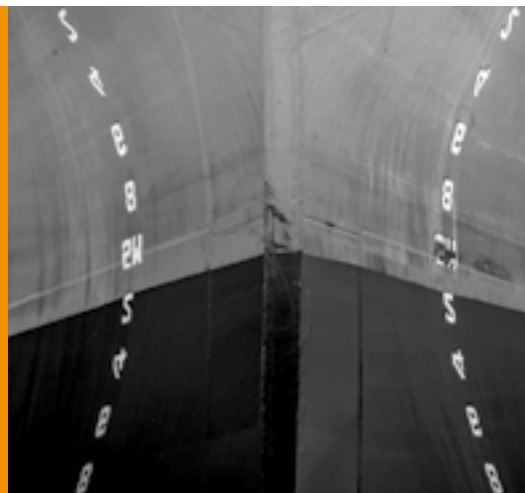
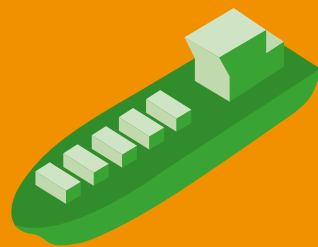




The Standard Chartered **Trade Opportunity Report**

High-potential export sectors for India and ASEAN



Uncover trade potential between ASEAN and India

Combined opportunities identified for the ASEAN markets in our study (Indonesia, Malaysia, Singapore, Thailand, Vietnam) to increase high-potential exports to India:

**USD
10.7bn**

The majority of this USD8.8bn opportunity comes from Indonesia and Malaysia, driven by opportunities to increase exports of electrical machinery and mechanical appliances:

**USD
6.7bn**

Thailand's greatest opportunity in USD terms is in iron and steel products

**USD
191m**

Vietnam's most significant opportunity in USD terms is in wholesale and retail trade services

USD87m

Meanwhile, Singapore could export an additional

**USD
680m**

of financial services.

The ASEAN region is one of the world's most important trading blocs, with a population of 650 million and a combined GDP of USD2.97 trillion.⁶³ In 2009, India and leaders from the ASEAN region signed an agreement that created the ASEAN-India Free Trade Area (AIFTA), removing tariffs on a wide range of goods and services. Bilateral trade has been steadily rising since, and there is a huge opportunity to increase trade further.

⁶³ ASEAN Economic Integration Brief, June 2019

Across the ASEAN markets – Indonesia, Malaysia, Singapore, Thailand and Vietnam – goods exports have more room for expansion than services. We identified a combined USD10.7 billion opportunity for ASEAN markets to optimise exports to India, with goods making up USD8.8 billion of the total. Indonesia and Malaysia could increase high-potential exports to India by around half, the most substantial increases of any market in our study in relative terms. The largest combined opportunity we identified across ASEAN markets is electrical machinery, with the three biggest opportunities being for Malaysia (USD986 million), Indonesia (USD903 million) and Singapore (USD669 million). Our data also highlighted room for significant growth in the textile industry, revealing a combined potential opportunity of USD380 million in cotton exports.

Brief methodology

The Standard Chartered Trade Opportunity Report (ASEAN) reveals the size of the export opportunities between India and 5 of its most dynamic ASEAN trading partners: **Indonesia, Malaysia, Singapore, Thailand and Vietnam.**

We project bilateral export opportunities using a gravity trade model, taking into account GDP, geographic distance, and other relevant variables.

Our study examines trade at a sector level, across both goods and services. We excluded commodity or commodity-like sectors from our data-set, focusing on sectors where there is a meaningful opportunity to add value. We refer to these sectors as ‘high-potential’ sectors or exports throughout the report. These high-potential sectors play a critical role in export performance, collectively representing 82 per cent of total trade on these routes. Although some raw materials are mentioned in the report, they

have been included because they are within product categories that also include value-added items. For example, the cotton category includes sewing thread, yarn, and fabric, and the copper category includes copper pipes, wire, and other copper products.

To calculate the export opportunity, we subtracted potential exports in a given sector — as indicated by our model — from actual exports in that sector to highlight opportunities to increase exports. Our model is static in the sense that it identifies opportunities that exist now. As India and the other countries in our study continue to grow and open up further to trade, these opportunities should multiply over time.

Research scope

This study identifies opportunities for increasing global trade to and from India by highlighting the gap between actual exports and potential exports as indicated by our gravity trade model. Our economic model reveals macro opportunities and does not account for specific tariffs and some trade frictions — including event-driven volatility in world trade such as the immediate economic and supply chain impact of COVID-19. The opportunities identified in this study therefore provide a medium-term outlook on which trade routes have the opportunity for growth in a post COVID-19 world. Where barriers to trade may result in very large opportunities for trade growth according to our model (greater than 500 per cent of actual trade) we have added some context to explain this.

¹ Data sources: For goods, we use UN Comtrade and for services, we use the OECD's Trade in Value Added database (TIVA). Both are time-averaged for 2016-2018. See Methodology on p68 for more detail.

