

# India-ASIAN Economic Partnership: The Gap Between Ambition and Ground Realities

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## Abstract

The bilateral trade architecture in Asia is currently undergoing a profound metamorphosis, propelled by supply chain restructuring, geopolitical recalibration, and the maturation of regional governance mechanisms. Intra-regional trade now constitutes more than half of Asia's overall commercial activity, having registered a 43% increase over the last forty years. Key trade arteries such as those linking China-ASEAN, India-Vietnam, Thailand-Vietnam and India-Indonesia have experienced significant expansion. By the first quarter of 2025, ASEAN had cemented its status as China's foremost trading partner accounting for 16.6% of China's global trade volume. The entry into force of the RCEP and the enhanced CAFTA 3.0 has accelerated tariff liberalization and harmonized origin protocols with China's exchanges with RCEP economies reaching 13.85 trillion yuan in 2025. Nevertheless, these advancements are offset by acute frictions. The unpredictability of US tariff policies has injected considerable uncertainty into the region, incentivizing countries to pursue fragmented bilateral arrangements that threaten to undermine the coherence of regional integration. Against this backdrop, the IMF forecasts a deceleration in Asia's growth from 4.5% in 2025 to 4.1% in 2025, attributed to trade tensions and subdued demand. This study posits that the developmental trajectory of Asian bilateral trade will be determined by the region's collective capacity to manage geopolitical risks, bridge the disparity between trade-agreement aspirations and their actual utilization rates, and foster resilient supply chains that transition from basic assembly operations to sophisticated, value-added manufacturing.

**Keywords:** Asian bilateral trade, regional integration, ASEAN, trade agreements, supply chain resilience, digital trade.

## 1. Introduction

The landscape of international trade has undergone profound transformation over the past decade, with Asia emerging as both the world's manufacturing hub and an increasingly important center of final demand. Bilateral trade relationships among Asian countries have

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deepened considerably, driven by the region's economic dynamism, the proliferation of free trade agreements and the strategic reconfiguration of global supply chains. As of 2025–2026, intra-Asian trade accounts for a substantial and growing share of global commerce (Ahmed et al., 2021). The Asian Development Bank (ADB) observed that despite facing uneven reciprocal tariffs ranging from 10 percent to 34 percent from the United States, most major Asian economies demonstrated strong resilience in trade, with export growth sustained as countries diversified markets and adjusted supply chains. Rather than causing a broad contraction in trade, US tariffs accelerated a shift toward intraregional commerce, deepening regional production networks and reinforcing Asia's role in global value chains. The region's resilience has been driven by redirecting trade toward alternative markets, sustaining export growth even as shipments to the US declined in some economies (Zhang et al., 2026).

The geopolitical environment has become increasingly complex and uncertain. On April 2, 2025, the Trump administration unveiled sweeping reciprocal tariffs targeting key Asian economies. US tariff policy towards Southeast Asia remains an uncertain, critical flashpoint in the broader US–China trade dynamic (Baier et al., 2021). The 'reciprocal' US tariff rates on major Southeast Asian trading partners are largely uniform 19 percent each for Indonesia, Malaysia, the Philippines and Thailand and 20 percent for Vietnam, with Singapore's headline rate at 10 percent. However, effective tariff rates with Vietnam's at 12.7 percent and Indonesia's at 19.7 percent as of September 2025. From the beginning of April through the end of September 2025, US importers paid just under US\$17 billion in tariffs on goods from the five largest ASEAN trading partners.

