **245.4** | **280.1** | **299.2** | **100** |
| 85 | Electrical machinery and equipment | 29.4 | 33.9 | 49.6 | 51.1 | 17.1 |
| 84 | Machinery and mechanical appliances | 37.2 | 40.2 | 40.4 | 47.6 | 15.9 |
| 87 | Vehicles other than railway | 26.6 | 29 | 33.5 | 33.6 | 11.2 |
| 40 | Rubber and articles thereof | 12.3 | 15.3 | 16.8 | 19.1 | 6.4 |
| 71 | Pearls, precious stones and metals | 10.9 | 15.7 | 14.5 | 18.2 | 6.1 |
| 39 | Plastics and its articles | 11.7 | 13.4 | 13 | 13.3 | 4.4 |
| 27 | Mineral fuels and oils | 8.3 | 8.5 | 11 | 10.3 | 3.4 |
| 16 | Meat | 5.9 | 6.7 | 6.4 | 7 | 2.3 |
| 08 | Edible fruit and nuts | 1.3 | 3.8 | 6.9 | 6.7 | 2.2 |
| 10 | Cereals | 4.7 | 4.3 | 5.2 | 6.5 | 2.2 |

*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, Thailand's merchandise imports totalled US$ 310.2 billion, with electrical machinery and equipment top of the list at US$ 65.6 billion (21.2% share of total imports), reflecting the country's strong demand for electronic components to support its export-driven manufacturing sector ***(Table 2.18)***. Mineral fuels and oils followed at US$ 51.8 billion, driven by energy needs and global price movements. Imports of machinery and mechanical appliances also rose to US$ 36.4 billion, supporting industrial expansion and infrastructure development. A notable increase was seen in precious stones and metals, which surged to US$ 21.6 billion, likely due to rising demand in the jewellery and investment sectors.

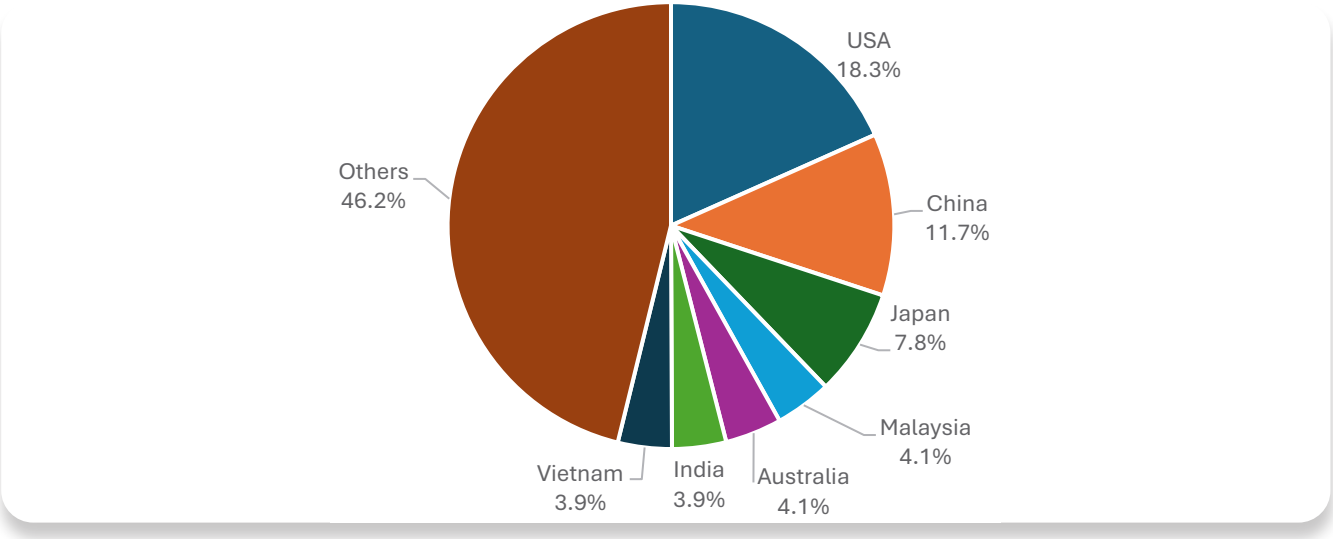
**Table 2.18: Major Merchandise Import Commodities of Thailand (in US$ billion)**

| HS Code | Product | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **202.1** | **240.1** | **292.1** | **310.2** | **100** |
| 85 | Electrical machinery and equipment | 37.8 | 43.4 | 59.0 | 65.6 | 21.2 |
| 27 | Mineral fuels and oils | 30.1 | 37.7 | 55.1 | 51.8 | 16.7 |
| 84 | Machinery and mechanical appliances | 27.3 | 29.8 | 31.0 | 36.4 | 11.7 |
| 71 | Pearls, precious stones and metals | 9.9 | 12.3 | 13.6 | 21.6 | 7 |
| 72 | Iron and steel | 9.6 | 12 | 12.1 | 11.2 | 3.6 |
| 87 | Vehicles other than railway | 8.1 | 10.7 | 14.8 | 10.9 | 3.5 |
| 39 | Plastics and articles thereof | 7.9 | 9.3 | 9.8 | 10.7 | 3.4 |
| 73 | Articles of iron or steel | 7.1 | 6.9 | 7.9 | 8.6 | 2.8 |
| 90 | Optical, photographic, cinematographic and medical equipment | 5.4 | 6.4 | 6.7 | 6.9 | 2.2 |
| 74 | Copper and its articles | 3.1 | 4.3 | 5.3 | 5.8 | 1.9 |

*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, Thailand's exports were primarily directed toward the USA (18.3% of total exports) and China (11.7%), reflecting strong trade ties with the two economies ***(Chart 2.26)***. Japan accounted for 7.8%, maintaining its position as a key regional partner. Exports to Malaysia, Australia, India, and Vietnam each ranged between 3.9% and 4.1%, indicating Thailand's growing intra-Asia trade integration.

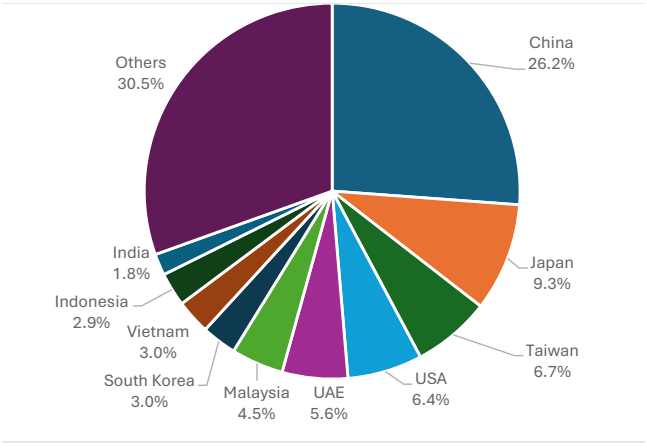
**Chart 2.26: Major Merchandise Export Destinations of Thailand in 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, China remained Thailand's largest import partner, contributing 26.2% of total imports, underscoring the strong trade dependency on Chinese intermediate goods and electronics. Japan followed with a 9.3% share, reflecting continued imports of machinery and automotive components ***(Chart 2.27)***. Other key suppliers included Taiwan (6.7%), the USA (6.4%), and the UAE (5.6%), the latter primarily supplying energy products. Regional partners like Malaysia (4.5%), South Korea (3%), Vietnam (3%), and Indonesia (2.9%) also played significant roles in Thailand's import mix. India accounted for 1.8% of imports, indicating a well-diversified sourcing pattern across global markets.

**Chart 2.27: Major Merchandise Import Sources of Thailand in 2024 (%)**



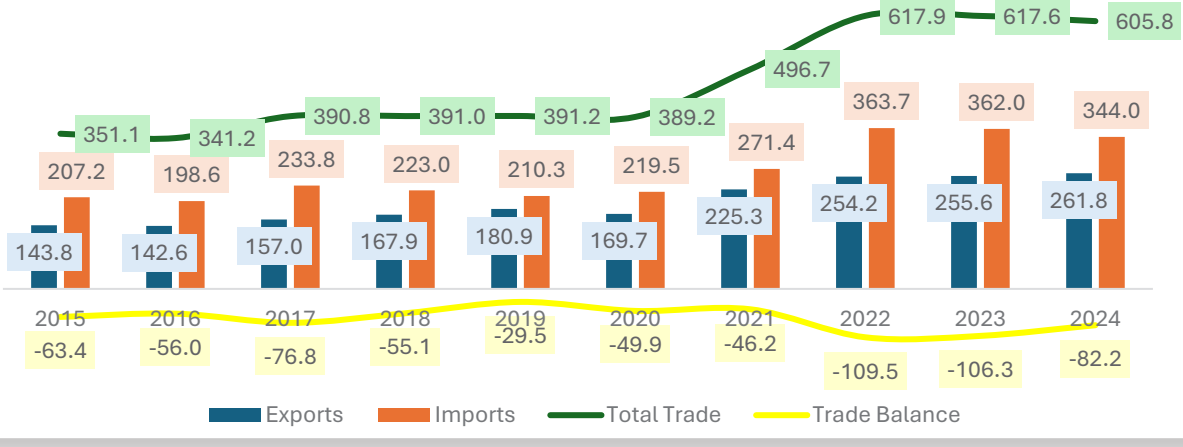

*Source: ITC TradeMap and India Exim Bank Analysis*

## Türkiye

Türkiye's international trade has expanded notably over the past decade, with total trade increasing from US$ 351.1 billion in 2015 to US$ 605.8 billion in 2024 ***(Chart 2.28)***. Exports rose from US$ 143.8 billion to US$ 261.8 billion over the same period, showing steady growth, while imports grew faster, from US$ 207.2 billion to US$ 344 billion. As a result, Türkiye consistently ran trade deficits, with the gap narrowing in some years such as 2019 but widening sharply to over US$ 109.5 billion in 2022 before easing to US$ 82.2 billion in 2024.

While exports have increased steadily, import growth has generally outpaced them, keeping the trade balance negative across all years. The recent moderation in the deficit after 2022 points to some adjustment, but Türkiye's trade remains structurally tilted towards higher import demand relative to export earnings.

**Chart 2.28: International Merchandise Trade of Türkiye (in US$ billion)**




*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, Türkiye's exports stood at US$ 261.8 billion, with vehicles as the leading category at US$ 32.4 billion, accounting for 12.4% of the total and reflecting steady growth since 2015 ***(Table 2.19)***. Machinery and mechanical appliances followed at US$ 25.6 billion, while mineral fuels and oils, as well as electrical machinery and equipment, each contributed around US$ 16.5 billion, showing marked increases compared to earlier years. Precious stones and metals were valued at US$ 13 billion, while plastics, iron and steel, and iron or steel articles together added about US$ 31 billion, pointing to the importance of industrial goods. Apparel exports remained significant, with knitted and non-knitted clothing together accounting for more than 7.5% in total exports, sustaining Türkiye's position in global textiles.

**Table 2.19: Major Merchandise Export Commodities of Türkiye (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| TOTAL | **All products** | **143.8** | **180.9** | **255.6** | **261.8** | **100** |
| 87 | Vehicles other than railway or tramway | 17.5 | 26.9 | 30.8 | 32.4 | 12.4 |
| 84 | Machinery and mechanical appliances | 12.3 | 17.8 | 25.3 | 25.6 | 9.8 |
| 27 | Mineral fuels and oils | 4.5 | 8.4 | 16.4 | 16.6 | 6.3 |
| 85 | Electrical machinery and equipment | 8.3 | 9.7 | 15.5 | 16.4 | 6.3 |
| 71 | Natural or cultured pearls, precious stones and metals | 11.3 | 7.3 | 13.6 | 13.0 | 5.0 |
| 39 | Plastics and articles thereof | 5.4 | 6.8 | 10.6 | 10.9 | 4.2 |
| 72 | Iron and steel | 6.6 | 10.0 | 8.9 | 10.2 | 3.9 |
| 61 | Articles of apparel and clothing accessories, knitted or crocheted | 8.9 | 9.2 | 10.3 | 10.1 | 3.9 |
| 73 | Articles of iron or steel | 5.5 | 6.7 | 10.1 | 9.8 | 3.7 |
| 62 | Articles of apparel and clothing accessories, not knitted or crocheted | 5.9 | 6.9 | 8.0 | 7.4 | 2.8 |

*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, Türkiye's imports reached US$ 344 billion, with mineral fuels and oils leading at US$ 65.6 billion, making up 19.1% of the total and reflecting continued dependence on energy purchases from abroad ***(Table 2.20).*** Machinery and mechanical appliances followed at US$ 39.6 billion, while vehicle imports accounted for 9.2% of total imports, indicating strong demand for capital and transport goods. Electrical machinery and equipment contributed 7.9%, and imports of precious stones and metals, though down from 2023, remained high at US$ 24.9 billion. Iron and steel accounted for US$ 23.7 billion, alongside plastics at US$ 15.6 billion, showing the scale of industrial input needs. Organic chemicals and optical and medical equipment also grew moderately, while aluminium and related articles remain steady around US$ 6 billion.

**Table 2.20: Major Merchandise Import Commodities of Türkiye (in US$ billion)**

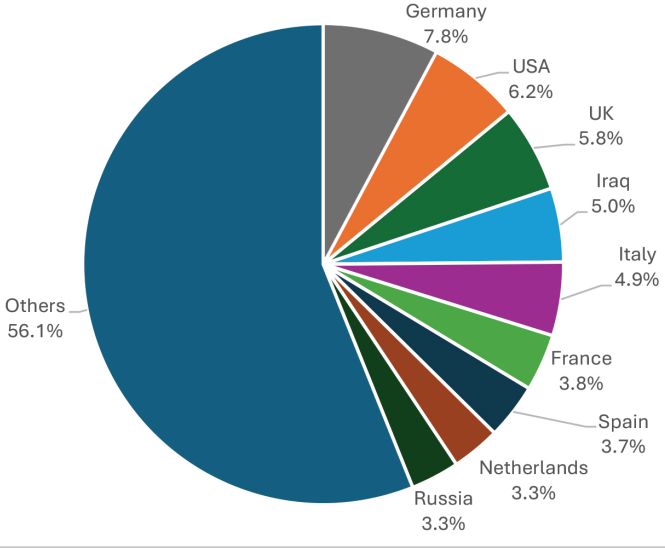
| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **207.2** | **210.3** | **362.0** | **344.0** | **100** |
| 27 | Mineral fuels and oils | 37.8 | 41.7 | 69.1 | 65.6 | 19.1 |
| 84 | Machinery and mechanical appliances | 25.6 | 22.2 | 41.0 | 39.6 | 11.5 |
| 87 | Vehicles other than railway or tramway | 17.5 | 10.0 | 32.3 | 31.7 | 9.2 |
| 85 | Electrical machinery and equipment | 17.6 | 15.5 | 27.9 | 27.2 | 7.9 |

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| 71 | Natural or cultured pearls, precious stones and metals | 4.2 | 13.4 | 33.9 | 24.9 | 7.2 |
| 72 | Iron and steel | 14.8 | 15.0 | 24.2 | 23.7 | 6.9 |
| 39 | Plastics and articles thereof | 12.3 | 11.8 | 16.2 | 15.6 | 4.5 |
| 29 | Organic chemicals | 4.7 | 6.0 | 9.2 | 9.5 | 2.7 |
| 90 | Optical, photographic and medical equipment | 4.6 | 4.5 | 6.5 | 6.8 | 2.0 |
| 76 | Aluminium and articles thereof | 3.3 | 3.6 | 6.3 | 6.1 | 1.8 |

*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, Türkiye's exports were widely spread across markets, with Germany as the top destination at 7.8% of the total, reflecting strong industrial and trade linkages within Europe ***(Chart 2.29)***. The USA (6.2%) and the UK (5.8%) followed, highlighting Türkiye's growing reach into advanced economies beyond the EU. Regional neighbours such as Iraq (5%) and Italy (4.9%) were also important markets, while France, Spain, Netherlands, and Russia each accounted for around 3–4% share in terms of export destinations.

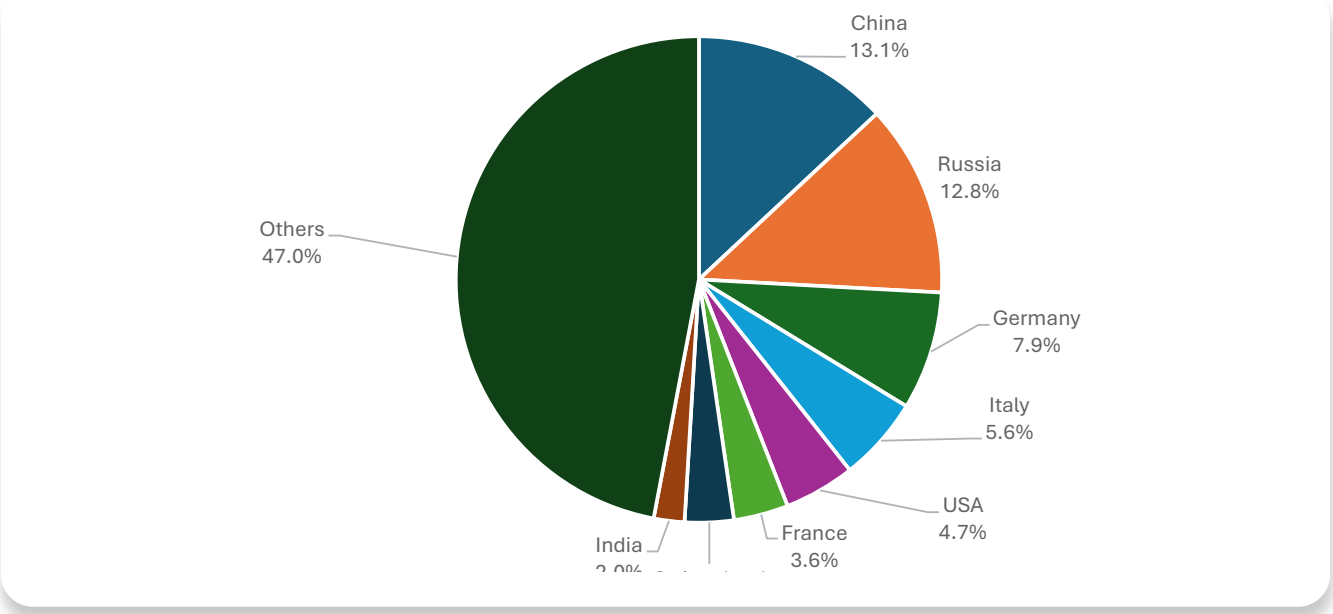
**Chart 2.29: Major Merchandise Export Destinations of Türkiye in 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, Türkiye's imports were led by China at 13.1% and Russia at 12.8%, reflecting its reliance on both industrial goods from East Asia and energy supplies from its northern neighbour ***(Chart 2.30).*** Germany remained the largest European supplier at 7.9%, followed by Italy (5.6%), the USA (4.7%), and France (3.6%), showing the depth of Türkiye's trade ties with advanced economies. Switzerland contributed 3.3%, while India accounted for 2% of total imports of Türkiye.