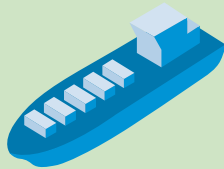


Trade corridor: Indonesia and India

Indonesia – a vast market with the world’s fourth-largest population – has developed a close cultural and commercial relationship with India over many years. The ASEAN–India Free Trade Area was created in 2010, and as of 2019, India was Indonesia’s fourth-largest export destination and its ninth biggest import source.²¹ Between 2005-6 and 2017-18, trade between the two markets saw a five-fold increase. In 2019, the two governments set a target to double trade by 2025.²²

Actual two-way trade in high-potential sectors:

USD 14bn²⁰



Combined opportunities identified for increased trade:

USD 5bn

annually

representing
36%
of actual two-way trade



Indonesia enjoys a close trading relationship with India, and there is an exciting opportunity to increase exports by a further USD3.2 billion. In particular, the Indonesian government’s focus on developing the manufacturing sector as an engine for economic growth dovetails with India’s burgeoning middle class and rising demand for electrical machinery and mechanical appliances. Standard Chartered is well positioned to leverage its global network and trade expertise to support Indonesian companies in growing their business with India.”

Andrew Chia, Chief Executive Officer, Indonesia, Standard Chartered

²⁰ This is the sum of services exports from the OECD TIVA database and goods exports from UN Comtrade data, excluding goods sectors where there is no or negligible opportunity to add value to the exported product (e.g. commodity or commodity-like sectors). The data is time-averaged for 2016-2018. Please see the Methodology on p68 for further information.

²¹ Indian Riots: Trade & Palm Relations Affect Indonesia's Attitude?

²² In Era of Crumbling Trade Deals, India and Indonesia Get Closer

Indonesia to India: Electric dreams

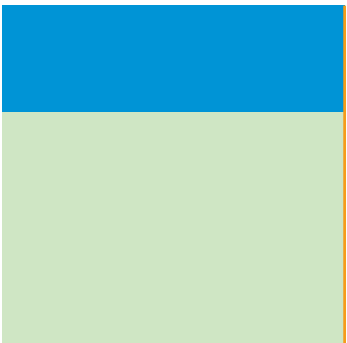
India holds promise for Indonesia’s expanding manufacturing industry

Key findings

- Our model estimates that Indonesia could increase high-potential exports to India by just over USD3.2 billion annually, or 46 per cent
- Most of this opportunity is found in goods exports at approximately USD3.2 billion, whilst the services opportunity is just USD28 million
- Top 5 sector export opportunities: electrical machinery; machinery and mechanical appliances; man-made filaments; optical, photographic and medical apparatus; and construction services (see chart below)