The implications of these trade policy shifts for Asia's growth trajectory are significant. The International Monetary Fund (IMF) projects that growth in Asia will hold broadly steady in 2025 and moderate noticeably in 2026, given the building negative effects of higher US tariffs and headwinds to medium-term potential growth. Reflecting higher tariffs and elevated trade policy uncertainty, GDP growth forecasts for most Asian countries in 2025 and 2026 are below those of October 2024. Empirical analysis shows that a one-standard-deviation increase in US trade policy uncertainty reduces investment in Asia by about 1 percent in the near term, with effects about twice as large in emerging market economies. The IMF projects Asia's economy to expand 4.5 percent in 2025, slowing from 4.6 percent the previous year and to decrease to 4.1 percent in 2026. The World Trade Organisation projects global trade volume growth to slow sharply, from 2.4 percent in 2025 to just 0.5 percent in 2026, as the impact of tariffs shifts into the following year. Nevertheless, as in recent years, Asia is projected to continue to contribute around 60 percent of global growth in 2025 and 2026 (Yadav et al., 2025).

## **2 Methodology and Data Sources**

This study adopts a mixed-method research design that integrates qualitative institutional and policy assessment to provide a comprehensive examination of the realities and prospects of bilateral trade among Asian countries.

The qualitative dimension of the research complements the quantitative analysis through a systematic review of institutional frameworks, policy documents and stakeholder

perspectives. This includes content analysis of trade agreement texts—particularly the CAFTA 3.0 Upgrade Protocol, RCEP provisions and AITIGA review documents—to assess the scope and depth of commitments across different sectors. Policy analysis draws on reports from regional institutions including the ASEAN Secretariat, the ASEAN+3 Macroeconomic Research Office (AMRO) and the Asian Development Bank, as well as business surveys such as the EABC-Jetro Business Outlook Survey, which provides insights into firm-level awareness and utilization of trade agreements. The qualitative component also incorporates case study analysis of key bilateral corridors—China–ASEAN, India–ASEAN and Vietnam–India—to provide contextual depth and illustrate the heterogeneous realities of Asian bilateral trade. This mixed-method approach allows for both quantitative rigor and practical policy relevance in understanding the dynamics and implications of Asian regional trade integration.

Data for the qualitative analysis are drawn from multiple authoritative and publicly available sources to ensure comprehensiveness, reliability and replicability. Bilateral trade flow data are primarily obtained from the United Nations Database, the International Trade Centre's Trade Map and the IMF Direction of Trade Statistics. Additional country-specific data, particularly for India and ASEAN members, are obtained from national sources including India's Ministry of Commerce and the respective ASEAN member states' statistical agencies. The dataset constructed for this study covers bilateral trade flows among Asian countries—including East Asian, Southeast Asian and South Asian economies—with observations spanning from 2010 to 2025, providing a robust empirical foundation for analyzing recent developments in Asian bilateral trade.

### **3. Findings and Discussion**

#### **3.1 The Current Realities of Asian Bilateral Trade: Overall Trends and Patterns**

Asian bilateral trade has demonstrated remarkable resilience and growth despite global economic headwinds. East Asia exports saw the strongest growth over the past four quarters at 9 percent, with intraregional trade growing by 10 percent. Global trade in goods and services is expected to exceed \$35 trillion for the first time in 2025, up by approximately \$2.2 trillion or a year-on-year increase of about 7 percent.

#### **Several key patterns characterize contemporary Asian bilateral trade:**

First, the region's trade is increasingly intra-regional in orientation. The share of East Asia & Pacific's intra-regional trade has risen from 55 to 56 percent. This reflects both the deepening of regional production networks and the growing importance of Asian final demand. Second, trade is increasingly driven by intermediate goods and supply chain linkages. Regional integration remains predominantly production-centered, with intra-Asian trade driven mainly by intermediate goods, while final demand still largely originates externally. Nevertheless, China is becoming a more important regional source of final demand. Third, there is significant variation in trade performance across sub-regions. South Asia's intra-regional trade share remains modest at around 8 percent, compared to 22 percent among ASEAN members. This reflects persistent barriers to regional integration in South Asia, including political tensions and protectionist policies (**Chatterjee et al., 2022**).