**Chart 2.30: Major Merchandise Import Sources of Türkiye in 2024 (%)**



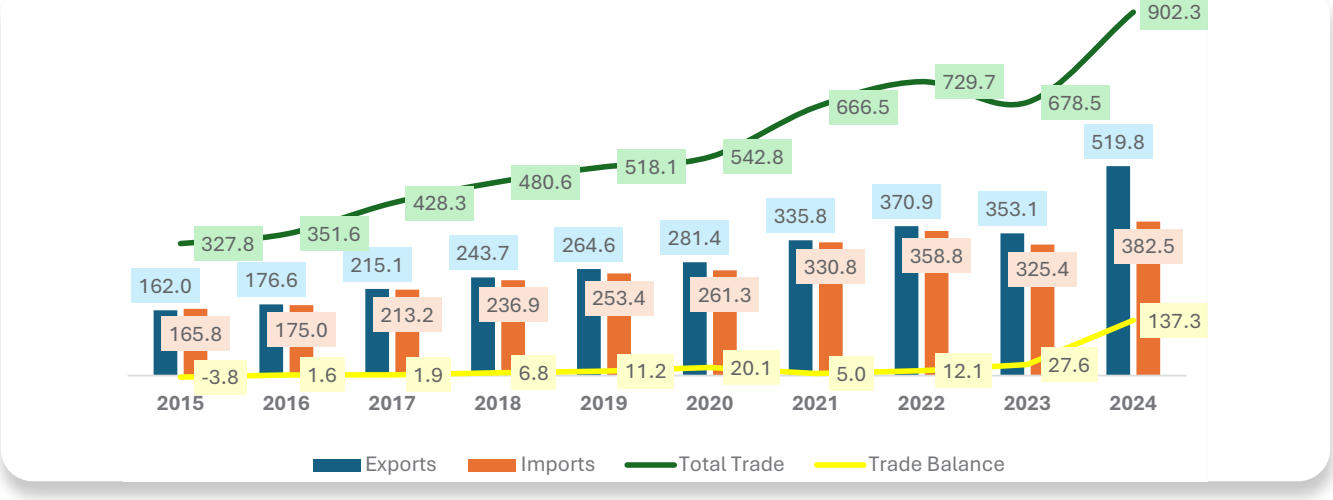

*Source: ITC TradeMap and India Exim Bank Analysis*

## Vietnam

Vietnam's merchandise trade expanded sharply between 2015 and 2024, with total trade increasing more than two times from US$ 327.8 billion to US$ 902.3 billion ***(Chart 2.31)***. Exports rose from US$ 162 billion in 2015 to US$ 519.8 billion in 2024, while imports increased from US$ 165.8 billion to US$ 382.5 billion, a rise of about 130%.

The trade surplus widened notably, from a deficit of US$ 3.8 billion in 2015 to a record surplus of US$ 137.3 billion in 2024. Particularly striking was the jump in exports in 2024, which grew by nearly 47% over the previous year, pushing total trade above US$ 900 billion for the first time. This trajectory reflects Vietnam's deepening role in global supply chains, underpinned by strong foreign investment, manufacturing expansion, and integration into key trade agreements.

**Chart 2.31: International Merchandise Trade of Vietnam (in US$ billion)**




*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, Vietnam's exports reached US$ 519.8 billion, with electrical machinery and equipment leading at US$ 201.8 billion, accounting for 38.8% of the total exports, more than four times its 2015 level, reflecting

Vietnam's emergence as a major electronics manufacturing hub ***(Table 2.21).*** Machinery and mechanical appliances followed with US$ 77.7 billion, a nearly six-fold increase from 2015, underscoring the rapid expansion of industrial and assembly activities. Traditional labour-intensive sectors also remained strong, with footwear exports climbing to US$ 34.9 billion, while knitted and non-knitted apparel together contributed US$ 39.4 billion. Furniture exports nearly quadrupled to US$ 19.5 billion, supported by rising global demand for household goods. Other important contributors included plastics, iron and steel, fruits, and rubber, each recording steady gains.

**Table 2.21: Major Merchandise Export Commodities of Vietnam (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **162.0** | **264.6** | **353.1** | **519.8** | **100.0** |
| 85 | Electrical machinery and equipment | 47.4 | 97.2 | 132.7 | 201.8 | 38.8 |
| 84 | Machinery and mechanical appliances | 10.0 | 13.1 | 32.2 | 77.7 | 14.9 |
| 64 | Footwear, gaiters and similar articles | 12.4 | 19.0 | 20.8 | 34.9 | 6.7 |
| 61 | Articles of apparel and clothing accessories, knitted or crocheted | 10.1 | 14.9 | 14.8 | 19.7 | 3.8 |
| 62 | Articles of apparel and clothing accessories, not knitted or crocheted | 11.3 | 15.2 | 15.3 | 19.7 | 3.8 |
| 94 | Furniture, bedding and mattresses | 5.5 | 9.5 | 12.1 | 19.5 | 3.7 |
| 39 | Plastics and articles thereof | 2.6 | 4.8 | 7.4 | 10.1 | 1.9 |
| 72 | Iron and steel | 2.2 | 4.3 | 8.5 | 9.8 | 1.9 |
| 08 | Edible fruit and nuts | 3.3 | 5.7 | 7.0 | 7.8 | 1.5 |
| 40 | Rubber and articles thereof | 2.5 | 4.3 | 6.3 | 7.3 | 1.4 |

*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, Vietnam's imports stood at US$ 382.5 billion, led by electrical machinery and equipment at US$ 139.4 billion (36.5% of the total imports), reflecting the country's dependence on imported parts for its electronics exports ***(Table 2.22)***. Machinery and mechanical appliances followed at US$ 34.4 billion, alongside plastics (US$ 19.6 billion), mineral fuels (US$ 16.3 billion) and iron and steel (US$ 14.1 billion). Vehicles, optical and medical equipment, and knitted fabrics also contributed, while cereals and man-made textile materials highlighted reliance on food and raw material imports.

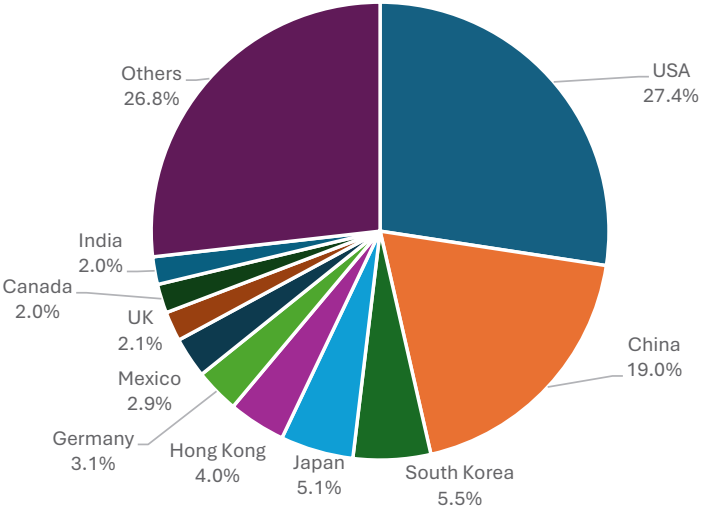
**Table 2.22: Major Merchandise Import Commodities of Vietnam (in US$ billion)**

| HS Code | Product label | 2015 | 2019 | 2023 | 2024 | % Share in 2024 |
|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **165.8** | **253.4** | **325.4** | **382.5** | **100.0** |
| 85 | Electrical machinery and equipment | 41.9 | 77.8 | 112.7 | 139.4 | 36.5 |
| 84 | Machinery and mechanical appliances | 21.1 | 23.4 | 23.3 | 34.4 | 9.0 |
| 39 | Plastics and articles thereof | 9.9 | 15.9 | 17.5 | 19.6 | 5.1 |
| 27 | Mineral fuels and oils | 7.9 | 15.6 | 25.7 | 16.3 | 4.3 |
| 72 | Iron and steel | 8.7 | 11.3 | 12.4 | 14.1 | 3.7 |
| 87 | Vehicles other than railway or tramway | 5.4 | 6.3 | 5.9 | 8.8 | 2.3 |
| 90 | Optical, photographic and medical equipment | 3.6 | 9.0 | 7.4 | 7.8 | 2.0 |
| 60 | Knitted or crocheted fabrics | 3.6 | 5.4 | 5.4 | 7.2 | 1.9 |
| 10 | Cereals | 2.3 | 3.1 | 5.5 | 5.5 | 1.4 |
| 54 | Man-made textile materials | 2.1 | 3.4 | 3.6 | 5.4 | 1.4 |

*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, USA was Vietnam's largest export destination, accounting for 27.4% of total shipments, reflecting the strong demand for textiles, electronics, and consumer goods. China followed with 19%, underscoring the close production and supply chain linkages between the two economies. Other key markets included South Korea (5.5%), Japan (5.1%), and Hong Kong (4%), highlighting the importance of East Asia as a regional trade hub. Exports to Germany and Mexico each contributed around 3%, while the UK, Canada, and India accounted for about 2% each.

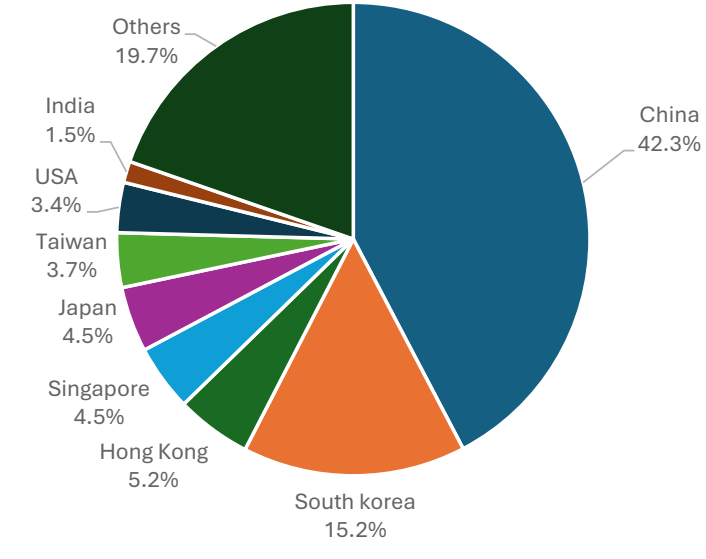
**Chart 2.32: Major Merchandise Export Destinations of Vietnam in 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

In 2024, China was by far Vietnam's largest source of imports, supplying 42.3% of the total and underscoring Vietnam's dependence on Chinese inputs for its export-oriented industries **(Chart 2.33)**. South Korea was the second-largest supplier at 15.2%, reflecting strong electronics and component trade linkages. Hong Kong (5.2%), Singapore (4.5%), and Japan (4.5%) also played important roles as regional suppliers. Taiwan contributed 3.7%, while the USA accounted for 3.4% and India 1.5%. The remaining 19.7% came from a wide range of partners, showing that while Vietnam's imports are heavily concentrated in East Asia, there is still a moderate degree of diversification.

**Chart 2.33: Major Merchandise Import Sources of Vietnam in 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

Chapter 3

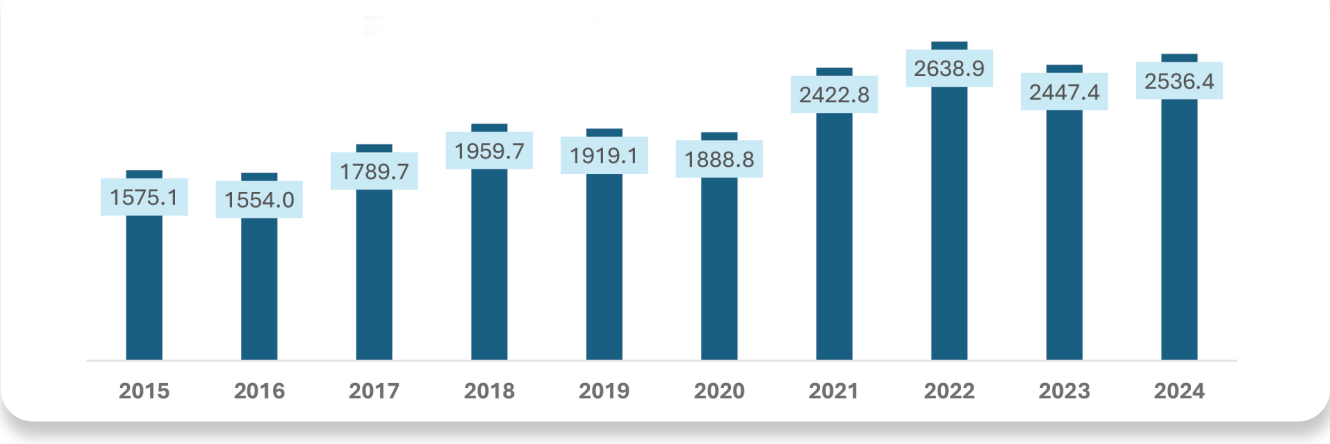
# Intra-Regional Trade of Asia Pacific

The current chapter would broadly focus on intra-regional exports among select economies of the Asia-Pacific region i.*e. Australia, China, India, Indonesia, Japan, Malaysia, Philippines, South Korea, Thailand, Türkiye and Vietnam*. These select economies account for more than 30% trade across the globe. These economies are also represented by their respective ECAs in the Asian Exim Banks Forum (AEBF).

Intra-regional exports among the select Asia Pacific economies has grown steadily over the past decade, expanding from US$ 1.6 trillion in 2015 to US$ 2.5 trillion in 2024 ***(Chart 3.1),*** reflecting deeper regional integration and the strengthening of production networks. Exports peaked in 2022 at US$ 2.6 trillion, before moderating in 2023 and slightly recovering in 2024, which mirrors the impact of global supply chain disruptions, inflationary pressures, and uneven post-pandemic recovery across economies.

Some of the economies serve as major exporters of manufactured goods and technology-intensive products, while others, including resource-rich Australia and Indonesia, supply raw materials and energy inputs. At the same time, several emerging economies, including India, Vietnam, and the Philippines, are increasingly positioned as both consumers of imports and contributors to export growth through labour-intensive and value-added goods.

**Chart 3.1: Intra Regional-Exports of Select Economies of Asia Pacific (in US$ billion)**




*Source: ITC TradeMap and India Exim Bank Analysis*

The intra-regional export basket of the select economies is highly diversified but continues to be dominated by technology-intensive sectors. In 2024, electrical machinery and equipment (HS-85) led with exports worth US$ 598.5 billion, accounting for 23.6% of total intra-regional exports ***(Table 3.1).*** Importantly, the region accounted for 34.6% of total world exports in this category, reflecting the region's deep integration into global and regional value chains for electronics and semiconductors. Similarly, machinery and mechanical appliances (HS-84) contributed nearly 11.9% to total intra-regional exports, with a 29.8% share of global exports, reinforcing the Asia's dominance in industrial and capital goods.

Traditional resource-based commodities also maintained strong positions. Mineral fuels and oils remained a critical intra-regional- export item at US$ 201 billion in 2024 and accounting for almost 45.7% of global exports, reflecting energy demand cycles and price volatility. Ores, slag, and ash at US$ 110 billion (4.3% share in total

intra-regional exports) demonstrated the significance of raw material supplies from Australia and Indonesia, with an exceptionally high 91% share in global exports. Mid-range manufactured and industrial goods also strengthen the intra-regional trade Vehicles (HS-87) reached US$ 113.4 billion (4.5% share in intra-regional exports), though their global share remains relatively modest at 20%, reflecting the fact that Asia's auto trade is more diversified across global markets. Iron and steel and plastics also featured prominently, contributing 3.8% and 4.3% of intra-regional exports respectively, with strong intra-Asia flows driven by industrial supply chains. Likewise, organic chemicals and inorganic chemicals recorded global shares of 43.9% and 50.4% respectively, reinforcing the region's centrality in the supply of chemical intermediates.