Opportunity to increase exports

USD3,220m

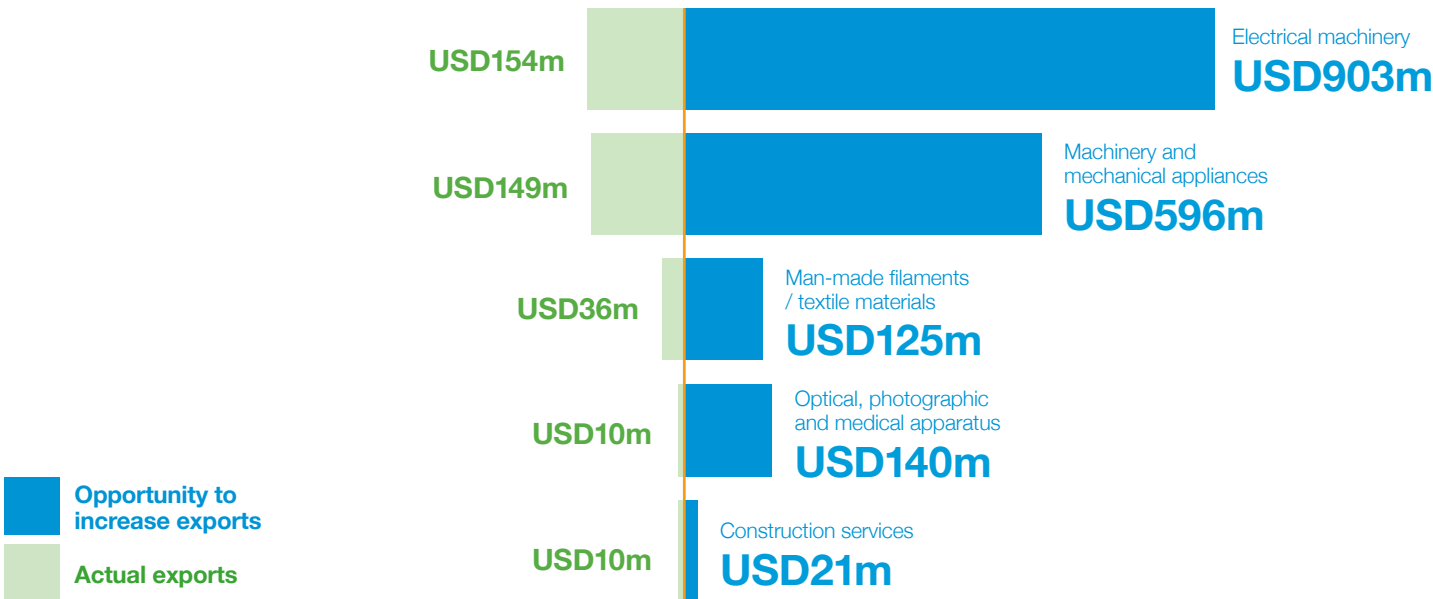


Total potential exports: USD 10,218m

Actual exports

USD6,998m

Top 5 high-potential sector opportunities

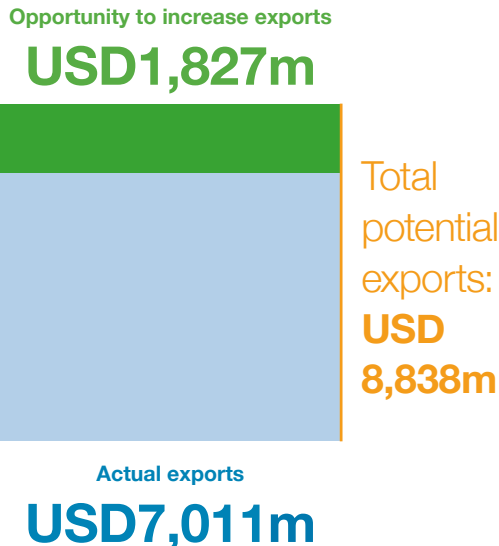


India to Indonesia: A well-spun yarn

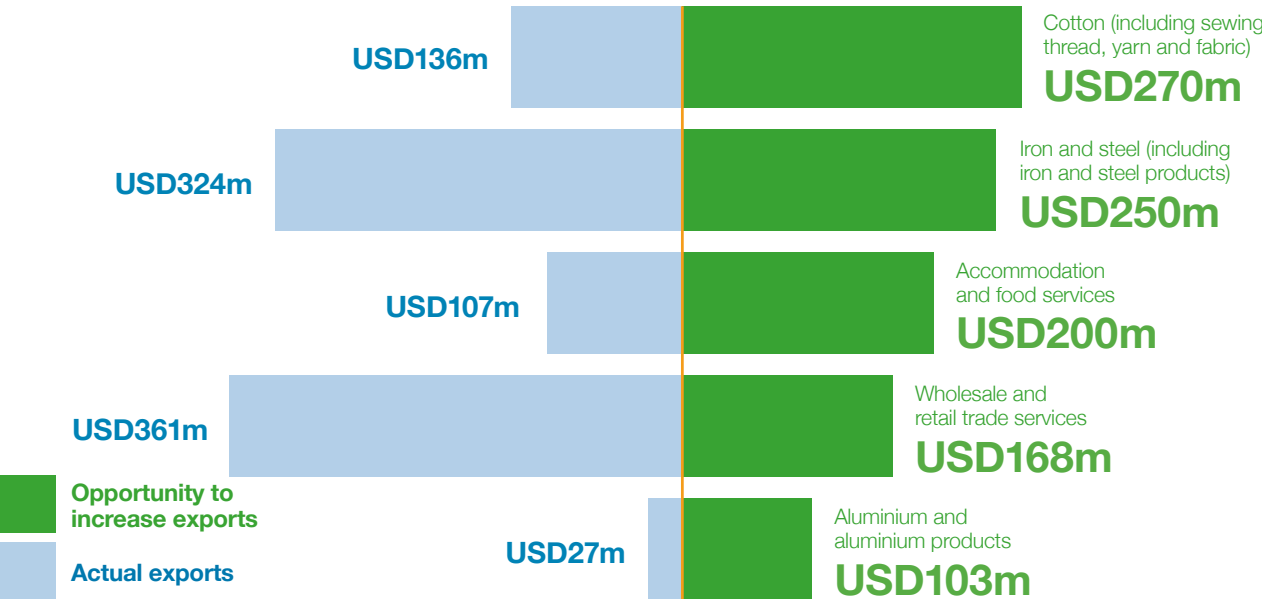
India could increase cotton-related exports to Indonesia

Key findings

- Our model estimates that India could increase high-potential exports to Indonesia by just over USD1.8 billion annually, or 26 per cent
- Goods opportunities total over USD1.4 billion, while the opportunity for services is significantly less at USD399 million
- Top 5 sector export opportunities: cotton (including sewing thread, yarn and fabric); iron and steel (including iron and steel products); accommodation and food services; wholesale and retail trade services; and aluminium and aluminium products (see chart below)



Top 5 high-potential sector opportunities



Exploring the Indonesia and India opportunity

According to our study, Indonesia’s exports of electrical machinery (including electric motors and generators, sound and video recording equipment, telephones and lighting equipment) could be increased by more than 500 per cent (USD903 million). India’s supply chains are becoming more sophisticated, and its burgeoning middle class is driving up demand for these products. Also, the Indian regulatory environment aims to incentivise investment in the manufacturing sectors, which should further increase demand for electrical machinery.²³ From 2015 to 2019, imports of electrical machinery to India increased by 50 per cent.²⁴ Within India’s USD50 billion electrical machinery market, phone system devices, including smartphones, are particularly important, and imports of integrated circuits and microassemblies have been rising. Other key areas of interest include TV receivers, transmitters and digital cameras – which rose by 20 per cent in 2019 – and TV radio and radar device parts, which increased by 19 per cent.²⁵ Indonesia could be well-placed to capitalise, as its government has committed to expanding and diversifying its manufacturing industry.²⁶

There are also opportunities in optical, photographic and medical apparatus, where exports from Indonesia could be increased by more than 500 per cent. There is enormous growth potential in this market, as India has been steadily expanding healthcare coverage. In 2014, only 20 per cent of the population had healthcare cover, but by 2017 this had risen to 44 per cent.²⁷ Indonesia could be particularly well-placed to capitalise on this growth, as investments in the Indonesian medical service industry surged to USD343 million dollars in 2017, a seven-fold increase from 2016.²⁸

²³ Indian manufacturing sector in india industry report

²⁴ UN Comtrade database

²⁵ India’s Top 10 Imports

²⁶ Manufacturing Sector Key to Boosting Indonesia’s Growth

²⁷ 56% Indians still don’t have a health cover

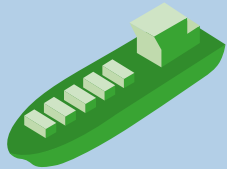
²⁸ Medical devices

Trade corridor: Malaysia and India

Malaysia, with a strategic position on one of the world’s busiest shipping lanes, is a valuable trade partner for India. The markets are both members of the ASEAN-India Free Trade Area, established in 2010, and the Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) came into effect in 2011. Malaysia is now India’s thirteenth-largest trading partner, and India features among Malaysia’s top 10 trading partners.³⁰ For Malaysia’s new government, India is a key market for trade growth.