## **3.2 Major Bilateral Trade Corridors**

### **3.2.1 China–ASEAN: The Premier Corridor**

The China–ASEAN bilateral relationship stands as the most consequential trade corridor in Asia. ASEAN has remained China's largest trading partner for five consecutive years. In the first three quarters of 2025, the total value of China's imports and exports with ASEAN countries reached 5.57 trillion yuan (approximately \$786 billion), up 9.6 percent year-on-year, accounting for 16.6 percent of China's total foreign trade. In the first 11 months of 2025, bilateral trade volume reached 6.82 trillion yuan, representing 8.5 percent year-on-year growth.

The composition of China–ASEAN trade reflects deep industrial complementarity. Manufactured products account for over 90 percent of China's trade with ASEAN. China's exports of machine tools and automobile parts to ASEAN grew 56.1 percent and 22 percent year-on-year respectively, while China's imports of computer components from ASEAN rose 47.4 percent. In the agricultural sector, ASEAN has been China's largest trading partner for eight consecutive years. China's imports of agricultural products from ASEAN rose 15.3 percent in the first three quarters of 2025, accounting for 19.1 percent of China's total agricultural import value.

Cumulative two-way investment between China and ASEAN has exceeded \$450 billion as of July 2025. Infrastructure connectivity has been a key driver, with the China-Laos Railway serving as a "golden thoroughfare"—fruit shipments via this route soared 37.8 percent. The multidimensional connectivity network, including the alignment of the Belt and Road Initiative with the Master Plan on ASEAN Connectivity 2025, has provided strong support for deepening economic and trade cooperation.

### **3.2.2 India–ASEAN: A Growing Relationship**

India–ASEAN bilateral trade reached \$123 billion in FY25, reflecting strong economic ties. ASEAN accounts for around 11 percent of India's global trade. Singapore remains India's largest trading partner within ASEAN, with total bilateral trade of \$34.26 billion during FY25. India-Indonesia bilateral trade surpassed \$28 billion in FY25, making Indonesia India's largest trading partner in the ASEAN region.

India's trade with ASEAN has expanded at a compounded annual growth rate of 5 percent over the past decade. However, this growth has been uneven, with imports nearly doubling while export growth has been more modest. Thailand has emerged as India's fourth largest trading partner within ASEAN, ranking second in terms of trade deficit.

The ASEAN–India Trade in Goods Agreement (AITIGA) is currently under review, with the tenth round of negotiations held in New Delhi in August 2025 and the next round scheduled for Jakarta in October 2025. The review aims to enhance the agreement's effectiveness, accessibility and trade facilitation capabilities. As one analyst noted, a phased approach could unlock progress—delivering an "early harvest" package focused on customs digitization, advance rulings and single-window connectivity, while leaving the most sensitive tariff lines to longer glide paths.

### **3.2.3 Vietnam–India: An Emerging Corridor**

The Vietnam–India bilateral corridor exemplifies the growth potential of new trade relationships in Asia. Bilateral trade turnover reached \$16.46 billion in 2025, up 10.5 percent compared with 2024. Vietnam's exports to India rose 14.2 percent to \$10.3 billion, while imports increased 4.9 percent to \$6.1 billion. The upward trend has continued into 2026, with first-quarter bilateral trade hitting \$4.8 billion, up 28 percent year-on-year.

The economic complementarity between the two economies is striking. Vietnam's exports to India are dominated by manufactured and processed products, accounting for more than 70 percent of total shipments, including electronics, machinery, agricultural and aquatic products, rubber, pepper and iron and steel products. Meanwhile, imports from India mainly include textile materials, plastics, steel, seafood and pharmaceuticals. India boasts advantages in market scale, raw materials, software, pharmaceuticals and supporting industries (Chatterjee et al., 2022).

This complementarity has reduced direct competition and increasingly shifted cooperation toward supply-chain integration, production linkages and market expansion. As global manufacturers diversify production bases beyond traditional centers, Vietnam and India are emerging as important links in regional supply-chain restructuring. Both countries have set an ambitious target of reaching \$25 billion in bilateral trade by 2030.