**Table 3.1: Major Export Commodities for Intra-Regional Trade of Select Economies of Asia Pacific (in US$ billion)**

| HS Code | Products | 2015 | 2019 | 2023 | 2024 | % Share in 2024 | % Share in total world exports |
|---|---|---|---|---|---|---|---|
| **TOTAL** | **All products** | **1575.1** | **1919.1** | **2447.4** | **2536.4** | **100.0** | **33.8** |
| 85 | Electrical machinery and equipment | 323.7 | 416.7 | 536.9 | 598.5 | 23.6 | 34.6 |
| 84 | Machinery and mechanical appliances | 193.1 | 239.0 | 266.6 | 300.6 | 11.9 | 29.8 |
| 27 | Mineral fuels, mineral oils and products of their distillation | 120.1 | 152.2 | 214.9 | 201.0 | 7.9 | 45.7 |
| 87 | Vehicles other than railway or tramway rolling stock | 75.8 | 84.9 | 113.1 | 113.4 | 4.5 | 20.0 |
| 26 | Ores, slag and ash | 51.5 | 83.4 | 116.2 | 110.0 | 4.3 | 91.0 |
| 39 | Plastics and its articles | 65.0 | 85.6 | 102.4 | 108.0 | 4.3 | 41.7 |
| 72 | Iron and steel | 58.2 | 68.0 | 100.9 | 95.2 | 3.8 | 50.3 |
| 29 | Organic chemicals | 50.0 | 62.2 | 65.0 | 68.6 | 2.7 | 43.9 |
| 90 | Optical, photographic, cinematographic and medical equipment | 67.2 | 66.0 | 57.2 | 59.2 | 2.3 | 35.1 |
| 73 | Articles of iron or steel | 33.3 | 35.6 | 45.1 | 45.9 | 1.8 | 29.4 |
| 74 | Copper and articles thereof | 19.7 | 23.9 | 34.4 | 37.4 | 1.5 | 66.3 |
| 94 | Furniture; bedding and mattresses | 23.8 | 26.5 | 34.9 | 35.0 | 1.4 | 21.3 |
| 76 | Aluminium and articles thereof | 19.2 | 22.7 | 31.7 | 34.5 | 1.4 | 44.1 |
| 40 | Rubber and articles thereof | 23.6 | 27.1 | 30.1 | 33.4 | 1.3 | 32.8 |
| 28 | Inorganic chemicals | 14.7 | 21.5 | 43.6 | 32.8 | 1.3 | 50.4 |

*Source: ITC TradeMap and India Exim Bank Analysis*

***Table 3.2*** presents country wise top five intra-regional export items of select countries in 2024.

**Table 3.2: Country Wise Top Intra-Regional Export Items for the Select Economies of Asia Pacific**

| Country | Total Exports in 2024 (US$ bn) | HS Code | Top 5 Export Items | Share in 2024 (%) |
|---|---|---|---|---|
| Australia | 19.8 | 26 | Ores, slag and ash | 45.2 |
| | | 27 | Mineral fuels and oils | 25.9 |
| | | 71 | Natural or cultured pearls, precious stones and metals | 4.3 |
| | | 02 | Meat and edible meat offal | 3.5 |
| | | 10 | Cereals | 3.2 |
| | | | | |

| Country | Total Exports in 2024 (US$ bn) | HS Code | Top 5 Export Items | Share in 2024 (%) |
|---|---|---|---|---|
| China | 100.6 | 85 | Electrical machinery and equipment | 27.1 |
| | | 84 | Machinery and mechanical appliances | 15.1 |
| | | 39 | Plastics and articles thereof | 4.7 |
| | | 87 | Vehicles other than railway or tramway | 4.0 |
| | | 72 | Iron and steel | 3.1 |
| | | | | |
| India | 66.7 | 27 | Mineral fuels and oils | 15.4 |
| | | 84 | Machinery and mechanical appliances | 9.0 |
| | | 29 | Organic chemicals | 6.0 |
| | | 87 | Vehicles other than railway or tramway | 5.6 |
| | | 85 | Electrical machinery and equipment | 5.2 |
| | | | | |
| Indonesia | 161.1 | 27 | Mineral fuels and oils | 28.2 |
| | | 72 | Iron and steel | 13.4 |
| | | 15 | Animal, vegetable or microbial fats and oils | 7.3 |
| | | 75 | Nickel and articles thereof | 4.6 |
| | | 26 | Ores, slag and ash | 4.4 |
| | | | | |
| Japan | 288.5 | 84 | Machinery and mechanical appliances | 19.7 |
| | | 85 | Electrical machinery and equipment | 16.5 |
| | | 87 | Vehicles other than railway or tramway | 11.3 |
| | | 72 | Iron and steel | 6.2 |
| | | 90 | Optical, photographic, cinematographic and medical equipment | 5.6 |
| | | | | |
| South Korea | 300.6 | 85 | Electrical machinery and equipment | 39.1 |
| | | 27 | Mineral fuels and oils | 10.3 |
| | | 84 | Machinery and mechanical appliances | 8.7 |
| | | 39 | Plastics and articles thereof | 7.0 |
| | | 29 | Organic chemicals | 5.0 |
| | | | | |
| Malaysia | 140.4 | 85 | Electrical machinery and equipment | 25.4 |
| | | 27 | Mineral fuels and oils | 23.4 |
| | | 84 | Machinery and mechanical appliances | 6.7 |
| | | 15 | Animal, vegetable or microbial fats and oils | 5.6 |
| | | 39 | Plastics and its articles | 4.8 |
| | | | | |
| Philippines | 32.9 | 85 | Electrical machinery and equipment | 38.8 |
| | | 84 | Machinery and mechanical appliances | 9.4 |
| | | 26 | Ores, slag and ash | 8.3 |
| | | 90 | Optical, photographic, cinematographic and medical equipment | 5.8 |
| | | 08 | Edible fruit and nuts | 4.9 |
| | | | | |

| Country | Total Exports in 2024 (US$ bn) | HS Code | Top 5 Export Items | Share in 2024 (%) |
|---|---|---|---|---|
| Thailand | 130.5 | 87 | Vehicles other than railway or tramway | 12.9 |
| | | 84 | Machinery and mechanical appliances | 12.5 |
| | | 85 | Electrical machinery and equipment | 11.9 |
| | | 40 | Rubber and articles thereof | 7.1 |
| | | 39 | Plastics and articles thereof | 7.0 |
| | | | | |
| Türkiye | 9.4 | 26 | Ores, slag and ash | 14.9 |
| | | 84 | Machinery and mechanical appliances | 9.5 |
| | | 28 | Inorganic chemicals | 8.7 |
| | | 25 | Salt; sulphur; earths and stone | 8.5 |
| | | 87 | Vehicles other than railway or tramway | 4.7 |
| | | | | |
| Vietnam | 153.3 | 85 | Electrical machinery and equipment | 37.8 |
| | | 84 | Machinery and mechanical appliances | 9.5 |
| | | 8 | Edible fruit and nuts | 3.8 |
| | | 64 | Footwear, gaiters and similar items | 3.4 |
| | | 62 | Articles of apparel and clothing accessories, not knitted or crocheted | 3.3 |

*Source: ITC TradeMap and India Exim Bank Analysis*

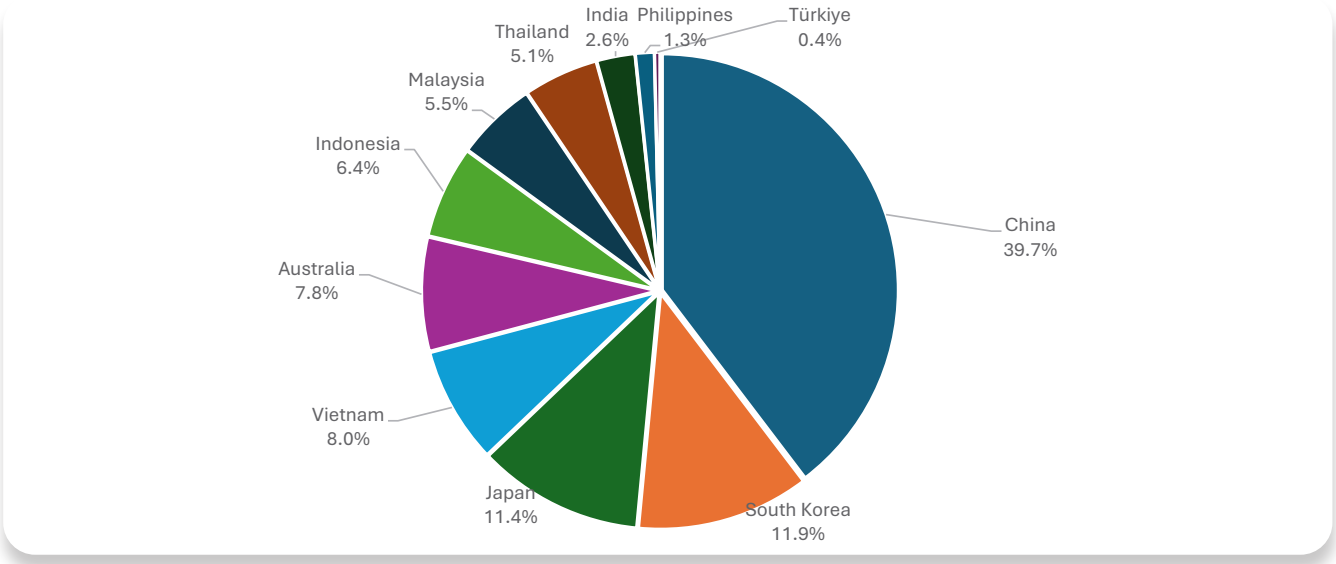
In 2024, China emerged as the largest partner within the select economies, supplying US$ 1.01 trillion, or nearly 40% of total intra-regional exports. This underlines China's pivotal role as the central market for goods produced within the region.

Other leading exporters among the select economies included South Korea (US$ 300.6 billion) and Japan (US$ 288.5 billion), reflecting their strong base for producing intermediate goods and high-technology products for regional partners. Vietnam (US$ 202.6 billion) and Australia (US$ 198 billion) each accounted for about 8% of intra-regional exports, highlighting Vietnam's rising importance as a manufacturing hub and Australia's role as a resource rich nation.

Indonesia (US$ 161.1 billion), Malaysia (US$ 140.4 billion), and Thailand (US$ 130.5 billion) together represented a significant share in exports, indicating the depth of Southeast Asia's integration into regional production and consumption networks.

India's intra-regional exports to these select economies were valued at US$ 66.7 billion, about 2.6% of the total intra-regional exports. While modest compared to East Asian economies, this still reflects a growing role for India within Asia. As its industrial base strengthens, India's share as a source for intra-regional exports is expected to rise. Philippines (US$ 32.9 billion) and Türkiye (US$ 9.4 billion) accounted for smaller but notable shares, underscoring the broad reach of these trade flows across both core and peripheral members of the group.

**Chart 3.2: Major Intra-Regional Exporters among Select Economies in Asia Pacific 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

***Table 3.3*** presents the top five intra-regional import items of select economies in 2024.

**Table 3.3: Country Wise Top Intra Regional Import Items for the Select Economies**

| Country | Total Imports in 2024 (US$ bn) | HS Code | Top 5 Import Items | Share in 2024 (%) |
|---|---|---|---|---|
| Australia | 151.9 | 87 | Vehicles other than railway or tramway | 18.6 |
| | | 27 | Mineral fuels and oils | 15.1 |
| | | 85 | Electrical machinery and equipment | 14.1 |
| | | 84 | Machinery and mechanical appliances | 12.9 |
| | | 73 | Articles of iron or steel | 3.2 |
| | | | | |
| China | 968.2 | 85 | Electrical machinery and equipment | 35.5 |
| | | 84 | Machinery and mechanical appliances | 10.9 |
| | | 27 | Mineral fuels and oils | 10.8 |
| | | 26 | Ores, slag and ash | 10.2 |
| | | 39 | Plastics and articles thereof | 2.8 |
| | | | | |
| India | 226.0 | 85 | Electrical machinery and equipment | 22.5 |
| | | 84 | Machinery and mechanical appliances | 15.8 |
| | | 27 | Mineral fuels and oils | 10.4 |
| | | 29 | Organic chemicals | 7.0 |
| | | 39 | Plastics and articles thereof | 5.3 |
| | | | | |
| Indonesia | 142.7 | 84 | Machinery and mechanical appliances | 17.5 |
| | | 85 | Electrical machinery and equipment | 14.7 |
| | | 27 | Mineral fuels and oils | 8.0 |
| | | 87 | Vehicles other than railway or tramway | 5.9 |
| | | 72 | Iron and steel | 5.5 |
| | | | | |

| Country | Total Imports in 2024 (US$ bn) | HS Code | Top 5 Import Items | Share in 2024 (%) |
|---|---|---|---|---|
| Japan | 362.3 | 85 | Electrical machinery and equipment | 20.7 |
| | | 27 | Mineral fuels and oils | 16.2 |
| | | 84 | Machinery and mechanical appliances | 11.6 |
| | | 87 | Vehicles other than railway or tramway | 3.0 |
| | | 39 | Plastics and its articles | 2.9 |
| | | | | |
| South Korea | 292.0 | 85 | Electrical machinery and equipment | 27.2 |
| | | 84 | Machinery and mechanical appliances | 12.2 |
| | | 27 | Mineral fuels and oils | 10.1 |
| | | 72 | Iron and steel | 4.1 |
| | | 90 | Optical, photographic, cinematographic and medical equipment | 3.3 |
| | | | | |
| Malaysia | 141.9 | 85 | Electrical machinery and equipment | 26.3 |
| | | 84 | Machinery and mechanical appliances | 13.1 |
| | | 27 | Mineral fuels and oils | 12.2 |
| | | 87 | Vehicles other than railway or tramway | 4.4 |
| | | 72 | Iron and steel | 3.3 |
| | | | | |
| Philippines | 91.8 | 85 | Electrical machinery and equipment | 19.5 |
| | | 27 | Mineral fuels and oils | 14.6 |
| | | 87 | Vehicles other than railway or tramway | 10.1 |
| | | 84 | Machinery and mechanical appliances | 8.2 |
| | | 72 | Iron and steel | 4.5 |
| | | | | |
| Thailand | 170.6 | 85 | Electrical machinery and equipment | 26.1 |
| | | 84 | Machinery and mechanical appliances | 13.4 |
| | | 27 | Mineral fuels and oils | 6.8 |
| | | 72 | Iron and steel | 5.8 |
| | | 87 | Vehicles other than railway or tramway | 4.9 |
| | | | | |
| Türkiye | 79.1 | 85 | Electrical machinery and equipment | 20.2 |
| | | 84 | Machinery and mechanical appliances | 18.3 |
| | | 72 | Iron and steel | 9.5 |
| | | 87 | Vehicles other than railway or tramway | 8.3 |
| | | 29 | Organic chemicals | 5.4 |
| | | | | |
| Vietnam | 269.5 | 85 | Electrical machinery and equipment | 40.2 |
| | | 84 | Machinery and mechanical appliances | 9.1 |
| | | 39 | Plastics and its articles | 5.8 |
| | | 72 | Iron and steel | 5.0 |
| | | 27 | Mineral fuels and oils | 4.5 |

*Source: ITC TradeMap and India Exim Bank Analysis*

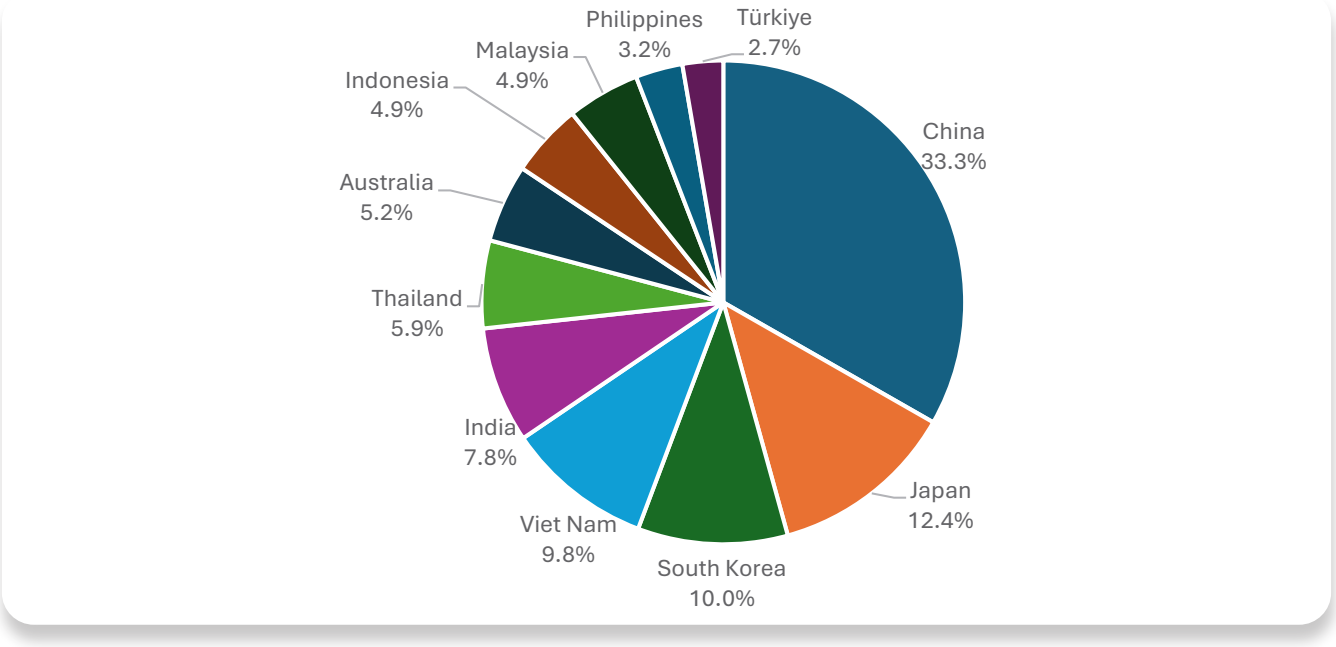
China was the single largest importer, accounting for US$ 968.2 billion, or about 33.3% of total intra-regional imports, reflecting its scale as a consumption hub and its dependence on intermediate goods and raw materials sourced from within the region.

Japan (US$ 362.3 billion) and South Korea (US$ 292 billion) followed as the next largest importers, both economies being highly integrated into regional value chains, particularly in electronics, machinery, and advanced manufacturing inputs. Vietnam was another major destination, taking in US$ 284.8 billion (9.8%) of intra-regional imports, highlighting its rapid industrial growth and deepening role in regional supply networks.

A notable feature is the role of India, which imported US$ 226 billion, or 7.8% of the total. This positions India among the top five intra-regional importers, underlining its growing demand for intermediate products, energy, and technology inputs to support its expanding industrial and consumer base. Compared to its smaller share as a destination for intra-regional exports, India's relatively stronger position as an importer underscores its potential as a driver of demand growth within the Asia Pacific network.

Other economies contributed moderately to intra-regional import demand. Thailand (US$ 170.6 billion), Australia (US$ 151.9 billion), Indonesia (US$ 142.7 billion), and Malaysia (US$ 141.9 billion) together accounted for about 21% of intra-regional imports, showing the broad participation of Southeast Asia and resource-based economies in regional trade flows. The Philippines (US$ 91.8 billion) and Türkiye (US$ 79.1 billion) had smaller but still meaningful shares, pointing to the inclusiveness of intra-regional trade across Asia.

**Chart 3.3: Major Intra-Regional Importers among Select Economies in Asia Pacific 2024 (%)**




*Source: ITC TradeMap and India Exim Bank Analysis*

Chapter 4

# Value Chains in the Asia Pacific

Global Value Chains (GVCs) have become a cornerstone of modern manufacturing and international trade, reflecting the increasingly interconnected nature of the global economy. In today's world, production is no longer confined within national borders. Instead, it is organized across multiple countries, with different stages of the value creation process taking place in different locations. This international dispersion of activities allows firms to optimize efficiency, reduce costs, and access specialized capabilities.

The rise of GVCs has been facilitated by several transformative developments. Advances in telecommunications, computing, logistics, and transportation have revolutionized how production is coordinated across borders. These technologies enable real-time communication, efficient supply chain management, and faster delivery of goods and services. Additionally, trade agreements and policy reforms have lowered barriers to cross-border trade and investment, making it easier for countries to participate in global production networks. Labour mobility has also increased, allowing skilled workers to contribute to different stages of production in various regions, further enhancing the flexibility and responsiveness of GVCs.

In this globalized framework, countries and firms no longer need to produce entire goods from start to finish. Instead, they specialize in specific stages of the value chain where they have a comparative advantage. This specialization leads to greater productivity and innovation, as firms can concentrate where they hold competitiveness while relying on partners for other aspects of production. As a result, a single product may pass through multiple countries and undergo several transformations before reaching the final consumer.