Actual two-way trade in high-potential sectors:

USD 13.6bn²⁹



Combined opportunities identified for increased trade:

USD 5.2bn

annually

representing
38%
of actual two-way trade



It is clear that there is much to gain from the optimisation of the Malaysia-Indian trade lane. Strong bilateral relations have long existed between both countries – not just in terms of trade – as Malaysia is also home to a significant population of non-resident Indians who live and work here. Malaysian businesses seeking growth – particularly those involved in the manufacture of electrical machinery – should consider the almost USD1 billion opportunity that India offers.”

Mak Joon Nien, Head of Global Banking, Malaysia, Standard Chartered

²⁹ This is the sum of services exports from the OECD TIVA database and goods exports from UN Comtrade data, excluding goods sectors where there is no or negligible opportunity to add value to the exported product (e.g. commodity or commodity-like sectors). The data is time-averaged for 2016-2018. Please see the Methodology on p68 for further information.

³⁰ Brief on India-Malaysia Bilateral Relations

Malaysia to India: Made in Malaysia

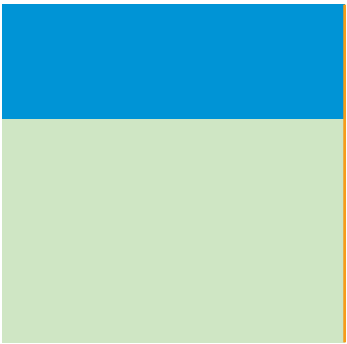
Machinery, paper and vehicle parts hold promise

Key findings

- Our model estimates that Malaysia has the greatest opportunity to increase high-potential exports to India of any market in our study in percentage terms; it could increase exports by 51 per cent (or just under USD3.5 billion)
- Most of this opportunity is found in goods exports (just under USD3.2 billion), with services worth USD270 million
- Top 5 sector export opportunities: electrical machinery; machinery and mechanical appliances; transportation and storage services; paper and paper items; and vehicles, vehicle parts and accessories (see chart below)