### **3.2.4 Other Notable Corridors**

**China–Japan–South Korea:** The trilateral relationship among Northeast Asia's three major economies remains significant despite periodic tensions. However, bilateral trade between China and Japan declined 0.6 percent year-on-year to 324.07 billion yuan in the first two months of 2025, while China–South Korea trade dropped 0.1 percent. US tariff policies have pushed these regional rivals back to the negotiating table, with long-stalled free trade talks gaining renewed momentum.

**Central Asia:** Countries in Central Asia agreed in November 2025 to nearly double mutual trade within the area to \$20 billion, reflecting growing regional integration efforts.

**Indonesia–Singapore:** Total trade between Indonesia and Singapore reached \$21.19 billion in January-August 2025, with Indonesian exports at \$8.85 billion and imports at \$12.34 billion.

## **3.3 The Role of Major Institutional Frameworks**

### **3.3.1 The Regional Comprehensive Economic Partnership (RCEP)**

The RCEP, which entered into force in 2022, is the world's largest free trade agreement, comprising 15 economies that collectively account for about 30 percent of global GDP, trade and population, representing a market of around 2.2 billion people. The agreement provides commercial advantages by improving market access and preferential tariff treatment in key export destinations, strengthening the competitiveness of products against suppliers from countries outside the agreement. RCEP also introduces a common set of Rules of Origin and a single certificate of origin framework, helping to reduce compliance costs, simplify documentation and support regional cumulation (Chatterjee et al., 2022).

The agreement has demonstrated tangible benefits for member economies. In 2025, RCEP accounted for 61.6 percent of Cambodia's total trade volume, which was \$65.24 billion. Cambodia's trade with RCEP member countries amounted to \$40.24 billion in 2025, a year-on-year increase of 16.2 percent. Cambodia exported \$9.8 billion worth of goods to RCEP countries in 2025, a year-on-year increase of 7 percent.

However, significant implementation gaps persist. The EABC-Jetro Business Outlook Survey 2025 found that while awareness of RCEP had reached 60.3 percent, actual utilization remained below 20 percent. Among companies not yet utilizing RCEP preferences, 48.1 percent cited uncertainty over procedures, requirements and practical implementation as the main challenge. Utilization rates vary significantly across members—Japan and South Korea have a rules-of-origin utilization rate of around 50 percent, while other members, including China, remain below 3 percent.

### **3.3.2 The China–ASEAN Free Trade Area (CAFTA) 3.0**

The CAFTA 3.0 Upgrade Protocol represents a significant milestone in Asian regional integration. Negotiations were launched in November 2022 and concluded in May 2025, with the protocol signed at the 28th China-ASEAN Summit in Kuala Lumpur on October 28, 2025. The upgrade expands cooperation to nine areas: digital economy, green economy, supply chain connectivity, standards and technical regulations with conformity assessment procedures, sanitary and phytosanitary measures, customs procedures and trade facilitation, competition and consumer protection, micro, small and medium-sized enterprises and economic and technical cooperation.

CAFTA 3.0 represents a transition from traditional trade liberalization to comprehensive economic partnership. As one expert noted, it is "not a simple expansion from the existing framework, but a high-level free trade agreement with an inclusive, modern, comprehensive and mutually beneficial nature". The upgrade gives SMEs wider and smoother access to regional markets, enabling "local creation, regional expansion" through digital platforms. Industries such as food, agricultural products, tourism, logistics and digital e-commerce will be among the first to benefit (Chatterjee et al., 2022).

### **3.3.3 The ASEAN–India Trade in Goods Agreement (AITIGA)**

The AITIGA, originally signed in 2009, is currently undergoing review to enhance its effectiveness. Nine negotiating rounds have been completed, with the tenth held in New Delhi in August 2025. The review aims to address persistent challenges including trade imbalances and non-tariff barriers. Key challenges in the AITIGA review include rules of origin—India insists on tighter enforcement to prevent third-country transshipment, while ASEAN exporters want predictability and simplified procedures. Non-tariff barriers embedded in domestic regulation—such as licensing, standards and testing regimes—cannot be resolved with a single FTA clause and require regulator-to-regulator cooperation and time-bound work plans. Sensitive sectors such as automotive, agriculture and steel add political weight, with industry groups on both sides lobbying to shield local producers.