The GVC model has also changed the nature of competition and collaboration. Firms are now part of complex networks where cooperation with suppliers, partners, and service providers across borders is essential. This has led to the emergence of global production hubs and regional value chains, where countries within a region collaborate closely to produce and export goods. Moreover, the growing importance of services such as design, logistics, and IT within GVCs highlights the shift toward knowledge-intensive and digitally enabled production systems.

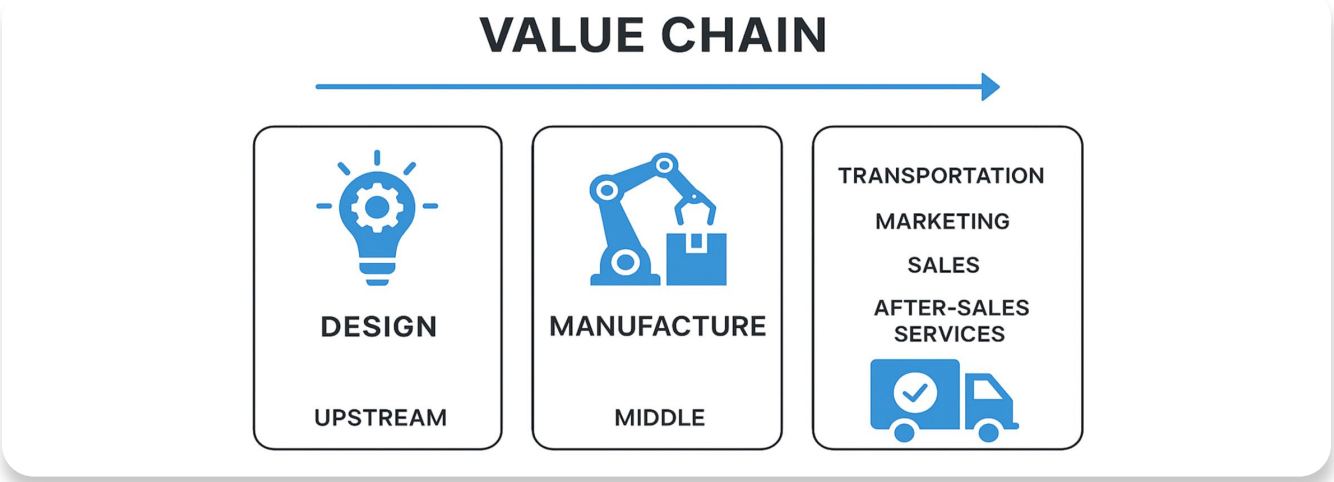
Thus, GVCs represent a dynamic and evolving system of global production and trade. They offer significant opportunities for economic growth, technological advancement, and employment generation. As trade costs continue to decline and digital technologies advance, the role of GVCs is expected to become even more central in shaping the future of global manufacturing and commerce.

## Stages of the Value Chain and the Smile Curve

The value chain begins with the upstream stages, which involve product design, development, and innovation activities that define the concept, functionality, and market positioning of a product. These stages are knowledge-intensive and rely heavily on research, creativity, and technical expertise. The process then transitions into the middle stages, where products are manufactured and assembled. This phase often requires efficient production systems, access to skilled labour, and robust supply chain networks to ensure cost-effectiveness and quality consistency.

Finally, the downstream stages comprise transportation, marketing, sales, and after-sales services ***(Exhibit 4.1).*** These functions are crucial for ensuring that products reach their intended markets efficiently and that customer satisfaction is maintained.

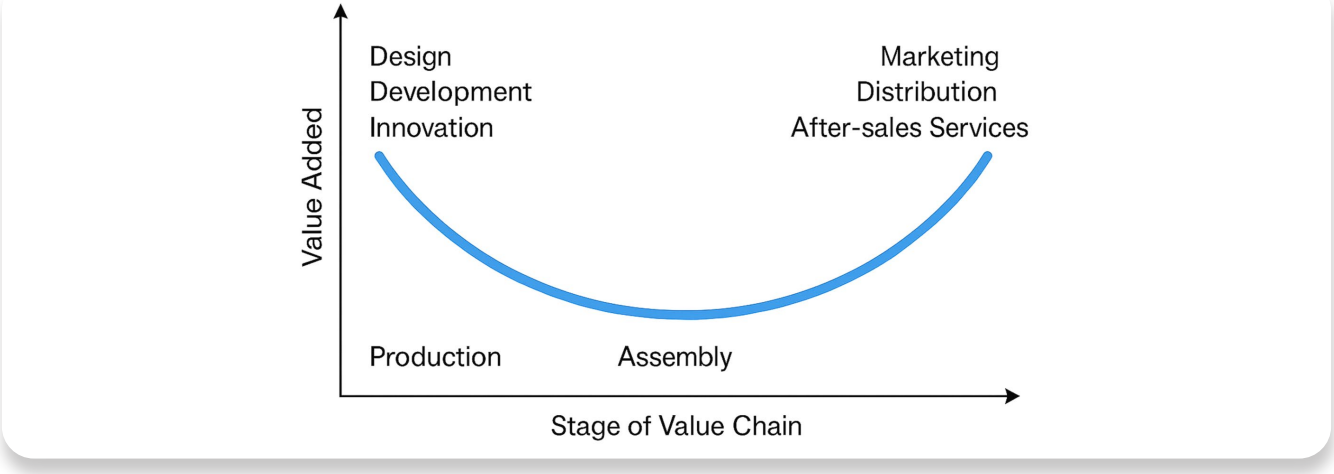
**Exhibit 4.1: Stages of the Value Chain**




This pattern of value creation across the production process is often illustrated by the ***"Smile Curve"***, a concept introduced by Stan Shih. The Smile Curve demonstrates that value addition is highest at the two ends of the value chain, in the upstream (R&D, design, innovation) and downstream (branding, marketing, and services) activities, while the middle stages of manufacturing and assembly typically yield lower value addition. The curve thus forms a "smile" shape ***(Exhibit 4.2).***

Countries or firms that move up the Smile Curve by investing in research, design, and post-production services can significantly enhance their share of global value creation. Active participation in these high-value segments not only increases gains from trade but also fosters technological upgrading, skill development, and greater competitiveness in the global economy.

**Exhibit 4.2: Smile Curve**




*Source: Adapted from "Smile curve and its linkages with Global Value Chains (GVCs), Munich Personal RePEc Archive".*

## GVC Positioning of Asia Pacific

The Global Value Chain Position Index (GVC_POS) is a quantitative indicator that measures a country's relative position within GVCs. It captures whether a country is primarily engaged in upstream activities, such as supplying raw materials and intermediate goods, or downstream activities, such as assembly, marketing, and final product distribution. The index is calculated as the ratio of the forward production length of GVC segments (PLv_GVC) to the backward production length (Ply_GVC).

Mathematically,

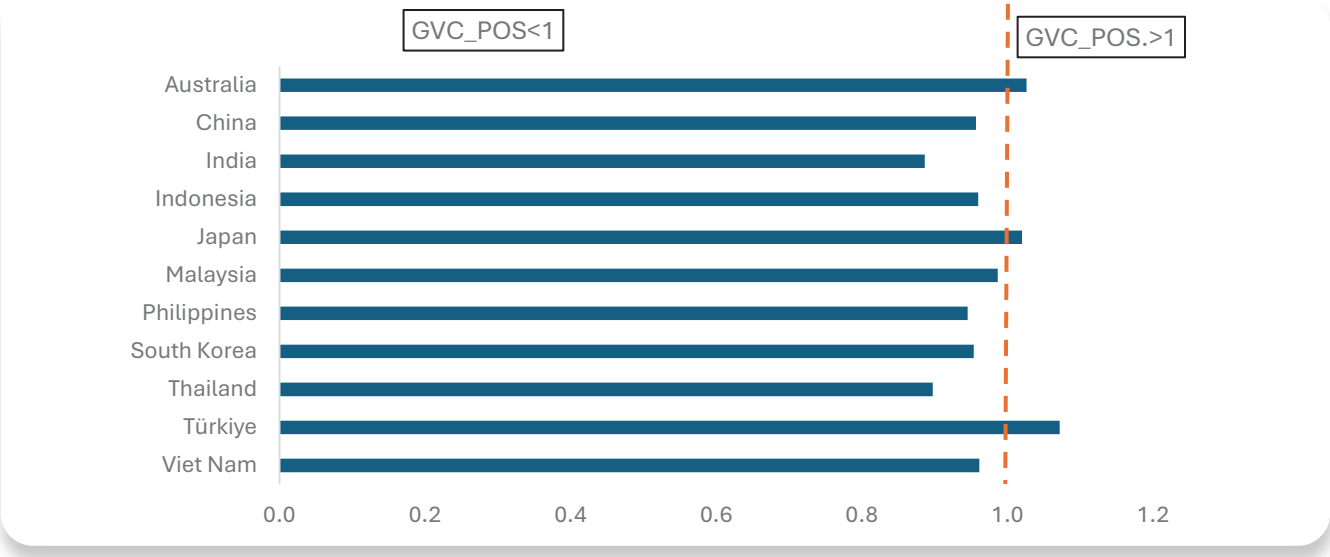
$$GVC\_POS = PLv\_GVC / Ply\_GVC$$

A higher GVC_POS value indicates that a country is more upstream, contributing value-added that is further embodied in other countries' exports. It reflects technological capabilities, capital intensity, and knowledge-based production, common in industries such as chemicals, machinery, or electronic components.

Conversely, a lower GVC_POS value signifies a more downstream position, where value addition is limited, and production depends heavily on imported intermediates and involves assembling imported inputs into final goods for export (e.g., electronics assembly or garment manufacturing).

The GVC_POS thus, provides critical insight into a country's role and specialization within international production networks. Movement from downstream to upstream positions suggests growing domestic innovation, R&D intensity, and integration into high-value activities. Therefore, shifts in GVC_POS over time reveal changes in industrial structure, technological capacity, and trade competitiveness, helping policymakers target sectors for diversification and higher value capture within global supply chains.

**Chart 4.1: GVC Position Index**




*Source: ADB GVC Database*

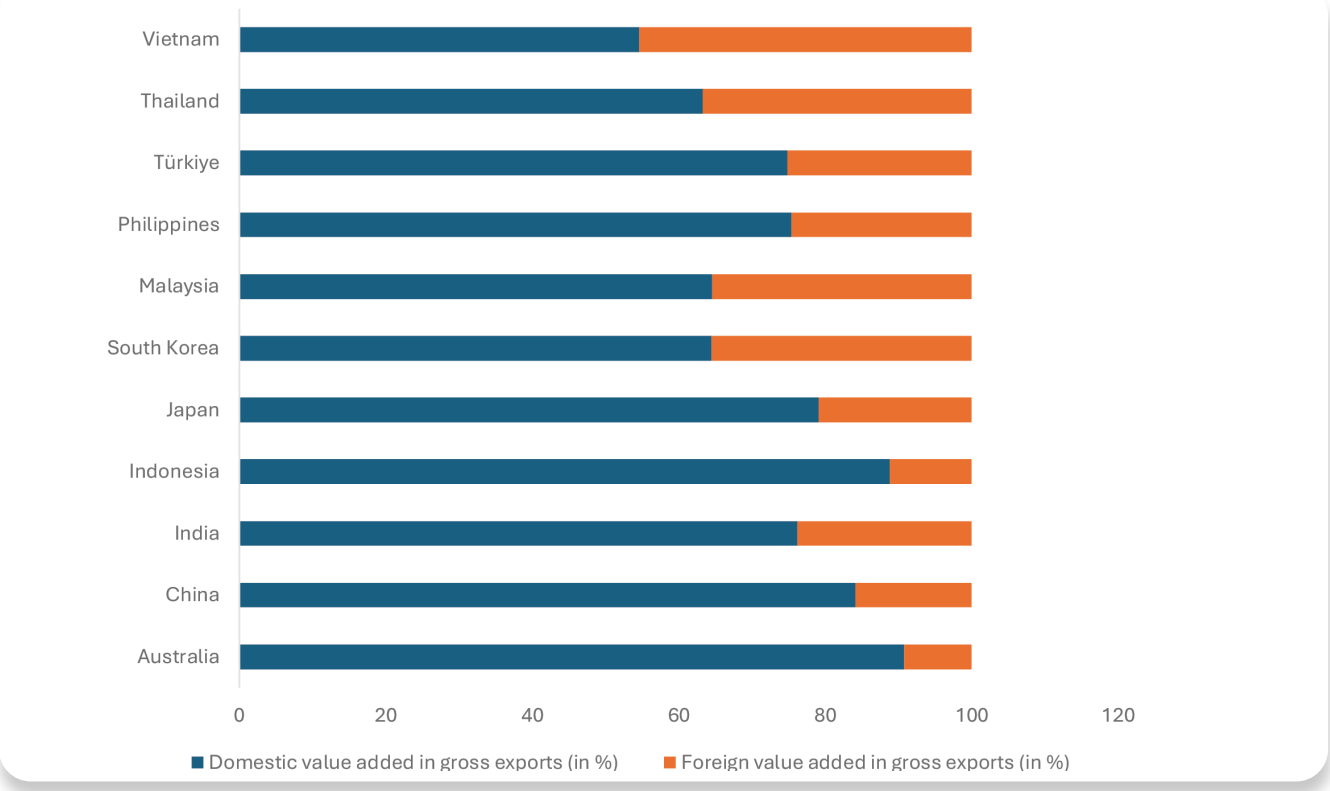
The above ***Chart 4.1*** provides insight into the relative GVC positioning of Asia-Pacific economies within global production networks, reflecting their capacity for value creation, technological sophistication, and industrial integration. Economies such as Türkiye (1.0715), Australia (1.0262), and Japan (1.0199) indicates an upstream orientation, indicating specialization in supplying intermediate goods, raw materials, and high-technology components. This positioning aligns with their comparative advantages, advanced manufacturing in Japan, resource-intensive exports in Australia, and diversified industrial production in Türkiye.

By contrast, economies such as China (0.9567), Malaysia (0.9866), Vietnam (0.9612), Indonesia (0.9598), and South Korea (0.9537) occupy midstream positions, engaging across multiple stages of production. These countries integrate imported intermediates into globally traded final products, supported by strong manufacturing ecosystems, FDI inflows, and efficient logistics. Meanwhile, India (0.8862), Thailand (0.8973), and Philippines (0.9453) remain downstream, focusing on assembly and final goods production. Their dependence on imported inputs signals opportunities for industrial upgrading.

## Domestic and Foreign Value Added in Gross Exports

The ***Chart 4.2*** depicts composition of gross exports in terms of domestic and foreign value addition providing insights into a country's level of integration and positioning within GVCs. The chart compares the domestic value added (DVA) and foreign value added (FVA) components of exports across select economies, reflecting the extent to which their export sectors rely on imported intermediate inputs versus domestic production capacities.

**Chart 4.2: Share of Domestic and Foreign Value Added in Gross Exports (in %) in 2022**




*Source: OECD TiVA Database and India Exim Bank Research*

At one end of the spectrum in ***Chart 4.2***, Australia (90.8%), Indonesia (88.8%), China (84.1%), and Japan (79.1%) exhibit high levels of domestic value added in their gross exports. These figures suggest that a large proportion of the value of their exports is generated domestically, indicating relatively lower dependence on imported intermediate goods.

Countries including India (76.2%), Philippines (75.4%), and Türkiye (74.8%) occupy an intermediate position, with domestic value-added accounting for around three-quarters of their gross exports. This reflects a balance between domestic production capabilities and reliance on imported inputs.

India's profile suggests a growing integration into GVCs while maintaining strong domestic industrial capabilities, particularly in sectors like pharmaceuticals, IT services, and automotive components. Philippines shows substantial domestic value creation despite its participation in electronics and semiconductor value chains, which often involve significant foreign input sourcing.

In contrast, South Korea (64.5%), Malaysia (64.6%), Thailand (63.3%), and Vietnam (54.6%) show significantly lower shares of domestic value added and correspondingly higher foreign content in their exports. This indicates a deeper integration into transnational production networks, where these economies act as assembly and processing hubs within broader global supply chains.

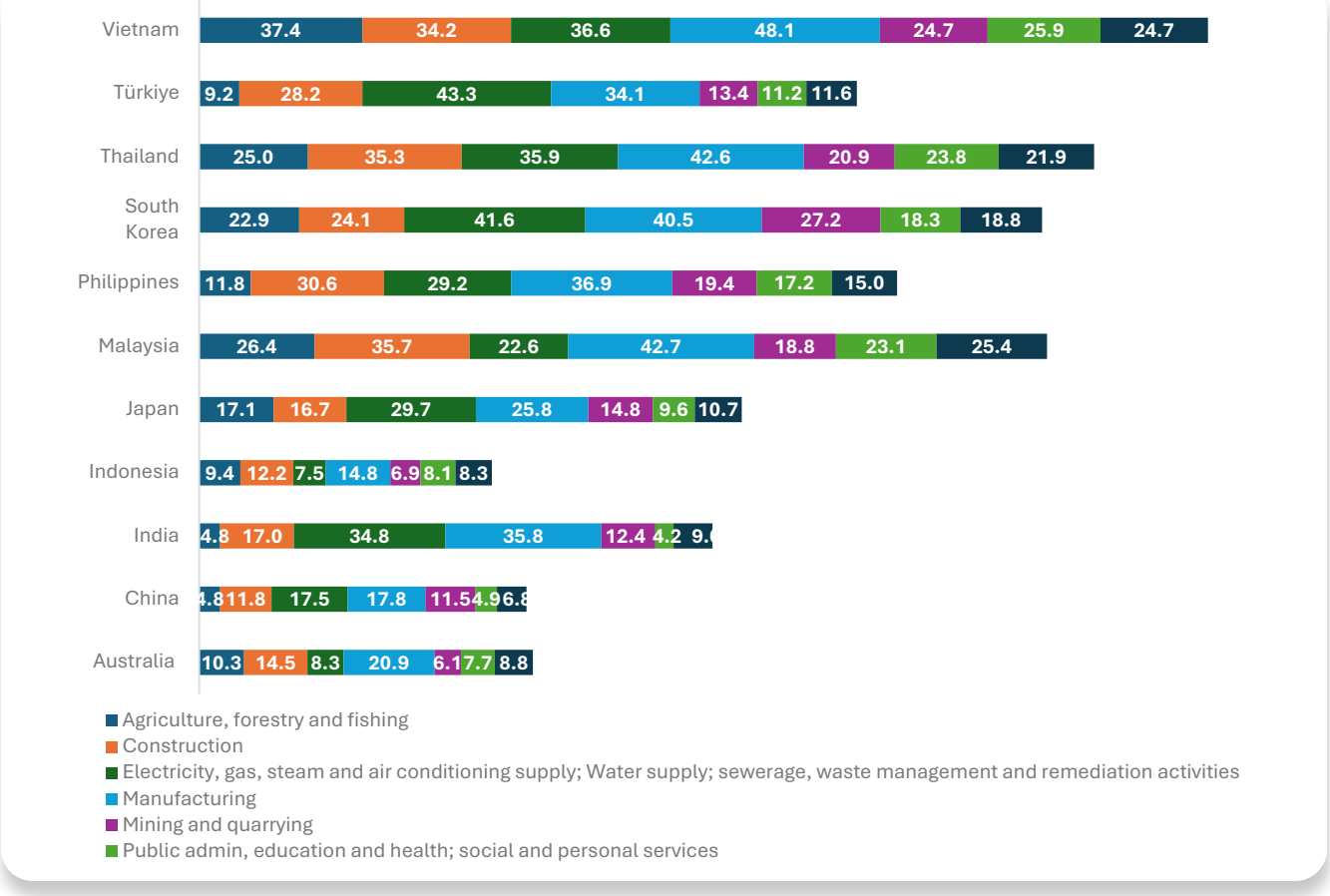
Vietnam, with nearly half of its export value (45.4%) originating from foreign inputs, exemplifies the "factory Asia" model, where multinational enterprises (MNEs) use the country as a final assembly base due to its cost competitiveness and strategic trade agreements.