Opportunity to increase exports

USD3,492m

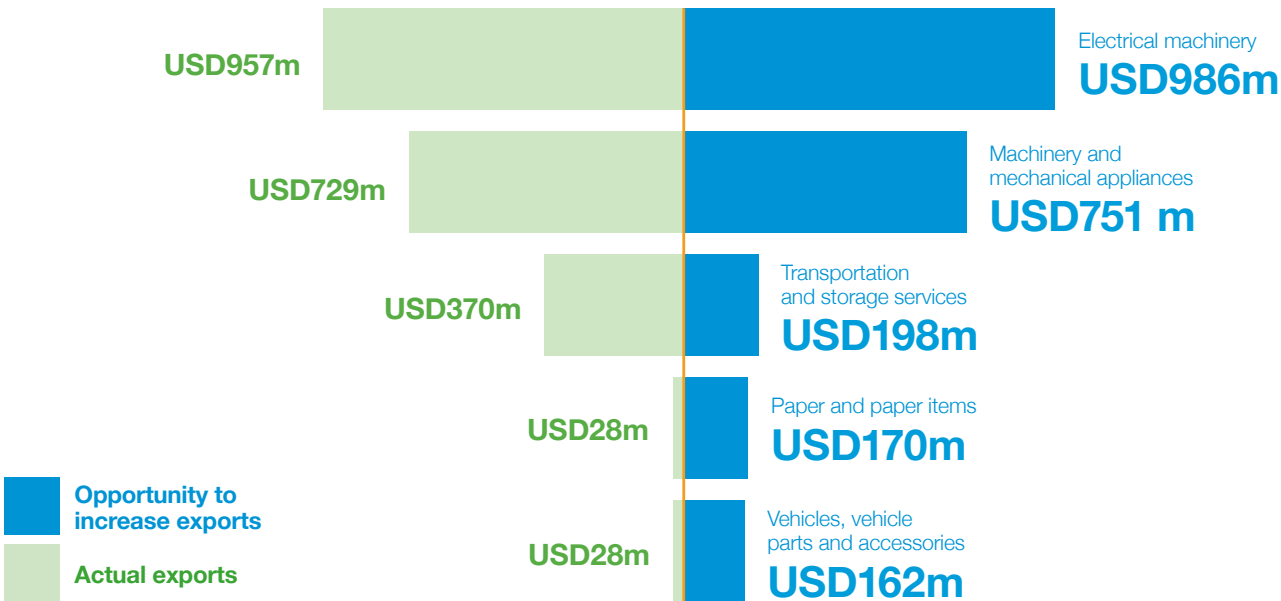


Total potential exports:
USD 10,284m

Actual exports

USD6,792m

Top 5 high-potential sector opportunities

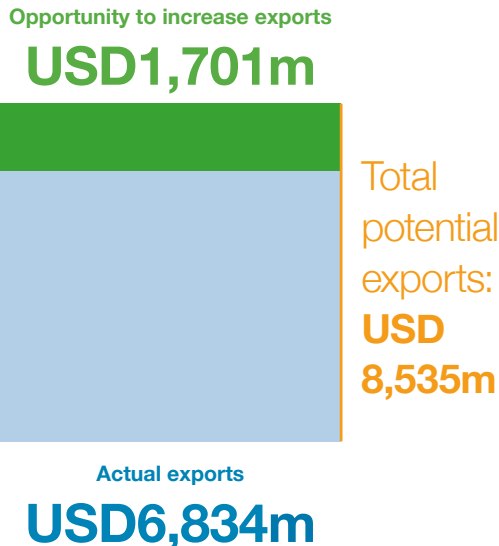


India to Malaysia: Driving forward

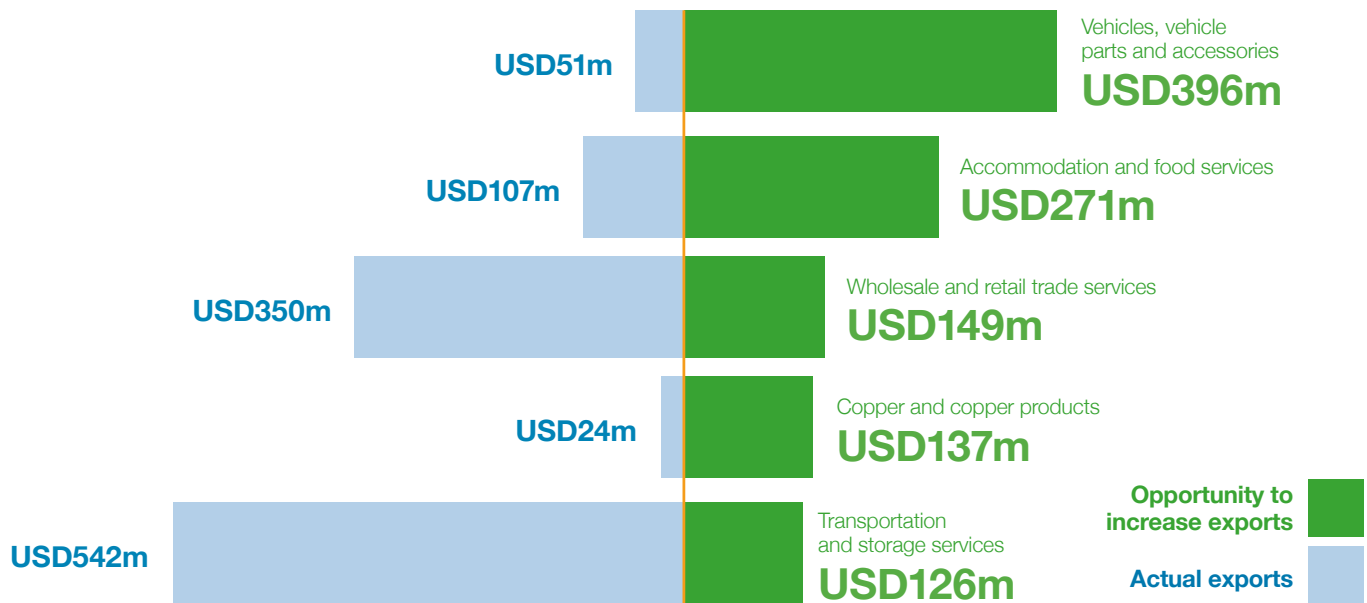
Malaysia may be a good destination for India's vehicle industry

Key findings

- Our model estimates that India could increase high-potential exports to Malaysia by USD1.7 billion annually, or 25 per cent
- The largest export opportunity is found in goods at approximately USD1 billion (compared to a USD671 million services opportunity)
- Top 5 sector export opportunities: vehicles, vehicle parts and accessories; accommodation and food services; wholesale and retail trade services; copper and copper products; and transportation and storage services (see chart below)



Top 5 high-potential sector opportunities



Exploring the Malaysia and India opportunity

Our study highlights that Malaysia could double its exports of electrical machinery (electric motors and generators, sound and video recording equipment, telephones and lighting equipment) and machinery and mechanical appliances (boilers, generators, turbines, refrigerators, freezers and dishwashers) to India. In 2019, India imported USD44.1 billion of machinery, comprising 9 per cent of total imports. Import statistics highlight two areas of opportunity for Malaysian companies: turbo-jets, which increased by 29 per cent from 2018 to 2019, and rubber and plastic article-making machinery, up 35 per cent.³¹

Paper exports, meanwhile, could be increased by more than 500 per cent. India is becoming a key market for the industry, with the world's fastest-growing demand for paper and paper products: growth is estimated at 6 per cent for the next five to 10 years, compared to global growth of 1 per cent. Additionally, a rise in the cost of materials used in the production of paper in India has led to a domestic price hike of 3 per cent, which could also drive a surge in imports.³²

Malaysia's vehicle exports (including vehicle parts and accessories) could also be increased by more than 500 per cent. This trade lane may be underexploited because India imposes very high customs duties on fully-built cars, so companies tend to build locally, or have small vehicle assembly plants to reduce tariffs, with most imported cars coming in from Europe.³³ The Indian government has recently reduced sales tax on electric vehicles from 12 per cent to 5 per cent, however, which could help to stimulate this part of the market.³⁴

India's greatest opportunity is found in vehicle exports (including vehicle parts and accessories), which could be increased by more than 500 per cent (USD396 million). The rapid growth of Malaysia's middle class – the nation is expected to transition to a high-income economy by 2024 – is likely to drive an upsurge in demand for vehicles.³⁵ However, a possible constraint is a 35 per cent tax on imported vehicles, and several non-tariff measures that significantly raise the cost of importing cars.³⁶

India could increase exports of copper and copper products to Malaysia by more than 500 per cent. Currently, Malaysia imports much of its copper from China, South Korea and Japan. China is one of the world's major copper producers, while the presence of South Korean and Japanese companies in Malaysia – shipbuilders and car manufacturers, for example – may explain the high levels of copper imports from these countries, as companies look to source products and parts from their home markets. As more Indian companies look outwards and establish a presence in Malaysia, they could drive similar partnerships, and copper exports from India to Malaysia may grow.