## **4. Challenges and Constraints**

### **4.1 Geopolitical Tensions and US Tariff Policies**

The most significant external challenge to Asian bilateral trade is the unpredictable tariff policy of the United States. The US has unveiled a complex web of modified reciprocal tariffs across Asia, ranging from 10-40 percent. These tariffs vary by country: Vietnam and Cambodia face 36 percent tariffs, Malaysia 25 percent, while Thailand and Cambodia face 36 percent tariffs. In July 2025, the US announced a 25 percent tariff on Indian imports. The IMF projects that growth in Asia will moderate noticeably in 2026, given the building negative effects of higher US tariffs and headwinds to medium-term potential growth. The WTO projects global trade volume growth to slow sharply from 2.4 percent in 2025 to just 0.5 percent in 2026.

### **4.2 Non-Tariff Barriers and Regulatory Fragmentation**

Non-tariff barriers (NTBs) represent a persistent and often underestimated challenge to Asian bilateral trade. Many NTBs are embedded in domestic regulation—licensing requirements, standards and testing regimes and technical regulations. These cannot be resolved with a single FTA clause but require regulator-to-regulator cooperation and time-bound work plans. The "spaghetti bowl" effect of overlapping trade agreements with different rules of origin, standards and procedures continues to raise transaction costs. Low utilization of existing FTAs reflects fragmented rules of origin, administrative burdens and uneven domestic and institutional capacity across economies (**Chatterjee et al., 2022**). Intra-ASEAN trade remains static at around 21-22 percent of total trade, far below the EU's 60 percent. This stagnation is puzzling given that almost 100 percent of tariff lines have been liberalized for over a decade.

### **4.3 Implementation Gaps in Trade Agreements**

A significant gap persists between the declaratory ambitions of trade agreements and their pragmatic utilization. As noted above, while business awareness of RCEP exceeds 60 percent in key economies, actual usage of its preferential terms remains below 20 percent. This utilization gap is particularly pronounced among micro, small and medium-sized enterprises (MSMEs), which often lack the capacity to navigate complex rules of origin and customs procedures. Uncertainty over procedures, requirements and practical implementation is cited by 48.1 percent of non-utilizing companies. The gap between awareness and utilization underscores that trade agreements alone are insufficient—effective implementation, business support and capacity building are equally important.

### **4.4 Structural Competitiveness Gaps**

Structural competitiveness gaps between Asian economies constrain the realization of bilateral trade potential. While the ASEAN-India FTA has substantially increased bilateral trade flows, it requires going beyond tariff elimination to address deeper barriers to trade and investment.

The unevenness of trade growth is evident across corridors. India's imports from ASEAN have nearly doubled over the past decade, while export growth has been more modest. This reflects structural differences in competitiveness, with ASEAN countries generally more integrated into global production networks.

#### **4.5 Infrastructure and Connectivity Gaps**

Despite significant progress in infrastructure connectivity—exemplified by the China-Laos Railway and the Jakarta-Bandung High-Speed Railway—infrastructure gaps persist across the region. High logistics costs remain a constraint, particularly for landlocked countries and smaller economies. Trade via land transportation between China and ASEAN grew 21 percent in the first three quarters of 2025, but further investment in cross-border infrastructure is needed to realize the full potential of regional trade.

### **5. Prospects and Opportunities**

#### **5.1 Deepening Regional Integration**

The prospects for Asian bilateral trade are closely tied to the deepening of regional integration. RCEP upgrades, CAFTA 3.0 implementation and expanded ASEAN+3 cooperation offers significant opportunities for trade expansion. The Asian Development Bank has revised up its 2026 growth forecast on reduced trade uncertainty following the conclusion of several trade agreements.