The contrast between countries with high domestic value addition and those with significant foreign content underscores their respective positions within GVCs:

- **Upstream economies** (e.g., Australia, Indonesia) primarily supply raw materials or intermediate goods that enter downstream production elsewhere.
- **Midstream economies** (e.g., China, India, Türkiye) combine domestic production capacity with imported inputs, often producing intermediate or final goods.
- **Downstream economies** (e.g., Vietnam, Malaysia, Thailand) specialize in final assembly and export, relying more on foreign inputs sourced earlier in the production chain.

The next section presents sector - wise contribution of foreign value added (FVA) in gross exports. This would help to get a better understanding of differences across sectors.

**Chart 4.3: Sector-wise Distribution of FVA in Gross Exports in 2022 (%)**




*Source: OECD TiVA Database and India Exim Bank Research*

The ***Chart 4.3*** illustrates the sector-wise distribution of FVA in gross exports across the range of select economies, capturing the depth and nature of their GVC participation. Across all economies, manufacturing consistently accounts for the largest share of foreign value added, underscoring its centrality to global production fragmentation. This is especially evident in Vietnam (48.1%), Thailand (42.6%), Malaysia (42.7%), and South Korea (40.5%), where manufacturing dominates foreign content in exports. Even in economies like India (35.8%) and

Japan (25.8%), manufacturing remains the leading contributor to foreign value added, highlighting its universal importance as a conduit for cross-border production linkages.

The sectors of construction and electricity, gas, and water supply also contribute significantly to foreign value added, particularly in emerging and middle-income economies. Construction shows notable FVA shares in Malaysia (35.7%), Thailand (35.3%) and Philippines (30.6%), indicating the import-intensive nature of infrastructure development and real estate projects in these countries. This often involves the procurement of machinery, equipment, and specialized materials from abroad.

Electricity and utilities sectors also reveal substantial foreign input use, especially in Türkiye (43.3%), India (34.8%), and Vietnam (36.6%). This suggests that energy production and utility services, essential to industrial activity, are deeply linked to global supply chains, often relying on imported equipment, fuel, and technology.

The agriculture, forestry, and fishing sector exhibits significant foreign input use in some countries, particularly Vietnam (37.4%), Malaysia (26.4%) and Thailand (25%). This reflects the growing integration of agri-food chains, where imported fertilizers, seeds, machinery, and processing technologies enhance productivity and value addition.

In contrast, resource-rich economies like Australia (10.3%), Indonesia (9.4%) and India (4.8%), show lower FVA in agriculture, suggesting a more domestically sourced production structure in primary sectors. Mining and quarrying show moderate FVA levels, notably in Japan (14.8%) and Malaysia (18.8%), indicating reliance on imported equipment and technology even in resource extraction.

The contribution of services sectors, including public administration, education, health, and social services, to FVA is growing, particularly in advanced economies such as Australia (25.4%) and Malaysia (25.4%). The rising FVA in services reflects the increasing "servicification" of manufacturing and the growing role of cross-border service inputs such as R&D, design, logistics, and business services.

The sector-wise distribution of foreign value added underscores that GVC integration is not uniform across industries. Sectors like manufacturing, construction, and utilities are particularly reliant on foreign inputs, reflecting their deep embedding within global production architectures.

Moreover, the increasing foreign content in services and utilities highlights the growing importance of service–manufacturing linkages and the need to build competitive capabilities beyond traditional industrial sectors. Future competitiveness in GVCs will increasingly hinge on a country's ability to integrate advanced services, digital infrastructure, and knowledge-based activities into its export mix.

However, analysing the GVC participation solely based on the parameter 'foreign value-added content in gross exports' could be misleading because a country can link into GVCs through forward linkages as well. Essentially, while a country might be importing raw inputs to process and export (backward linkages), it also might be exporting inputs to foreign country which further exports the finished goods (forward linkages). These concepts help to assess the extent of participation of an economy into the GVCs.

## Forward and Backward GVC Participation in Asia Pacific

The Forward and Backward GVC Participation indicators capture the degree and nature of a country's integration into global value chains through value-added trade. Forward GVC participation measures how much of a country's domestic value added is used in the exports of other countries. It is calculated as the share of re-exported domestic value added (REX) and re-exported foreign value added embodied in domestic exports (REF) in total gross exports. A higher forward participation indicates that the country specializes in supplying raw materials, intermediate goods, or components that feed into other countries' exports.

GVCX Forward = REX + REF

*Where;*

*GVCX represents GVC exports;*

*REX represents re-exported domestic value added and;*

*REF represents re-exported foreign value added embodied in domestic exports.*

In contrast, Backward GVC participation captures the extent to which a country's exports depend on foreign value added, that is, imported intermediates used in producing goods for export. It is measured as the share of foreign value added (FVA) and pure double counting (PDC) in total gross exports. A higher backward participation implies that domestic industries rely on imported inputs for assembly or final production before export.

GVCX Backward = FVA + PDC

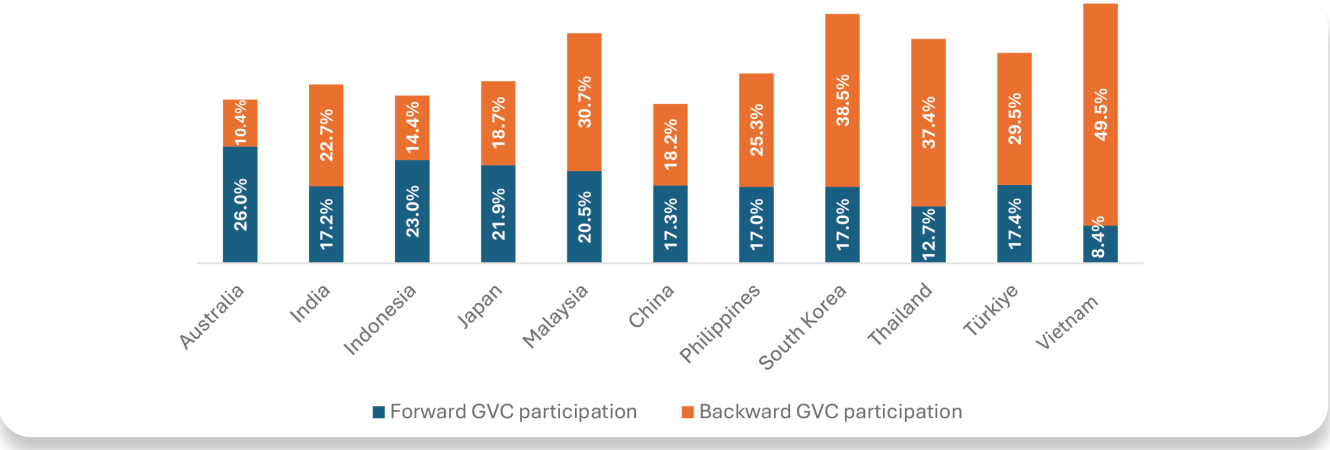
*Where;*

*GVCX represents GVC exports;*

*FVA represents share of foreign value added in total gross exports and;*

*REF represents pure double counting in total gross exports.*

**Chart 4.4: Forward and Backward GVC Participation of Asia Pacific**




*Source: ADB GVC Database and India Exim Bank Analysis*

The ***Chart 4.4*** provides insights into the structural integration of select Asia-Pacific economies within global production networks. Australia (26%) and Indonesia (23%) exhibit strong forward participation, highlighting their roles as key suppliers of raw materials and intermediate inputs. Japan (21.9%) also shows significant forward linkages due to its export of high-tech components. In contrast, Vietnam (8.4%), Thailand (12.7%), and South Korea (17%) demonstrate pronounced backward participation (49.5%, 37.4%, and 38.5%, respectively), underscoring their downstream, assembly-driven roles dependent on imported intermediates.

Malaysia (30.7%), Türkiye (29.5%), and Philippines (25.3%) occupy intermediate positions, engaging both in upstream supply and downstream processing. India (22.7%) and China (18.2%) maintain relatively balanced participation, indicating diversified manufacturing structures. Overall, the data suggests a regional divide, resource-rich and technology-advanced economies dominate upstream activities, while export-oriented manufacturing hubs rely heavily on imported inputs, highlighting varying stages of industrial sophistication and integration across the Asia-Pacific value chain.

## Agglomeration in Asia Pacific

Agglomeration represents the spatial and functional concentration of economic activities within and across sectors, resulting in productivity gains through shared infrastructure, specialized suppliers, skilled labour pools, and knowledge spillovers. In the context of global and regional production networks, agglomeration serves as a critical determinant of industrial competitiveness and value chain positioning.

Backward agglomeration measures the extent to which domestic sectors contribute value added to the final goods of a particular sector, relative to global averages. High backward agglomeration (values greater than one) indicates that the sector benefits from strong domestic supply linkages. Conversely, forward agglomeration assesses the proportion of a sector's value added absorbed in domestic production relative to the world average. A high forward agglomeration value signifies that the sector's outputs are extensively utilized within the domestic economy, reflecting deep production interdependence ***(Exhibit 4.3).***

**Exhibit 4.3: Agglomeration Matrix**

| | **Low Backward Agglomeration (< 1)** | **High Backward Agglomeration (> 1)** |
|---|---|---|
| High Forward Agglomeration (> 1) | Quadrant II— Import-Dependent but Domestically Embedded<br><br>Relies on imported intermediates but its output is used domestically.<br><br>Indicates potential for domestic input substitution and supplier development. | Quadrant I — Strong Domestic Integration<br><br>High domestic sourcing of inputs and high domestic absorption of output.<br><br>Reflects deep, well-developed domestic value chains. |
| Low Forward Agglomeration (< 1) | Quadrant III — Weak Domestic Linkages<br><br>High dependence on imported inputs and low domestic absorption of output.<br><br>Minimal domestic value capture and weak production networks. | Quadrant IV — Export-Oriented Production<br><br>Sector sources inputs domestically but its output is mainly exported.<br><br>Reflects strong upstream linkages but limited domestic absorption. |

## Rationale for Sectoral Selection

The selection of following specific sectors for agglomeration analysis is based on their strategic relevance to the Asia Pacific's industrial landscape and their representation of diverse technological and value chain characteristics:

- **Textiles and Textile Products:** A labour-intensive and export-oriented sector foundational to industrial development in several Asia Pacific economies. It provides extensive backward linkages with agriculture (e.g., cotton and natural fibers) and small-scale manufacturing, contributing to employment and rural industrialization.
- **Electrical and Optical Equipment:** A technology-intensive sector central to the electronics and semiconductor value chain, characterized by strong regional production fragmentation and cross-border intra-industry trade, particularly among East and Southeast Asian economies.
- **Chemicals and Chemical Products:** A key intermediate sector supplying essential inputs for manufacturing, agriculture, and pharmaceuticals. Its forward linkages span multiple downstream industries, making it pivotal for industrial diversification and productivity enhancement.
- **Basic and Fabricated Metal:** This sector forms the backbone of industrial infrastructure and capital goods production, providing critical inputs for machinery, construction, and transport industries. Its performance significantly influences manufacturing competitiveness.

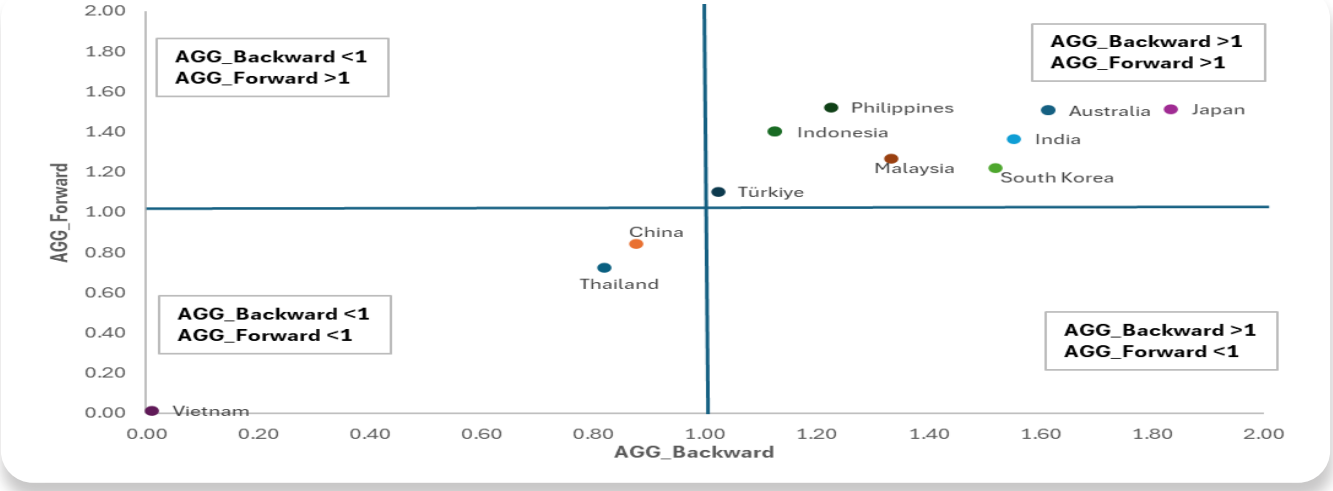
- **Transport Equipment:** A high-value-added sector with deep integration into regional and global supply chains. It plays a leading role in technology transfer, skill development, and innovation, particularly in the automotive and aerospace segments.

These sectors encompass a broad spectrum of labour-intensive, resource-based, and technology-driven industries, allowing a comprehensive understanding of the varying degrees of domestic linkage formation, production clustering, and value chain upgrading potential within the Asia-Pacific region.

## Textiles and Textile Products

The ***Chart 4.5*** presents a comparative analysis of backward and forward agglomeration in the textile and textile products sector across select Asia Pacific economies.

**Chart 4.5: Backward and Forward Agglomeration in Textiles and Textile Products Sector**




*Source: ADB GVC Database and India Exim Bank Analysis*

*Note: AGG_Backward: Backward Agglomeration; AGG_Forward: Forward Agglomeration*

The textile sector in India, Japan, Australia, South Korea, Malaysia, Indonesia, Türkiye and Philippines lies in the upper-right quadrant, characterized by both high backward and forward agglomeration. This implies that these economies have well-developed domestic textile value chains, sourcing inputs largely from within their own borders while also supplying textile intermediates to other domestic industries such as garments, fashion, and manufacturing. India's position, with high values on both axes, suggests a balanced and mature structure where textile production supports and is supported by other domestic sectors. Such economies demonstrate strong self-sufficiency and internal linkages, making them less vulnerable to external supply chain disruptions.

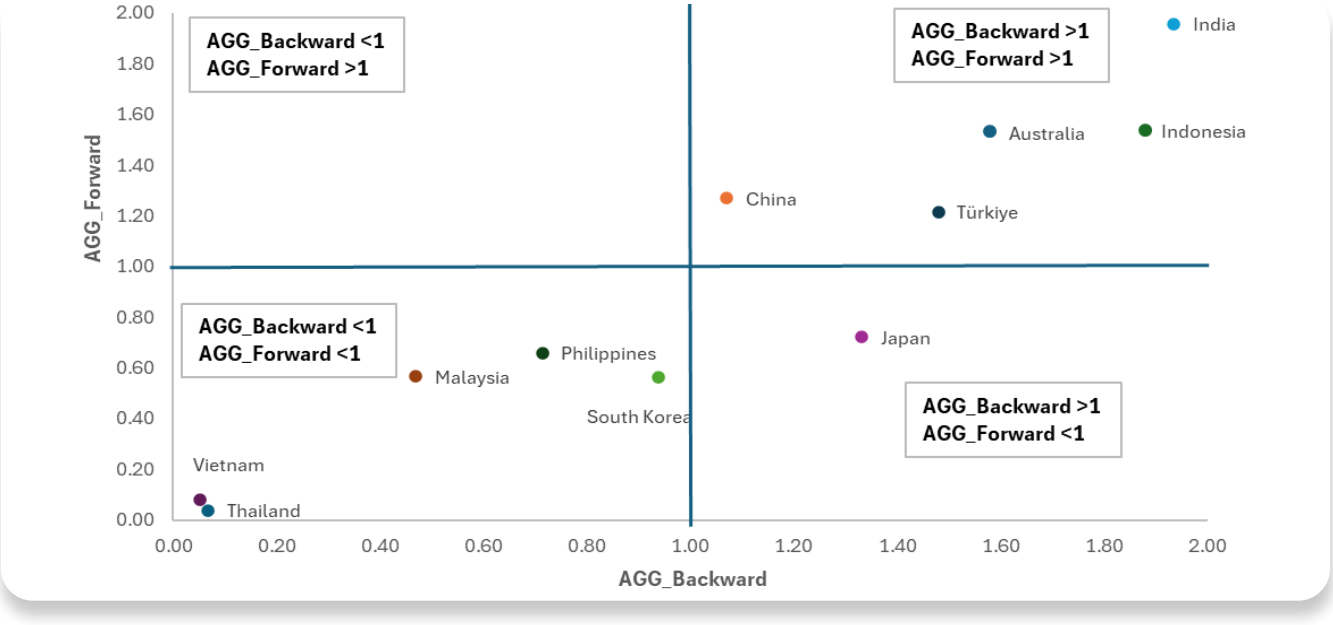
In contrast, China and Thailand occupy the lower-left quadrant, indicating relatively high backward but lower forward agglomeration. These economies produce a significant share of textiles using domestic inputs but much of this output is destined for export rather than domestic consumption. Their textile sectors thus act as export-oriented hubs, feeding into global value chains rather than serving domestic downstream industries. This reflects strong production capacity and competitiveness in global markets but relatively limited internal spillovers to other sectors within their economies.