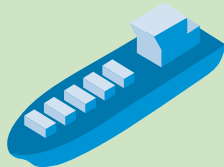
³¹ India's Top 10 Imports
³² Paper firms raise prices by 2-3% due to increase in raw material costs
³³ Elon Musk explains why Tesla cars may not come to India anytime soon
³⁴ Automobile Industry in India
³⁵ The World Bank In Malaysia
³⁶ Malaysia trade summary

Trade corridor: Singapore and India

India and Singapore have a history of close commercial and cultural ties. Since the markets first signed the Comprehensive Economic Cooperation Agreement (CECA) in 2005, bilateral trade has increased by more than 60 per cent. India is now Singapore's largest South Asian trading partner, and Singapore has overtaken Indonesia to become India's largest trading partner in the ASEAN region.³⁸ In 2015, Indian Prime Minister Narendra Modi and Singaporean Prime Minister Lee Hsien Loong signed the India-Singapore Strategic Partnership to elevate relations.³⁹

Actual two-way
trade in high-
potential sectors:

**USD
34.1bn**³⁷



**Combined opportunities
identified for increased trade:**

**USD
3.6bn**

annually

representing
10%
of actual
two-way trade



India and Singapore enjoy a longstanding and fruitful trading relationship. Having been in both markets for more than 160 years, the Singapore-India corridor is key to Standard Chartered's growth strategy. Standard Chartered supports many of our Indian clients' business strategy by helping them set up procurement or distribution arms in Singapore and our India footprint provides local expertise to Singapore companies that are keen to expand into the South Asian market. In the past three years, our Singapore-to-India corridor revenue has delivered double-digit growth and we expect this trend to continue, given the strong economic ties between the two countries. Singapore businesses have in recent years actively participated in India's smart cities projects and technology-driven areas. As India accelerates its financial inclusion initiative and digital transformation, we see tremendous opportunities for other sectors including financial services. According to our Trade Opportunity Report, India's financial services sector offers companies in Singapore a potential annual increase of USD680 million in opportunities."

**Chow Wan Thonh, Head, Global Banking, Singapore, Indonesia
& ASEAN Cluster Markets, Standard Chartered**

³⁷ This is the sum of services exports from the OECD TIVA database and goods exports from UN Comtrade data, excluding goods sectors where there is no or negligible opportunity to add value to the exported product (e.g. commodity or commodity-like sectors). The data is time-averaged for 2016-2018. Please see the Methodology on p68 for further information.

³⁸ <https://www.channelnewsasia.com/news/singapore/india-singapore-improve-economic-cooperation-in-enhanced-trade-10311832>

³⁹ Official Visit by Indian Prime Minister Narendra Modi

Singapore to India: Forward with finance

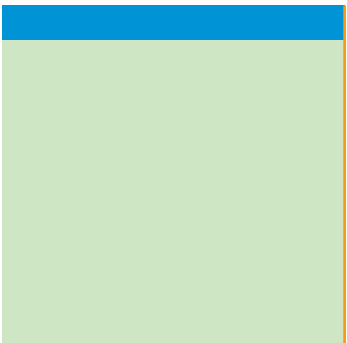
Asia-Pacific's emerging fintech hub could look to expand in India

Key findings

- Our model estimates that Singapore could increase high-potential exports to India by just under USD2.2 billion annually, or 11 per cent
- The opportunity is spread relatively evenly between goods and services
- Top 5 sector export opportunities: financial services; electrical machinery; IT services; vehicles, vehicle parts and accessories; and pharmaceutical products (see chart below)