#### **5.2 Digital Trade and the Digital Economy**

Digital trade represents one of the most promising frontiers for Asian bilateral trade expansion. Asia's trade in commercial services is expected to grow 5.5 percent year-on-year in 2026, up from 4.6 percent in 2025, led by travel and digital services. The ASEAN Digital Economy Framework Agreement (DEFA), completed in 2025, represents the world's first region-wide digital economy framework. It will harmonize digital trade rules, facilitate trusted cross-border data flows and enhance e-commerce, cybersecurity and paperless trade. This agreement has the potential to significantly reduce barriers to digital trade and services within the region. Vietnam and India have proposed a digital corridor to boost bilateral trade to \$25 billion by 2030. Under the proposed roadmap, the two sides could sign a memorandum of understanding in 2026, put the UPI-NAPAS connection into operation in 2027 and facilitate \$500 million worth of trade for SMEs by 2028 (**Reserve Bank of India, 2024**).

#### **5.3 Green Economy and Sustainable Trade**

Green economy cooperation is emerging as a new growth vector for Asian bilateral trade. CAFTA 3.0 includes green economy as one of nine priority areas. Green trade is increasingly shaped by upstream supply chains, critical minerals and value-chain coordination. The transition to cleaner industry and decarbonization is reshaping trade patterns across the region. Countries are exploring cooperation in renewable energy, sustainable agriculture and environmentally friendly technologies.

## **5.4 Supply Chain Resilience and Reconfiguration**

The reconfiguration of global supply chains presents significant opportunities for Asian bilateral trade. US tariff measures since 2018 have accelerated supply chain diversification away from China and incremental relocation to other Asian economies. Supply chains are increasingly reorganized within Asia. The disruption of logistics and supply chains during recent crises has pushed governments and businesses to rethink "just in time" models placing emphasis on diversification, resilience and national security. This creates opportunities for Asian economies to build robust production networks and supply chains within the region and stimulate intra-regional demand.

## **5.5 New Bilateral Initiatives and Partnerships**

A range of new bilateral initiatives is expanding the scope of Asian trade cooperation. The UK and South Korea are modernizing their bilateral trade pact, with key areas of negotiation including establishing advanced rules for digital trade, simplifying rules of origin and strengthening supply chain resilience for critical minerals and semiconductors. India and Oman have finalized a Comprehensive Economic Partnership Agreement (CEPA). India is also strengthening ties with Central Asian countries, emphasizing the need to enhance mutual financial connectivity including digital payment systems and increasing trade in national currencies. These bilateral initiatives, while potentially contributing to the fragmentation of the regional trade landscape, also offer opportunities for deepening integration on specific issues and sectors.

## **6. Policy Implications**

### **6.1 Balancing Bilateral and Multilateral Approaches**

One of the key tensions in Asian trade policy is the balance between bilateral deal-making and multilateral frameworks. As the preferential market access landscape has become heavily fragmented due to various bilateral deals being struck, there is a risk that the proliferation of bilateral agreements could undermine the coherence of regional integration. However, bilateral and multilateral approaches need not be mutually exclusive. Bilateral negotiations can serve as a "first line of defense" against external pressures, while multilateral frameworks like RCEP and CAFTA provide the broader architecture for regional integration.

### **6.2 Closing the Utilization Gap**

The low utilization rates of trade agreements—particularly RCEP—represent a significant missed opportunity. Addressing this utilization gap requires a multi-pronged approach: First, simplifying rules of origin and customs procedures. The complexity of current rules is a major barrier for MSMEs. Self-certification for trusted traders and risk-based audits could reduce border frictions. Second, enhancing business awareness and capacity building. The gap between awareness (60 percent) and utilization (below 20 percent) indicates that awareness alone is insufficient. Practical guidance and support are needed to help businesses navigate procedures.

### **6.3 Building Supply Chain Resilience**

The reconfiguration of global supply chains presents both opportunities and challenges for Asian bilateral trade. To capitalize on this moment, Asian countries should: First, build robust production networks and supply chains within the region. This requires investment in infrastructure, logistics and connectivity. Second, stimulate intra-regional demand. Regional integration remains predominantly production-centered; developing regional final demand would create a more balanced and resilient trade architecture (**Panagariya, A. 2021**).