At the opposite end of the spectrum lies Vietnam, which displays low values on both backward and forward agglomeration, suggesting weak domestic integration. The Vietnamese textile sector relies heavily on imported raw materials such as yarns and fabrics and directs most of its output toward exports rather than domestic industries.

## Electrical and Optical Equipment

In the electrical and optical oquipment sector, India, Australia, China, Türkiye and Indonesia stand out in the upper-right quadrant, reflecting high backward and forward agglomeration ***(Chart 4.6).*** This suggests that these economies have relatively self-sustained domestic ecosystems in electrical and optical equipment production, sourcing intermediate inputs domestically while also serving as key suppliers to other domestic industries such as machinery, communications, and electronics. India's position reflects a strengthening electronics manufacturing base, driven by initiatives like *Make in India* and domestic component manufacturing policies that promote value chain localization.

**Chart 4.6: Backward and Forward Agglomeration in Electrical and Optical Equipment Sector**




*Source: ADB GVC Database and India Exim Bank Analysis*

*Note: AGG_Backward: Backward Agglomeration; AGG_Forward: Forward Agglomeration*

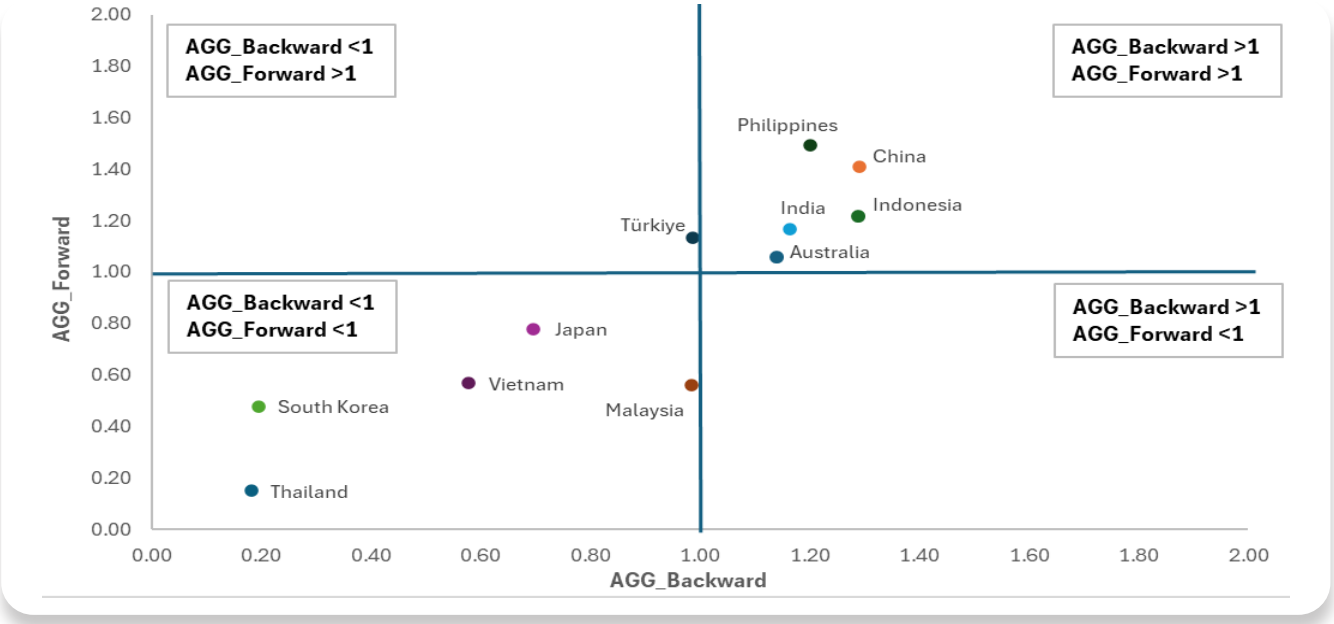
Japan occupies the lower-right quadrant, showing high backward but low forward agglomeration, exhibiting strong domestic sourcing of inputs but a significant share of its value added directed toward exports rather than domestic use. Japan's location within this quadrant also aligns with its specialization in high-end components that feed global electronics industries rather than domestic assembly chains.

On the other hand, Malaysia, Philippines, South Korea, Vietnam, and Thailand lie in the lower-left quadrant, indicating low backward and low forward agglomeration. This pattern signifies limited domestic integration, these economies depend heavily on imported intermediates and export much of their output without deep linkages to domestic industries. Such structures are characteristic of assembly-based export models, where production is globally fragmented, and domestic value addition remains modest. For instance, Vietnam and Thailand serve as key assembly points for multinational firms, importing high-value components from regional hubs like China or South Korea.

## Chemicals and Chemical products

The ***Chart 4.7*** presents the relationship between backward and forward agglomeration in the chemicals and chemical products sector across the select Asia Pacific economies.

**Chart 4.7: Backward and Forward Agglomeration in Chemicals and Chemical Products Sector**




*Source: ADB GVC Database and India Exim Bank Analysis*

*Note: AGG_Backward: Backward Agglomeration; AGG_Forward: Forward Agglomeration*

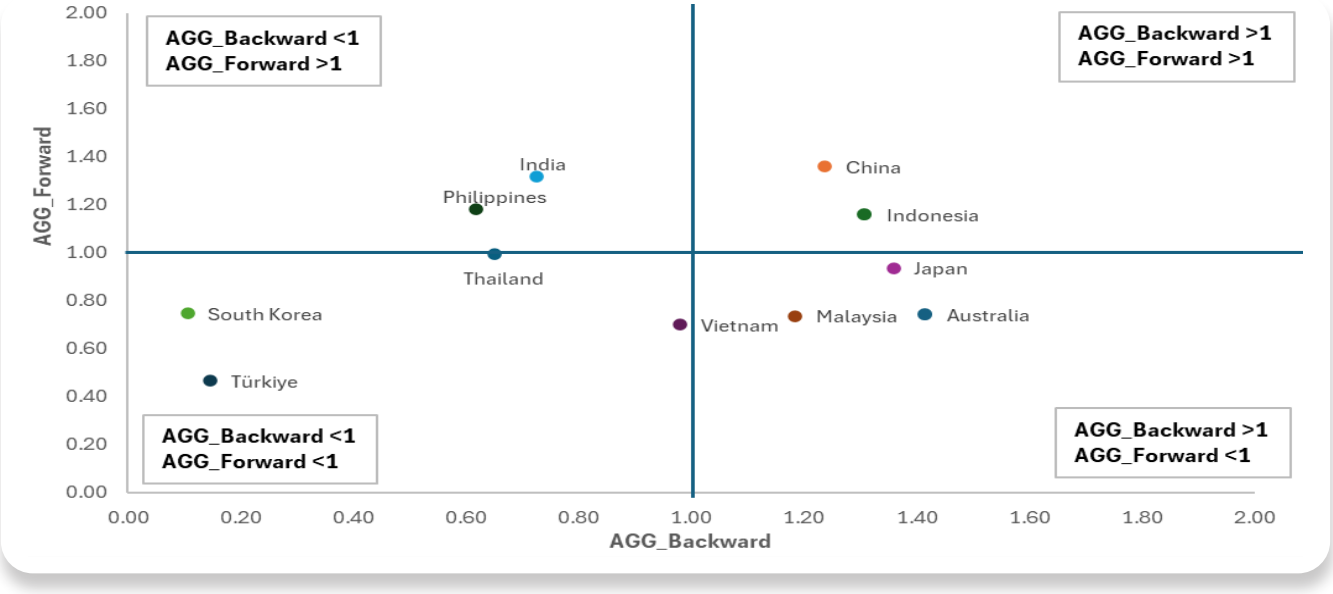
In the upper-right quadrant, with both high backward and forward agglomeration, lie China, India, Indonesia, the Philippines, and Australia. These countries have well-integrated chemical industries that are both self-reliant in input sourcing and key suppliers to other domestic sectors such as pharmaceuticals, plastics, and fertilizers. India's position here underscores a strong and diversified chemical base that supports its wider manufacturing ecosystem, reflecting robust domestic demand and internal value chain depth.

In the lower-left quadrant, with low backward and forward agglomeration, are Malaysia, Japan, South Korea, Vietnam, and Thailand. These economies depend more on imported intermediates and have limited domestic linkages. Japan and South Korea's advanced but export-driven chemical industries cater mainly to global markets, while Vietnam and Thailand's relatively nascent sectors indicate early-stage integration within global value chains. Malaysia is relatively better off with higher backward agglomeration among these economies.

## Basic and Fabricated metal

The ***Chart 4.8*** depicts the relationship between backward and forward agglomeration in the basic and fabricated metal products for the same set of economies.

**Chart 4.8: Backward and Forward Agglomeration in Basic and Fabricated Metal Sector**




*Source: ADB GVC Database and India Exim Bank Analysis*

*Note: AGG_Backward: Backward Agglomeration; AGG_Forward: Forward Agglomeration*

In the upper-right quadrant, showing high backward and forward agglomeration, are China and Indonesia. These economies have well-developed and domestically embedded metal industries that both source from and supply to internal value chains. Their strong positions indicate a self-sustaining industrial ecosystem, particularly China, where the metals sector forms a backbone for downstream industries such as machinery, construction, automobiles, and electronics. Indonesia's position reflects growing domestic metallurgical capabilities driven by its mineral resource base and downstream value addition policies, especially in nickel and steel processing.

India and Philippines occupy the upper-left quadrant, where backward agglomeration is low but forward agglomeration is high. This suggests that while these countries rely to some extent on imported intermediates, their metal industries play a vital role as suppliers to domestic production. India's placement reflects an expanding downstream integration, with Indian metals sector increasingly serving construction, infrastructure, and manufacturing industries, though upstream dependence on imported coking coal and certain alloys still persists. Philippines similarly shows strong domestic absorption, likely due to the metals sector's importance for local manufacturing and public works.

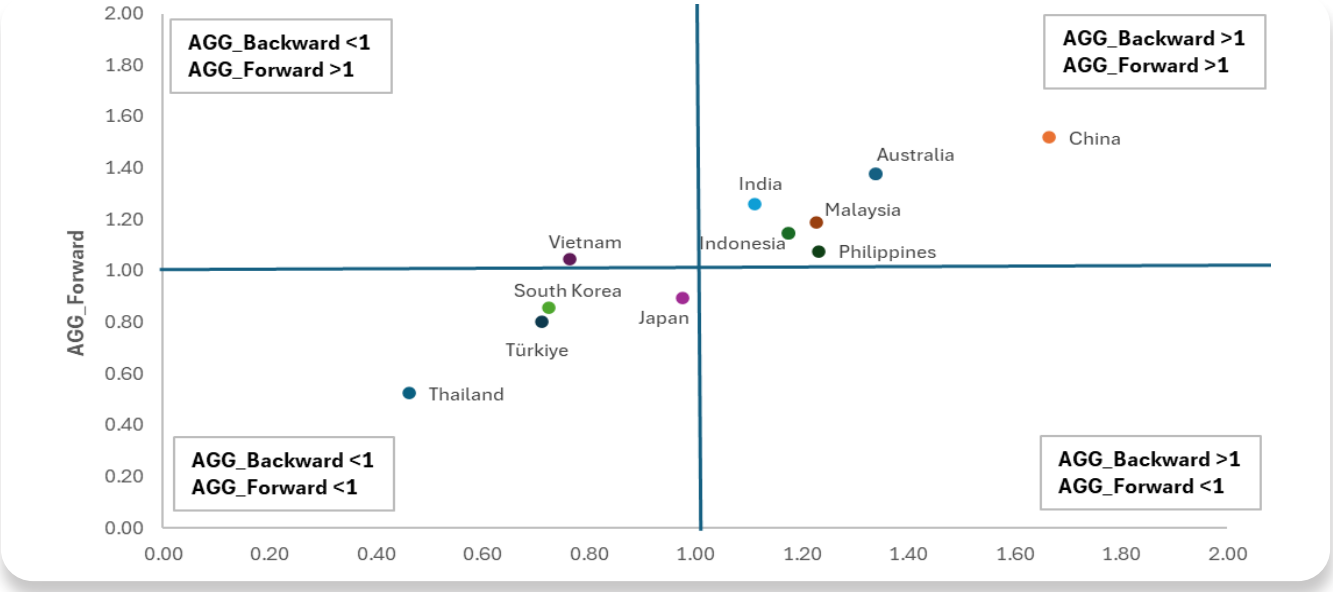
In the lower-right quadrant, with high backward but low forward agglomeration, are Japan, Malaysia and Australia. These countries have metal industries that source heavily from domestic sectors but direct a significant portion of their output toward exports. Japan and Australia, for instance, maintain advanced metal-processing capabilities and resource-based exports, respectively, while Malaysia's metal sector is more integrated into global rather than domestic production chains. This pattern reflects externally oriented metal industries with limited local spillovers.

Finally, the lower-left quadrant, characterized by low backward and low forward agglomeration, includes Türkiye, South Korea, Vietnam and Thailand. These economies depend substantially on imported intermediates and exhibit weaker domestic linkages within their metal sectors. South Korea and Thailand's metal industries are tightly tied to global manufacturing supply chains, focusing on export production with relatively low domestic absorption. Türkiye's position suggests limited internal integration and a reliance on imported raw materials.

## Transport Equipment

The ***Chart 4.9*** illustrates the relationship between backward and forward agglomeration in the transport equipment sector across eleven economies.

**Chart 4.9: Backward and Forward Agglomeration in Transport Equipment Sector**




*Source: ADB GVC Database and India Exim Bank Analysis*

*Note: AGG_Backward: Backward Agglomeration; AGG_Forward: Forward Agglomeration*

In the upper-right quadrant, characterized by both high backward and high forward agglomeration, stands China. Its position reflects a deeply embedded transport equipment industry that not only sources extensively from domestic sectors but also supplies significantly to domestic downstream industries such as logistics, construction, and machinery. China's strong domestic ecosystem in automotive and rail manufacturing highlights its self-sufficiency and high domestic value retention within the sector.

The lower-right quadrant, showing high backward but low forward agglomeration, includes India, Malaysia, Indonesia, Philippines, and Australia. These economies display robust domestic sourcing capabilities but channel much of their sectoral output toward exports rather than domestic production. India's placement suggests that while its transport equipment sector (including automobiles, auto components, and engineering goods) benefits from strong local supplier networks, a considerable portion of its production caters to foreign demand. Similarly, Malaysia and Indonesia have developed component manufacturing bases integrated into global automotive value chains, reflecting production geared towards external markets rather than domestic absorption.

In the upper-left quadrant, with low backward but high forward agglomeration, lies Vietnam, indicating a transport equipment sector that relies on imported intermediates but contributes significantly to domestic production. This reflects Vietnam's growing role as an assembly hub within global value chains—especially in automotive and electronics-related transport equipment—where domestic use of outputs is increasing even as much of the input base remains import-dependent.

The lower-left quadrant, defined by low backward and low forward agglomeration, includes South Korea, Japan, Türkiye, and Thailand. These economies show relatively weak domestic interlinkages in this sector, though for different reasons. South Korea and Japan, despite their global leadership in automotive and shipbuilding industries, have highly internationalized value chains—importing specialized inputs and exporting a large share of final output. Türkiye and Thailand's placement reflects dependence on imported components and limited domestic value absorption, consistent with their roles as export-oriented vehicle manufacturing hubs.

Chapter 5

# Activities of Export-Import Bank of India in Asia Pacific

The Export-Import Bank of India (India Exim Bank) was set up under an Act of Parliament in 1981 and commenced operations in 1982. The Bank was set up for providing financial assistance to exporters and importers, and for functioning as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade. In its endeavour to promote India's international trade, India Exim Bank's vision has evolved from financing, facilitating, and promoting trade and investments, to a conscious and systematic effort at creating export capabilities. India Exim Bank today seeks to develop commercially viable business relationships with externally oriented companies.

In line with the Government of India's focus, the Asia-Pacific region has been a focus for India Exim Bank, and thus a critical component of its strategy to promote and support two-way trade and investment flows. India Exim Bank's commitment towards building relationships with the region is reflected in the various activities and programmes, which India Exim Bank has set in place. India Exim Bank plays a critical role and is committed towards supporting GOI's initiatives in promoting strategic partnerships with countries in different regions and especially those in the Asia-Pacific region. This is achieved through continuous engagement with partner countries at bilateral, regional and multilateral levels, and financing and supporting of projects of national importance, thereby strengthening India's role as a development partner in the region.

India Exim Bank has a representative office in Dhaka, Dubai and Singapore which play a key role in facilitating economic cooperation with the region and is closely associated with several of the Bank's initiatives.

## Financing and Programmes of India Exim Bank in Asia Pacific

### *Lines of Credit*

To enhance bilateral trade and investment relations with partner countries, and as a part of its financing programmes, India Exim Bank has extended several Lines of Credit (LOCs) to overseas sovereign governments or their nominated agencies, national or regional development banks, overseas financial institutions, commercial banks abroad, and other select overseas entities, to enable buyers in those countries to import developmental and infrastructure projects, equipment, goods and services from India, on medium and long term credit basis.

These LOCs offer a risk-free financing option to the Indian exporting companies, while helping them penetrate new markets, enhance their export volumes in the overseas market, and demonstrate project execution capabilities. The LOCs are aimed at financing and catalysing Indian exports by way of financing key projects of national importance to the borrower countries, such as agriculture and irrigation development, development of various small and medium enterprises, upgradation of factories, development of railways and related infrastructure, projects for transmission lines and substations, rehabilitation and improvement of water supply system, among others.

To promote India's trade and economic relations with developing countries, the Government of India launched the Indian Development and Economic Assistance Scheme (IDEAS) – with the objective of sharing India's development experience through capacity building and skill transfer, trade, and infrastructure development, by

extending concessional LOC's routed through India Exim Bank, to developing partner countries, towards creating socio-economic benefits in the partner country. The LOC programme has gained considerable recognition abroad, as it enables the LOC recipient countries access to much needed large scale developmental and infrastructure projects, on concessional and deferred credit terms.