Opportunity to increase exports

USD2,164m

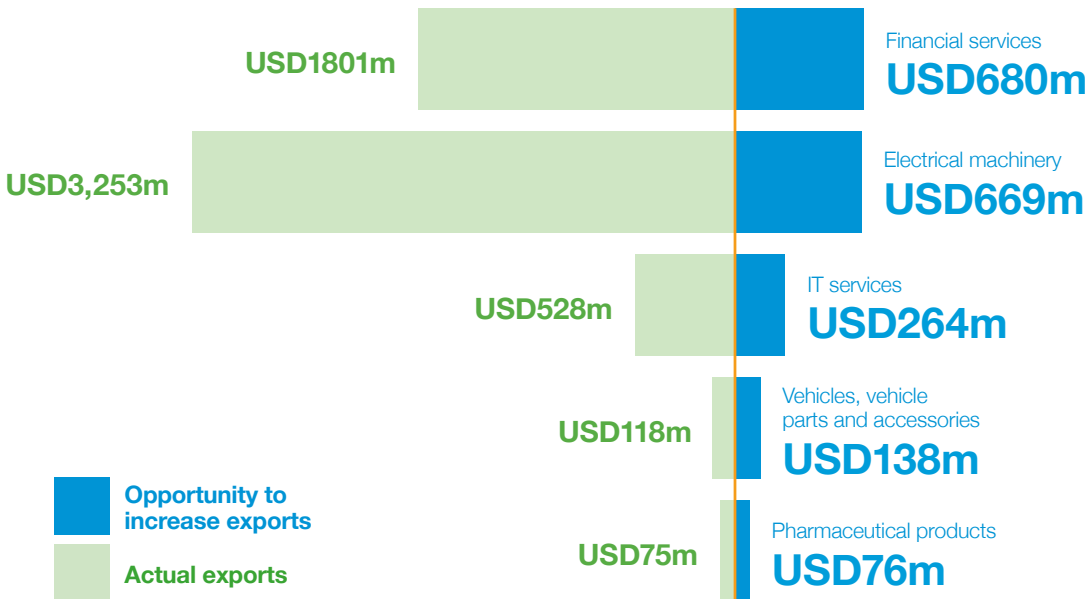


Total
potential
exports:
**USD
21,042m**

Actual exports

USD18,878m

Top 5 high-potential sector opportunities



India to Singapore: Making ties

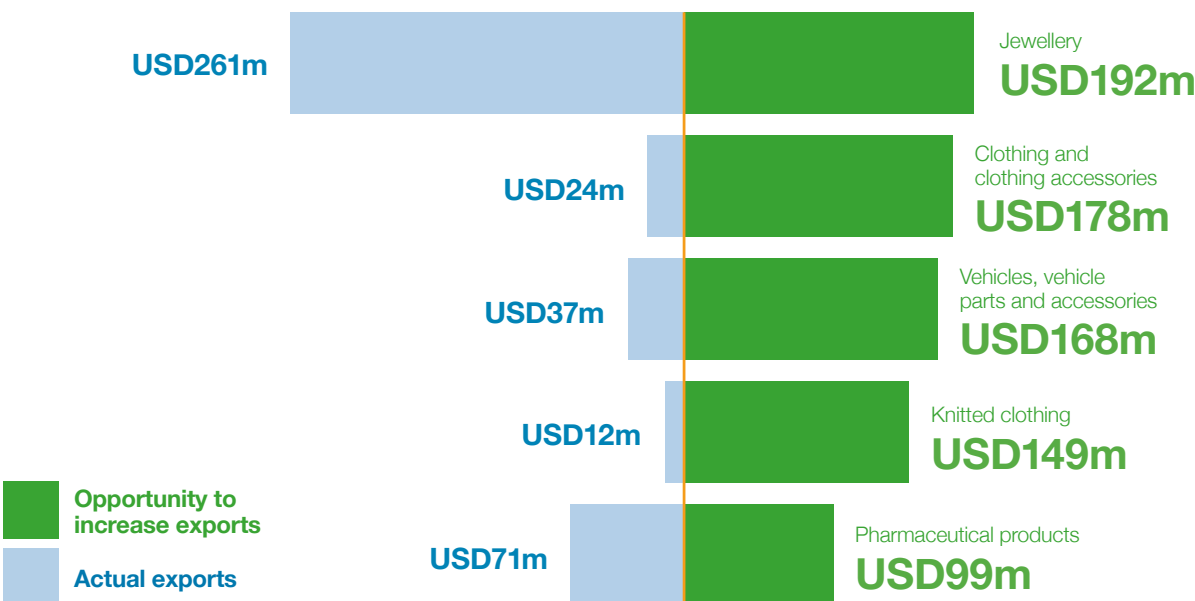
Singapore holds opportunities for India's textiles trade

Key findings

- Our model estimates that India could increase high-potential exports to Singapore by just under USD1.4 billion annually, or 9 per cent
- The overwhelming majority of this opportunity lies in goods exports at nearly USD1.4 billion, compared to a tiny USD3 million services opportunity
- Top 5 sector export opportunities: jewellery; clothing and clothing accessories; vehicles, vehicle parts and accessories; knitted clothing; and pharmaceutical products (see chart below)



Top 5 high-potential sector opportunities



Exploring the Singapore and India opportunity

The largest opportunity is in financial and insurance services exports. With Singapore rapidly transforming into the Asia-Pacific region's fintech hub, the Indian market is an attractive place for growth. In particular, Singaporean fintech firms could support India's rapidly evolving e-commerce industry. The mobile wallet industry has an estimated compound annual growth rate of 150 per cent and is set to reach USD4.4 billion by 2022.⁴⁰ In recent years, the Monetary Authority of Singapore has signed fintech Cooperation Agreements with Indian authorities – the Government of Andhra Pradesh, the Department of Economic Affairs and the Government of Maharashtra – to strengthen cooperation and innovation in financial services in their respective markets.⁴¹ In 2019, The National Stock Exchange of India announced its open trading API sandbox, opening up the Indian market to groundbreaking Singaporean fintech solutions.⁴²

There are sizable opportunities for India's textile and fashion industries: exports of clothing and knitted clothing to Singapore could both be increased by more than 500 per cent. India is the second-largest exporter of textiles in the world and has an advantage in the production of clothing due to economies of scale and labour costs.⁴³ This is especially important for the knitted clothing industry, which is still very labour intensive. As a highly developed market with a wealthy consumer base, Singapore is an excellent destination for India's clothing producers.