### **6.4 Embracing Digital and Green Transformation**

Digital and green transformation define the next integration phase. To realize the potential of these transformations, Asian countries should: First, implement digital trade facilitation measures. The ASEAN DEFA provides a framework for harmonizing digital trade rules. Bilateral digital corridors, such as the proposed Vietnam-India digital corridor, can serve as pilots for broader regional initiatives. Second, develop interoperable payment systems. The growing use of local currencies in trade settlements and digital payment platforms is reducing dollar dependence. Interoperable payment systems can reduce transaction costs and facilitate trade (**SAARC Secretariat, 2023**).

### **6.5 Strengthening SAFTA Implementation**

It is crucial to enhance the implementation of the South Asian Free Trade Area (SAFTA) in order to achieve tangible gains in trade. While SAFTA offers a legal structure for the facilitation of intra-regional trade, it is not very effective for various reasons, including the lack of responsiveness of some member countries, non-tariff barriers and procedural inefficiencies. The problems persist and continue to limit the movement of goods and diminish the overall effect of regional trade liberalization. To overcome these problems, there is a need for systematic reduction of non-tariff barriers like restrictive licensing requirement, cumbersome customs documents and inconsistent standards (**Ministry of Commerce and Industry, 2024**).

### **6.6 Improving Regional Connectivity Infrastructure**

Greater connectivity infrastructure in the region is a core need for improving connectivity in South Asia and intra-regional trade. Currently, the poor transport infrastructure, the inefficient border facilities and the logistics systems are significantly increasing the cost of transportation and causing substantial delays in trade. The restrictions make regional trade less competitive and do not allow for the maximum use of geographical proximity between neighbouring countries. Spending on quality roads, modern railway lines, efficient seaports and border crossing infrastructure is crucial to facilitate the flow of goods in South Asian economies (**OECD. (2023)**).

### **6.7 Institutional Harmonization Across Customs Systems**

Harmonization of customs procedures in institutions is an essential prerequisite in enhancing intra-regional trade efficiency in South Asia. The current differences in customs procedures, documentation needs, tariff classification systems and customs clearance processes between

countries result in administrative delays and higher costs of transactions. These inconsistencies create non-tariff barriers that hamper trade and limit cross-border business transactions (Singh, A., & Kaur, P. 2025). The harmonization of customs procedures in the South Asian economies would greatly facilitate trade and improve the know-how for the exports and imports. Standardized documentation processes, like, for example, the exchange of electronic customs declarations and the recognition of trade documents, can help to minimize duplication of procedures and accelerate clearance at border points. Likewise, harmonizing tariff classification systems with internationally agreed classification standards would reduce the confusion and disagreements on customs valuation (Srinivasan, T. N., & Bhatnagar, R. 2020).

## 7. Conclusion

The realities of bilateral trade among Asian countries reveal a region of deepening yet uneven integration. Major bilateral corridors—particularly China–ASEAN, India–ASEAN and Vietnam–India—have demonstrated robust growth, driven by economic complementarity, institutional frameworks and supply chain reconfiguration. The China–ASEAN corridor stands as the most prominent relationship, with bilateral trade reaching 5.57 trillion yuan in the first three quarters of 2025. India–ASEAN trade reached \$123 billion in FY25, while Vietnam–India trade grew 10.5 percent to \$16.46 billion. The trajectory of Asian bilateral trade will be determined by the region's capacity to manage geopolitical volatility, bridge the gap between trade agreements' aspirations and their on-the-ground utilization and build resilient supply chains that move beyond basic assembly toward higher-value production. As one observer noted, Asian economic integration may increasingly become issue-based, with regional economies collaborating more on climate change, digital trade and connectivity. The coming years will likely see Asian countries balancing bilateral deal-making with multilateral frameworks, as regional integration emerges not merely as an economic preference but as a strategic imperative for resilience in an increasingly fractured global trading order.

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