As on September 30, 2025, the total number of operative LOCs to the Asia-Pacific region stood at 54, extended to 11 countries, namely Bangladesh, Cambodia, Fiji, Lao PDR, Maldives, Mongolia, Myanmar, Nepal, Papua New Guinea, Sri Lanka and Vietnam, for supporting projects such as setting up of transmission lines, railway tracks, water treatment plants, sugar industry and petroleum refinery, and amounted to over US$ 14.8 billion, with all these LOCs denominated in USD ***(Refer Annexure I).*** Additionaly, in July 2025, at the behest of the Government of India, India Exim Bank extended its first-ever INR-denominated LOC to the Maldives, amounting to ₹ 48,500 million. This milestone underscores India's ongoing commitment to promoting the use of local currency in international trade and financial transactions

### *Overseas Investment Finance*

India Exim Bank supports Indian companies in their endeavour to globalise their operations, through overseas joint ventures (JVs) and wholly owned subsidiaries (WOS). Such support includes loans and guarantees, equity finance and in select cases direct participation in equity along with Indian promoters to set up such ventures overseas. These ventures serve to promote value addition, as also contribute to capacity building and capacity creation in host countries. As on September 30, 2025, India Exim Bank through its overseas investment finance programme has supported over 150 such ventures, set up by Indian companies in 18 countries in Asia Pacific region namely, Australia, Bangladesh, China, Singapore, Hong Kong, Indonesia, Japan, Kazakhstan, South Korea, Malaysia, Myanmar, Nepal, Papua New Guinea, Sri Lanka, Taiwan, Thailand, Tajikistan, Uzbekistan and Vietnam with an aggregate sanction amount of INR. 17,241.7 crore.

### *Trade Assistance Programme*

The trade finance funding gap remains a significant challenge for businesses engaged in international trade. According to the Asian Development Bank's (ADB) latest Trade Finance Survey as of September 2023, the global trade finance gap is estimated at US$ 2.5 trillion in 2022, marking an increase of 47% from US$ 1.7 trillion in 2020.

Recognising the need to increase the availability of both traditional and new trade finance instruments, India Exim Bank has developed its trade facilitation initiative, the *'Trade Assistance Programme (TAP)'* in 2022 to address the growing trade finance gap, particularly in the MSME sector. The Bank provides credit enhancement to trade instruments under the programme, thereby enhancing the capacity of commercial banks to support cross-border trade transactions. Under TAP, the Bank has supported 912 transactions aggregating to approximately US$ 1.4 billion, including 899 trade transactions and the balance 13 transactions in form of export credits lines / refinance facilities extended to Banks and FIs in the Asia-Pacific Region, with the support under export credits lines / refinance facilities amounting to over US$ 1.1 billion. The countries of the region covered under TAP include Bangladesh, Bhutan, Indonesia, Malaysia, Nepal, Sri Lanka, Tajikistan and Thailand.

## Facilitating Trade through institutional Linkages, Knowledge and Value Based Services

### *Global Network of Exim Banks and Development Finance Institutions (G-NEXID)*

In 2006, India Exim Bank had entered into a Memorandum of Understanding (MOU) with four Exim Banks and Development Financial Institutions (DFIs) to form the Global Network of Exim Banks and Development Financial Institutions (G-NEXID). The five signatories include Export-Import Bank of India, Export-Import Bank of Malaysia, African Export-Import Bank, Andean Development Corporation and Export-Import Bank of Slovakia. G-NEXID was formally launched at its inaugural meeting at UNCTAD, Geneva on March 13, 2006. Annual Meetings are held to deliberate upon measures to foster long-term relationship, share experience and strengthen financial cooperation

to promote trade and investment relations between developing countries. G-NEXID has been granted 'Observer' status by UNCTAD. Currently, G-NEXID has 25 member institutions across the globe. Among the Asian countries, members of the G-NEXID include institutions such as:

- China Exim Bank
- Indonesia Exim Bank
- Exim Thailand

### *India Exim Bank as International Consultant*

India Exim Bank is well positioned to share its experience and expertise in the fields of capacity creation, institutional strengthening, export development and export capability creation. The Bank is thus, well placed to provide a range of technical assistance in these fields. India Exim Bank has been engaged in consultancy assignments in association with select institutions in the Asia-Pacific region such as:

- Study on Regional Cooperation in Export Finance and Export Credit Guarantees for the United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) (includes CLMV countries);
- Strategy paper for SAARC Development Fund to promote intra-regional projects in the South Asian Region (including Myanmar);
- Expertise provided on developing a National Export Strategy of Myanmar; and
- Designing Export Marketing Seminars for SMEs in Vietnam.

### *Consultancy Assignments*

In the dynamic environment over the past four decades, India Exim Bank has continuously evolved its programmes and services to meet the needs of its stakeholders. This experience of evolving as a principal financial institution in a developing country context has been found to be of particular relevance in other developing countries that seek to set up institutions and strengthen institutional structure for supporting international trade and investment. The Bank has leveraged its vast experience in export financing to render assistance to several institutions in the developing world through its well-knitted advisory and consultancy services backed by a strong in-house research team.

India Exim Bank was commissioned by the Commonwealth Secretariat London, to assist the Sri Lanka Export Credit Insurance Corporation (SLECIC) to review its operating policies and suggest new products while recommending measures to enhance the overall export financing framework in Sri Lanka. The assignment was conducted in two phases. In the first phase, Exim India made a number of recommendations to strengthen the export credit institutional structure in Sri Lanka and enhancing its trade competitiveness by facilitating greater flow of export credit and broadening the export base of the country. The second phase involved creating a framework for operationalising the recommendations made by the Bank as part of the earlier assignment.

Chapter 6

# Way Forward and Policy Recommendation

As the global economic landscape undergoes rapid transformation, Asia-Pacific region stands at a pivotal juncture. With its vast population, diverse economies, and increasing technological capabilities, the region has the potential to lead the global growth. To do so, countries in Asia must adapt to emerging trends and strategically position themselves to harness new opportunities. Following key areas offer promising pathways for sustainable and inclusive development.

## Strengthening Regional Cooperation and Trade

Despite global trends suggesting a retreat from economic integration, Asia-Pacific region is moving in the opposite direction. Intra-regional trade of Asia has increased by 43% over the past four decades, and today, more than half of Asia's trade occurs within the region[1] . This growing interconnectedness is also reflected in foreign direct investment (FDI), with Asian countries increasingly investing in each other's markets. The trend is the same for foreign direct investment. FDI from Asian countries to Japan, for example has nearly doubled over the past decade[2] , as market opportunities in Japan's technology sector grow.

Regional cooperation is being institutionalized through frameworks such as the Asia-Pacific Trade Agreement (APTA), the Association of Southeast Asian Nations (ASEAN), and the Asia-Pacific Economic Cooperation (APEC). These platforms facilitate trade liberalization, harmonization of standards, and collaborative approaches to shared challenges such as climate change, infrastructure development, and digital transformation.

Greater regional integration offers multiple benefits: it enhances supply chain resilience, expands market access, and fosters innovation through knowledge exchange. However, to maximize these benefits, countries must address structural barriers such as regulatory fragmentation, infrastructure gaps, and disparities in technological readiness. Strengthening institutions, aligning policies, and promoting inclusive participation, especially among smaller economies could be key to ensuring that regional cooperation translates into tangible development outcomes.

## Regional Supply Chain Integration

Regional supply chain integration in Asia-Pacific is hindered by persistent fragmentation, regulatory divergence and concentration risks that reduce resilience and raise costs. The heavy dependence on a small number of large markets creates single point vulnerabilities that materialised during the pandemic and amid recent geopolitical tensions, disrupting supplies of semiconductors, pharmaceutical and critical minerals. Non-tariff barriers, inconsistent standards and weak mutual recognition frameworks add delay and expense at every border, while uneven digital adoption limits visibility, traceability and real time coordination across value chains. Additionally, small and medium - sized enterprises face acute barriers to entry because of limited access to affordable trade finance, inadequate digital capabilities and weak links to lead firms. Nonetheless, climate related shocks and sudden supply interruptions are becoming more frequent, exposing the need for better risk management across networks.

[1] https://www.imf.org/en/News/Articles/2025/03/05/sp030525-md-asias-next-growth-frontier
[2] https://www.imf.org/en/News/Articles/2025/03/05/sp030525-md-asias-next-growth-frontier

This necessitates policy reforms that prioritise regulatory harmonisation, digitalisation and financial instruments to broaden participation and reduce fragility. Countries in Asia Pacific needs to accelerate the adoption of interoperable digital systems for trade documentation, traceability and inventory management using technologies that improve transparency and reduce fraud. Harmonising standards and conformity assessment procedures under regional agreements could lower transaction costs and improve predictability. Furthermore, creating regional finance mechanisms and blended instruments could de risk private investment and expand working capital for smaller firms. Countries could build cooperative arrangements for strategic stockpiles, rapid response and information sharing to manage shocks. However, development depends on the level of political commitment, stronger public-private collaboration and measurable targets for supplier diversification ensuring supply chains are efficient, inclusive and resilient.

## Strengthening Regional Infrastructure

Strengthening regional infrastructure is essential to underpin integrated and resilient supply chains across Asia Pacific. The region needs to prioritise interoperable transport networks that link ports, railways and inland logistics hubs to reduce transit times and lower costs. Countries in Asia Pacific needs to modernise port operations and customs technologies to speed throughput and improve predictability, and expand digital infrastructure such as high-capacity broadband, cloud services and secure cross border data exchanges to enable electronic trade documentation and real time tracking. Mobilising finance through regional infrastructure funds, blended finance and concessional loans could further de-risk projects and crowd-in private capital.

Countries in the region should standardise technical norms and regulatory procedures for cross border projects and simplify permitting processes while maintaining environmental and social safeguards. The region should mainstream climate resilience and nature-based solutions in infrastructure design to protect assets from extreme weather and support low carbon transitions, including grid interconnections and energy storage while promoting transparent public-private partnerships with rigorous procurement standards and clear maintenance plans to ensure long term performance. Smaller economies should be provided with technical assistance and capacity building for project preparation and asset management, so benefits are broadly shared. Finally, coordinated investments, aligned regulations and sustainable financing could make regional infrastructure the backbone of inclusive and durable economic integration and resilient connectivity.

## Transition to Services-Led Growth

Manufacturing has been the backbone of economic development in Asia Pacific, driving exports, employment, and industrialisation. However, the global shift toward services is reshaping this paradigm. While trade in goods has plateaued in recent years, service flows particularly in finance, business, healthcare, education, and digital services are surging. This shift is already evident in labour market trends: services now employ nearly half of the region's workforce, a significant increase from just 22% in 1990. This shift is likely to accelerate with further expansion of international trade in modern services such as finance, information, and communication technology, as well as business outsourcing. By contrast, traditional services for example, tourism or distribution services have lower productivity and contribute less to economic growth.

Contrary to traditional economic assumptions that services are less productive than manufacturing, IMF[3] research indicates that certain service sectors in Asia are outperforming manufacturing in terms of labour productivity. For example, productivity in financial services is four times higher than in manufacturing, and business services are twice as productive. This suggests that a strategic pivot toward high-value service industries could enhance economic efficiency and create more resilient employment opportunities.

To fully leverage this transition, governments must invest further in education and skills development tailored to service-oriented roles, improve regulatory frameworks for service trade, and support innovation in service

[3] https://www.imf.org/en/Blogs/Articles/2024/10/31/asias-economies-can-embrace-services-to-boost-growth-and-productivity#:~:text=In%20addition%2C%20in%20several%20services,capable%20of%20leveraging%20artificial%20intelligence.

delivery. Enhancing digital infrastructure and cross-border service agreements could also be critical to unlocking the full potential of services-led growth.

## Accelerating Digitalization and AI Adoption

Digital transformation is emerging as one of the most powerful drivers of growth in Asia-Pacific, with the digital economy of India[4] among others, expanding at nearly twice the pace of overall GDP. The region has witnessed the rise of dynamic e-commerce ecosystems, with firms such as Japan's Rakuten, China's Alibaba Group, India's Flipkart and Indonesia's GoTo Group growing into regional giants that rival Amazon and Walmart. These companies are reshaping consumer behaviour, creating new supply chains, and spurring the development of fintech solutions and digital services that are increasingly crossing national borders.

Artificial intelligence is expected to amplify this momentum further by improving productivity, efficiency and competitiveness across multiple sectors. China and Japan remain leaders in AI innovation, supported by substantial R&D investments, while South Korea and Singapore are emerging as frontrunners in applied AI. Applications in healthcare, logistics, finance and education are already generating significant efficiency gains, from predictive diagnostics in hospitals to algorithm-driven logistics systems that reduce costs and streamline operations.

Realising the full potential of digitalisation and AI will require countries to invest heavily in digital infrastructure, broadband access, cloud computing capacity and next-generation networks such as 5G. At the same time, it is essential to develop strong frameworks for data governance, cybersecurity and ethical AI deployment. Regional cooperation through digital economy agreements, interoperable payment systems and cross-border data frameworks can create a more integrated and secure digital marketplace. In this context, India's experience in building a robust Digital Public Infrastructure, including Aadhaar for digital identity, UPI for real-time payments and ONDC for open e-commerce, provides a scalable model that can be offered to Asia-Pacific countries. Sharing such innovations can accelerate financial inclusion, strengthen digital trade and foster regional innovation.

## Together towards Greener Asia Pacific

Promotion and collaboration on renewable energy and sustainable development across Asia-Pacific requires coordinated action on finance, policy, technology and capacity building. Multilateral development banks and regional financial institutions should scale blended finance facilities and de-risking instruments to close the investment shortfall for clean energy projects, while national governments adopt long-term, bankable policy frameworks that attract private capital.

Further, cross-border cooperation is essential to optimise resource endowments and balance seasonal and geographic variability. Expanding regional power trading, grid interconnections and integrated dispatch arrangements would allow abundant solar, wind and hydropower to serve demand centres more efficiently and reduce reliance on fossil fuel imports. Technology collaboration and shared infrastructure can lower costs and accelerate deployment. Joint R&D consortia for green hydrogen, large-scale battery storage and floating offshore wind farms, combined with regional testing and standardisation facilities has the capacity to speed commercialisation and supply chain development.

Capacity building and inclusive policy design must accompany investment. Governments should strengthen workforce training, support just transition measures for affected communities and enable SMEs to participate through access to finance and digital platforms. Technical assistance and project preparation support for smaller economies will broaden benefits across the region. Further, pragmatic pilot projects that demonstrate cross-border power sales and innovative legal and contractual structures can unlock larger deals. Scaling these pilots into regional programmes, aligned with clear climate and sustainable development targets, could make Asia-Pacific region a model for resilient and low-carbon growth.

[4] India's Digital Economy Report 2024 (https://icrier.org/pdf/State_of_India_Digital_Economy_Report_2024.pdf)

## Local-Currency Usage in International Trade and Finance

Increased usage of local currencies in international trade and finance offers a strategic pathway for strengthening regional financial resilience, reduce dependence on dominant global currencies, and lower transaction costs. As seen from India's recent efforts to expand the use of the Indian Rupee (INR) in trade settlements and its LOC to the Maldives, local-currency initiatives can serve as catalysts for regional integration and economic stability.

A gradual, well-calibrated approach is essential. The select Asia Pacific economies could begin by expanding bilateral trade invoicing and settlement in local currencies for goods where intra-regional trade is strong, such as textiles, chemicals, metals, and machinery. Over time, this can be extended to services, capital goods, and project finance. Creating interoperable payment systems and linking domestic real-time gross settlement (RTGS) and fast-payment networks will be critical to enable seamless cross-border settlements in local currencies.

Central banks can play a coordinating role by establishing bilateral swap lines and regional liquidity arrangements to manage short-term volatility and liquidity risks. Such frameworks will enhance confidence among exporters, importers, and financial institutions, while providing a cushion against external shocks. Member institutions of the AEBF along with other development finance institutions can promote local-currency trade finance instruments, while commercial banks can be supported in developing hedging and risk-management products.

## Navigating Challenges and Global Shifts

While the opportunities are substantial, Asia Pacific region must also navigate a complex array of domestic and global challenges. These include demographic shifts, geopolitical tensions, climate risks, and technological disruptions. Policymakers must adopt forward-looking strategies that balance growth with sustainability, equity, and resilience.

Investments in human capital, green technologies, and inclusive digital access will be essential to ensure that growth benefits all segments of society. Moreover, regional collaboration must extend beyond economic issues to include coordinated responses to health crises, environmental threats, and social inequalities.

Asia Pacific region stands at the forefront of global transformation. Its economic vitality, demographic scale, and technological innovation position it as a central actor in shaping the future of global development. At the same time, its diversity and complexity demand nuanced approaches to governance, cooperation, and sustainability. This could be the foundation for a deeper exploration of the region's evolving dynamics, strategic priorities, and long-term prospects.

# *Annexure*

**Annexure I: List of Operative LOCs extended to Countries in Asia Pacific (as on September 30, 2025)**

| Country | Borrower | INR/USD | Amount (in million) | Purpose of LOC |
|---|---|---|---|---|
| Sri Lanka | Government of Sri Lanka | USD | 100.0 | Purchase of defence equipment/ supplies from India |
| | Government of Sri Lanka | USD | 100.0 | Upgradation of railway line (Colombo-Matara) |
| | Government of Sri Lanka | USD | 67.4 | Upgradation of Southern Railway Corridor from Colombo to Matara |
| | Government of Sri Lanka | USD | 416.4 | Railway Track laying |
| | Government of Sri Lanka | USD | 382.4 | Railway Track laying and setting up of signalling and telecommunications |
| | Government of Sri Lanka | USD | 318.0 | For financing procurement of rolling stock, up-gradation of railway tracks and |
| | Government of Sri Lanka | USD | 45.3 | Rehabilitation of Harbour in Sri Lanka |
| | Government of Sri Lanka | USD | 100.0 | Projects in the Solar Energy Sector |
| | Government of Sri Lanka | USD | 500.0 | For purchase of Petroleum Products by Government of Sri Lanka |
| | Government of Sri Lanka | USD | 55.0 | For Procurement of Urea Fertilizer |
| | Government of Sri Lanka | USD | 150.0 | Export of petroleum products by MRPL |
| Myanmar | Myanma Foreign Trade Bank | USD | 7.0 | Establishment of an OFC link between Moreh and Mandalay, an ADSL high-speed data link in Yangon area and a reduced number of COR-DECT lines |
| | Myanma Foreign Trade Bank | USD | 20.0 | Renovation of Thanlyin Refinery |
| | Myanma Foreign Trade Bank | USD | 56.4 | Railway rehabilitation |
| | Myanma Foreign Trade Bank | USD | 20.0 | Setting up an assembly/manufacturing plant of Tata vehicles |
| | Myanma Foreign Trade Bank | USD | 60.0 | Railway projects by RITES Ltd. |
| | Myanma Foreign Trade Bank | USD | 64.1 | Transmission Lines and Substation Projects |
| | Myanma Foreign Trade Bank | USD | 20.0 | Upgradation of Thanbayakan Petrochemical Complex |
| | Myanma Foreign Trade Bank | USD | 135.6 | Farm Mechanization and Irrigation projects in Myanmar |
| | Myanma Foreign Trade Bank | USD | 86.3 | Procurement of rolling stock, rail machinery, and maintenance equipment and, other railway projects |
| | Myanma Foreign Trade Bank | USD | 6.2 | Implementation of a Microwave Radio Link |

| Country | Borrower | INR/USD | Amount (in million) | Purpose of LOC |
|---|---|---|---|---|
| Cambodia | Government of Cambodia | USD | 35.2 | Purchase of water pumps and construction of electricity transmission line |
| | Government of Cambodia | USD | 15.0 | Completion of Stung Tasal Water Development Project |
| | Government of Cambodia | USD | 15.0 | Strengthening the capacity of transmission line project between Kratie and Stung Treng |
| | Government of Cambodia | USD | 36.9 | Stung Sva Hab/Slab Water Resources Development Project |
| Vietnam | Government of Vietnam | USD | 45.0 | NAM Chien Hydropower Project (200 MW) at Son La Province |
| | Government of Vietnam | USD | 27.0 | Export of textile machinery, equipment and services for hydro power projects |
| | Government of Vietnam | USD | 19.5 | For financing hydropower projects |
| | Government of Vietnam | USD | 100.0 | Purchase of equipment / supplies |
| | Government of Vietnam | USD | 180.0 | Procurement of 4 Offshore Patrol Vessels (OPV) for Vietnam Coast Guard |
| | Government of Vietnam | USD | 120.0 | For procurement of High-Speed Guard Boats for Vietnam Border Guard |
| Bangladesh | Government of Bangladesh | USD | 862.0 | Financing export of goods and projects |
| | Government of Bangladesh | USD | 2,000.0 | Financing various social and infrastructure development projects |
| | Government of Bangladesh | USD | 4,500.0 | Developmental Projects |
| | Government of Bangladesh | USD | 500.0 | Defence related Procurement |
| Maldives | Government of Maldives | USD | 450.8 | Development Projects |
| | Government of Maldives | USD | 14.36 | Construction of 485 housing units and road development |
| | Government of Maldives | USD | 400.0 | Greater Male Connectivity – (Male' to Thilafushi Link) Project |
| | Government of Maldives | INR | 48,500 | Development Projects |
| Mongolia | Government of Mongolia | USD | 20.0 | Financing the Atal Bihari Vajpayee Centre for Excellence in Information & Communication Technology |
| | Government of Mongolia | USD | 203.2 | For construction of Crude Oil Refinery plant in Mongolia [For preparation of Detailed feasibility Report, Project Management Consultancy Services and EPC-01 contract] |
| | Government of Mongolia | USD | 599.0 | Financing construction of Crude Oil Refinery plant [EPC-02] in Mongolia |
| | Government of Mongolia | USD | 190.0 | Financing construction of Crude Oil Refinery plant [EPC-03] in Mongolia |
| | Government of Mongolia | USD | 700.0 | Financing construction of Crude Oil Refinery Project |

| Country | Borrower | INR/USD | Amount (in million) | Purpose of LOC |
|---|---|---|---|---|
| Nepal | Government of Nepal | USD | 100.0 | Road projects, rural electrification projects, power transmission projects and hydro power projects |
| | Government of Nepal | USD | 250.0 | Financing infrastructure projects |
| | Government of Nepal | USD | 350.0 | Hydropower, Irrigation and Infrastructural development projects. |
| | Government of Nepal | USD | 50.0 | For post-earthquake reconstruction and other infrastructure projects |
| Papua New Guinea | Government of Papua New Guinea | USD | 100.0 | Financing of Infrastructure related projects |
| Lao PDR | Government of Lao PDR | USD | 30.9 | Construction of Storage Dams & Development of Irrigation Systems and Solar and Hydropower projects |
| | Government of Lao PDR | USD | 72.6 | Double Circuit Transmission Line |
| | Government of Lao PDR | USD | 17.3 | Development of Irrigation Schemes |
| | Government of Lao PDR | USD | 33.0 | Double circuit Transmission Line Project, and hydropower project and equipment for rural electrification |
| Fiji | Fiji Sugar Corporation | USD | 50.4 | Restructuring the sugar industry in Fiji Islands |
| | Fiji Sugar Corporation | USD | 5.4 | Up gradation of sugar industry in Fiji |

## About India Exim Bank's Working Paper Series

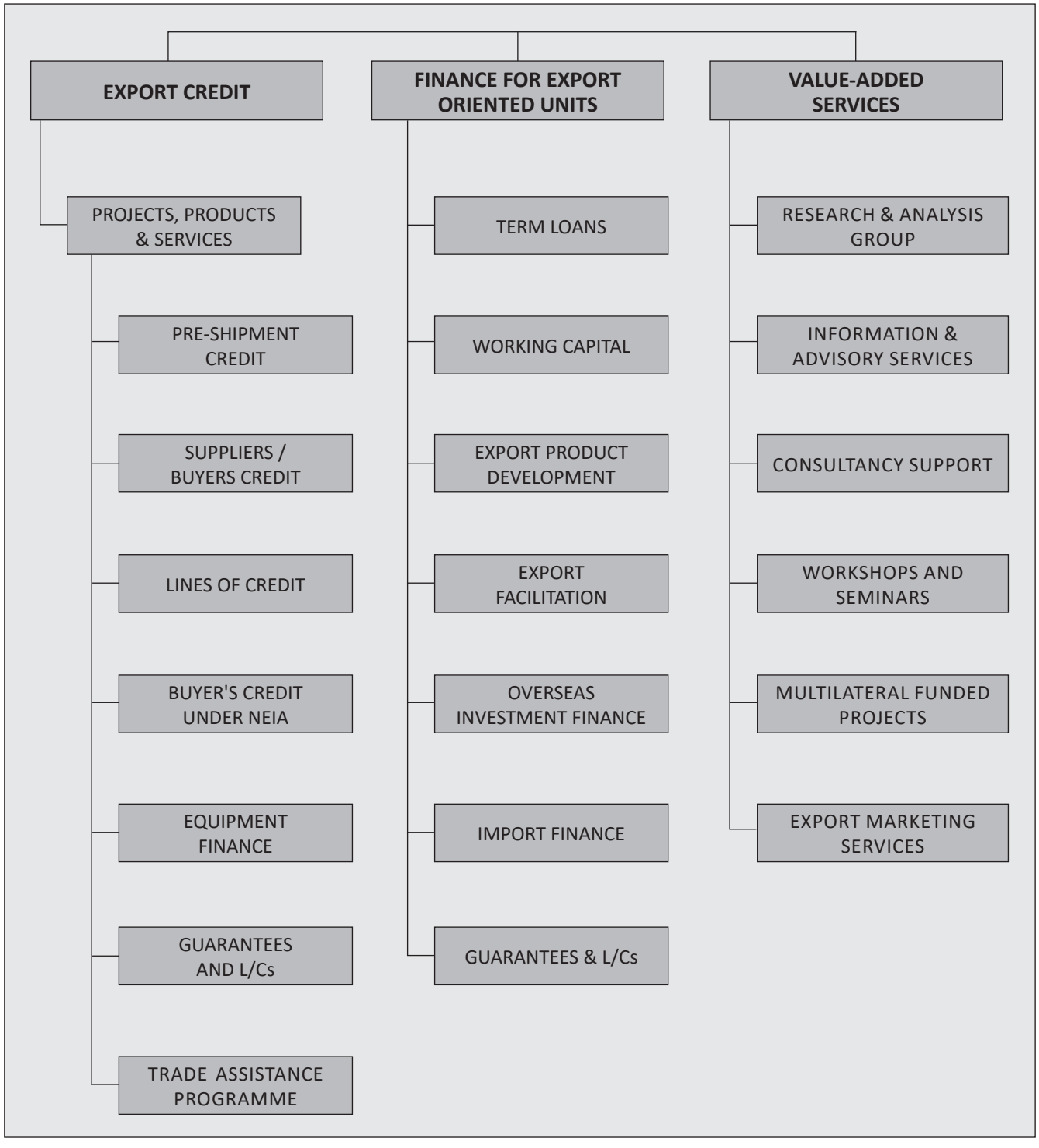
As part of its endeavour in enriching the knowledge of Indian exporters and thereby to enhance their competitiveness, India Exim Bank periodically conducts research studies. These research studies are broadly categorized into three segments, viz. sector studies, country studies and macro-economic related analysis. These studies are published in the form of Occasional Papers, Working Papers and Special Publications. The research papers that are brought out in the form of Working Papers are done with swift analysis and data collation from various sources. The research papers under the series provide an analytical overview on various trade and investment related issues.

## Previous Working Papers brought out by India Exim Bank

| | |
|---|---|
| Working Paper No. 111 | Reflection & Development of India's Creative Economy |
| Working Paper No. 112 | Reinvigorating India's Economic Engagements with Southern Africa |
| Working Paper No. 113 | Unlocking Assam's Export Potential |
| Working Paper No. 114 | A New Era of India-European Union Strategic Partnership |
| Working Paper No. 115 | Indian Chemical Industry: Exploring its Growth Potential |
| Working Paper No. 116 | Prospects for Enhancing India-Canada Economic Relations: Trends and Potential |
| Working Paper No. 117 | Building Bridges: An Economic Analysis of India-Australia Trade Relations |
| Working Paper No. 118 | India's Engagement with the Lithium Triangle Nations: Securing India's Lithium Needs |
| Working Paper No. 119 | Enhancing Trade and Investment Relations between India and Central America |
| Working Paper No. 120 | India's Investment Potential in Africa |
| Working Paper No. 121 | Transitioning to Circular Economy: A Possible Approach for India |
| Working Paper No. 122 | Forging Sustainable India-Africa Partnership through Green Transition |
| Working Paper No. 123 | Investing in LAC: Unlocking Opportunities for Indian Investors |
| Working Paper No. 124 | Evaluating India's Middle-Export Districts: Opportunities under ODOP-DEH |
| Working Paper No. 125 | Connecting Continents: Enhancing India-Eurasian Economic Union Trade and Investment Relations |
| Working Paper No. 126 | India-Bangladesh: A New Age Partnership |
| Working Paper No. 127 | Enhancing Production and Exports of Millets from India |
| Working Paper No. 128 | India and Southern African Customs Union: Building a Stronger Economic Partnership |
| Working Paper No. 129 | Strengthening Ties: Evolving Dynamics in India-Oman Bilateral Relation |
| Working Paper No. 130 | Fostering Collaboration: A Roadmap for Enhancing India-Saudi Arabia Bilateral Relations |
| Working Paper No. 131 | Charting the Course for Telangana's Export Growth: Strategies and Policy Recommendations |
| Working Paper No. 132 | Unraveling the Dynamics of India-ASEAN Economic Relations |
| Working Paper No. 133 | Exploring New Frontiers in India-US Bilateral Relations |
| Working Paper No. 134 | Exploring Economic Opportunities for India in East Africa |
| Working Paper No. 135 | India's Defence Equipment Industry: Exploring New Frontiers |
| Working Paper No. 136 | Accelerating Uttar Pradesh's Export Growth: Insights and Strategies |
| Working Paper No. 137 | India-Qatar Trade and Investment: Strengthening Global Synergies |
| Working Paper No. 138 | A New Era of Cooperation: India's Relationship with EFTA |
| Working Paper No. 139 | Towards a Viksit Madhya Pradesh: A Possible Export Strategy & Policy Perspective |
| Working Paper No. 140 | Strengthening India-Brazil Economic Relations through Sustainable Cooperation |
| Working Paper No. 141 | Forging Strategic Links: Advancing India-New Zealand Partnership |
| Working Paper No. 142 | Building Exports from Jammu & Kashmir |
| Working Paper No. 143 | Navigating Opportunities: Strengthening India's Economic Engagements with Peru |
| Working Paper No. 144 | Deepening India Nepal Economic Ties: From Trade to Development Cooperation |
| Working Paper No. 145 | Strengthening Exports from Uttarakhand |
| Working Paper No. 146 | Unlocking Africa's Sustainable Growth: India's Role and Opportunities |
| Working Paper No. 147 | Bridging the Gulf: Enhancing India–Bahrain Economic Partnership |
| Working Paper No. 148 | Namaste India: Unleashing its Travel & Tourism Potential |

# INDIA EXIM BANK'S MAJOR PROGRAMMES

**Bank's Major Programmes**



# EXPORT-IMPORT BANK OF INDIA

## HEAD OFFICE

Centre One Building, 21st Floor, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005.
Phone: (91 22) 22172600 ● Fax : (91 22) 22182572
E-mail : ccg@eximbankindia.in ● Website: www.eximbankindia.in

## LONDON BRANCH

5th Floor, 35 King Street, London EC2V 888 United Kingdom
Phone : (0044) 20 77969040 ● Fax : (0044) 20 76000936 ● E-Mail : eximlondon@eximbankindia.in

## DOMESTIC OFFICES

**Ahmedabad**

Sakar II, 1st Floor,
Next to Ellisbridge Shopping Centre,
Ellisbridge P. O., Ahmedabad 380 006
Phone : (91 79) 26576843
Fax : (91 79) 26577696
E-mail : eximahro@eximbankindia.in

**Bengaluru**

Ramanashree Arcade, 4th Floor,
18, M. G. Road, Bengaluru 560 001
Phone : (91 80) 25585755
Fax : (91 80) 25589107
E-mail : eximbro@eximbankindia.in

**Chandigarh**

C- 213, Elante offices, Plot No. 178-178A,
Industrial Area phase 1,
Chandigarh 160 002
Phone : (91 172) 4629171
Fax : (91 172) 4629175
E-mail : eximcro@eximbankindia.in

**Chennai**

Overseas Towers, 4th and 5th Floor,
756-L, Anna Salai, Chennai 600 002
Phone : (91 44) 28522830/31
Fax : (91 44) 28522832
E-mail : eximchro@eximbankindia.in

**Guwahati**

NEDFi House, 4th Floor, GS Road,
Dispur, Guwahati 781 006
Phone : (91 361) 2237607 /609
Fax : (91 361) 2237701
E-mail : eximgro@eximbankindia.in

**Hyderabad**

Golden Edifice, 2nd Floor,
6-3-639/640, Raj Bhavan Road,
Khairatabad Circle, Hyderabad 500 004
Phone : (91 40) 23307816
Fax : (91 40) 23317843
E-mail : eximhro@eximbankindia.in

**Indore**

Unit No. 800-802, 8th floor,
Maloo 01, Plot No 26,
Scheme No 94 C,
Ring Road, Indore 452010
Email: eximiro@eximbankindia.in

**Kolkata**

Vanijya Bhawan, 4th Floor,
(International Trade Facilitation Centre),
1/1 Wood Street, Kolkata 700 016
Phone : (91 33) 68261301
Fax : (91 33) 68261302
E-mail : eximkro@eximbankindia.in

**Lucknow**

Unit No. 101, 102 and 103, 1st Floor,
Shalimar Iridium Vibhuti Khand,
Gomti Nagar, Lucknow 226010
Phone: (91 522) 6188035
Email: lro@eximbankindia.in

**Mumbai**

8th Floor, Maker Chamber IV,
Nariman Point, Mumbai 400 021
Phone : (91 22) 22861300
Fax : (91 22) 22182572
E-mail : eximmro@eximbankindia.in

**New Delhi**

Office Block, Tower 1, 7th Floor,
Adjacent Ring Road, Kidwai Nagar (E)
New Delhi 110 023
Phone : (91 11) 61242600 / 24607700
Fax : (91 11) 20815029
E-mail : eximndo@eximbankindia.in

**Pune**

No. 402 & 402(B), 4th floor,
Signature Building, Bhamburda,
Bhandarkar Rd., Shivajinagar,
Pune 411 004
Phone : (91 20) 26403000
Fax : (91 20) 25648846
E-mail : eximpro@eximbankindia.in

## OVERSEAS OFFICES

**Abidjan**

5th Floor, Azur Building,
18-Docteur Crozet Road,
Plateau, Abidjan, Côte d'Ivoire
Phone : (225) 2720242951
Fax : (225) 2720242950
Email : eximabidjan@eximbankindia.in

**Dhaka**

Madhumita Plaza, 12th Floor,
Plot No. 11, Road No. 11, Block G,
Banani, Dhaka, Bangladesh - 1213.
Phone : (88) 01708520444
E-mail : eximdhaka@eximbankindia.in

**Dubai**

Level 5, Tenancy lB,
Gate Precinct Building No. 3,
Dubai International Financial Centre,
PO Box No. 506541, Dubai, UAE.
Phone : (971) 43637462
Fax : (971) 43637461
E-mail : eximdubai@eximbankindia.in

**Johannesburg**

2nd Floor, Sandton City Twin Towers East,
Sandhurst Ext. 3, Sandton 2196,
Johannesburg,
South Africa.
Phone : (27) 113265103
Fax : (27) 117844511
E-mail : eximjro@eximbankindia.in

**Nairobi**

Unit 1.3, The Oval, Jalaram Road,
Westlands,
Nairobi, Kenya
Phone : (254) 741757567
E-mail : eximnairobi@eximbankindia.in

**São Paulo**

Unit - 1603, World Trade Center
Avenida das Nações Unidas 12.551
São Paulo 04578-903,
Brazil
Phone: +55 (11) 3080 7561
Email: eximsaopaulo@eximbankindia.in

**Singapore**

20, Collyer Quay, #10-02,
Tung Centre,
Singapore 049319.
Phone : (65) 65326464
Fax : (65) 65352131
E-mail : eximsingapore@eximbankindia.in

**Washington D.C.**

1750 Pennsylvania Avenue NW,
Suite 1202,
Washington D.C. 20006,
United States of America.
Phone : (1) 2022233238
Fax : (1) 2027858487
E-mail : eximwashington@eximbankindia.in

India Exim Bank

Centre One Building, 21st Floor, World Trade Centre Complex, Cuffe Parade,
Mumbai - 400005 | Ph.: (91 22) 22172600
E-mail: ccg@eximbankindia.in | Website: www.eximbankindia.in
Follow us on