⁴⁰ Financial Services in India

⁴¹ FinTech Cooperation Agreements

⁴² Innovation Sandbox

⁴³ Apparel And Garment Industry And Exports

Trade corridor: Thailand and India

Bilateral trade between India and Thailand has grown eight-fold since 2000. India's aims for the Act East policy were reciprocated by Thailand's Act West policy and the bond between the markets has been further strengthened by collaboration through the ASEAN-India Free Trade Area. In 2019, during an ASEAN Economic Ministers' Meeting in Thailand, ministers discussed reducing tariff rates under the ASEAN Trade in Goods Act (ATIGA), eliminating almost all import duties and contributing to the goal of doubling intra-ASEAN trade between 2017 and 2025.⁵⁸

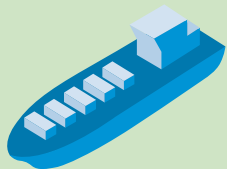
Actual two-way trade in high-potential sectors:

USD 14bn⁵⁷

Combined opportunities identified for increased trade:

USD 3.8bn

annually



representing
27%
of actual two-way trade



There's great potential for increased collaboration between Thailand and India, and this study highlights interesting opportunities for Thai companies seeking growth in India. With the Thai government's plans to embrace an innovation-driven economy, the country is in a strong position to use technology and automation to strengthen its manufacturing industry and increase exports to key markets, including India. According to our Trade Opportunity Report, there lies a potential double-digit growth in Thai exports to India."

Plakorn Wanglee, Chief Executive Officer, Thailand and Representative Offices, Standard Chartered

⁵⁷ This is the sum of services exports from the OECD TIVA database and goods exports from UN Comtrade data, excluding goods sectors where there is no or negligible opportunity to add value to the exported product (e.g. commodity or commodity-like sectors). The data is time-averaged for 2016-2018. Please see the Methodology on p68 for further information.
⁵⁸ Joint Media Statement of the 51st AEM

Thailand to India: Making tracks

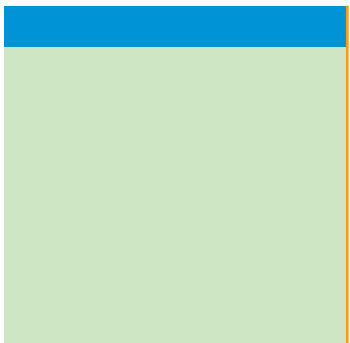
Indian construction boom holds potential for Thai iron and steel companies

Key findings

- Our model estimates that Thailand could increase high-potential exports to India by over USD1.2 billion annually, or 14 per cent
- The majority of this opportunity lies in goods sectors (USD966 million)
- Top 5 sector export opportunities: iron and steel (including iron and steel products); man-made staple fibres; optical, photographic and medical apparatus; man-made filaments; and transportation and storage services (see chart below)

Opportunity to increase exports

USD1,224m

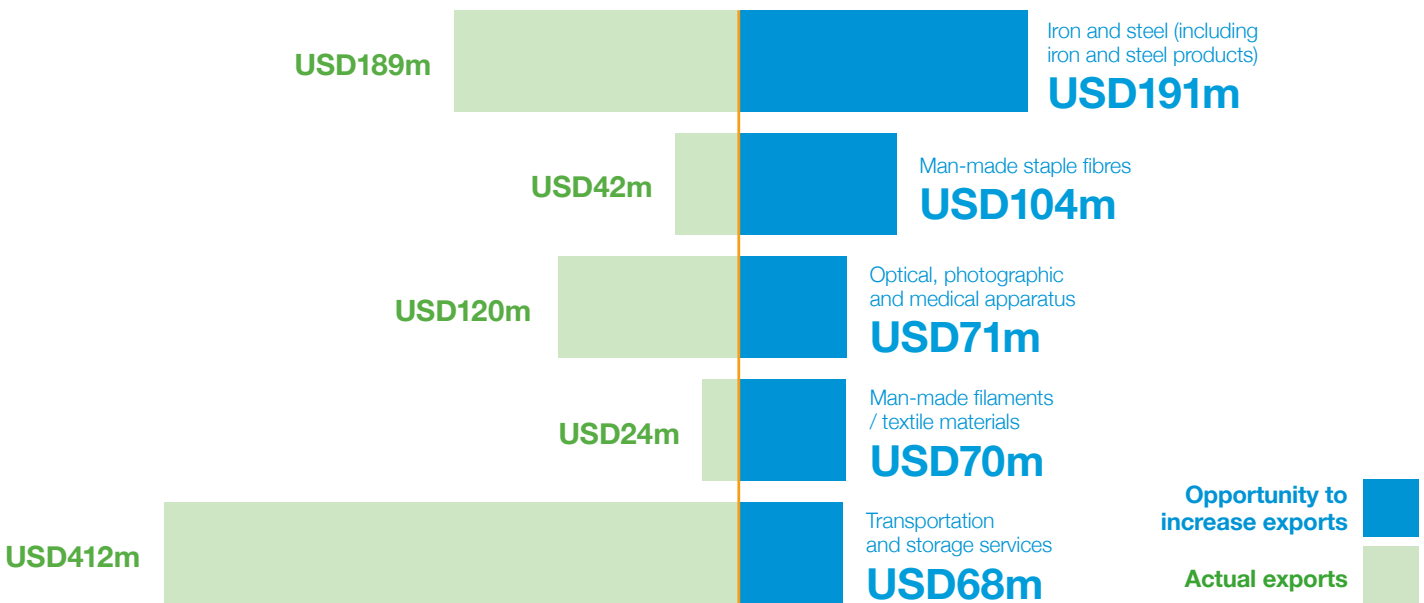


Total potential exports: USD 9,866m

Actual exports

USD8,642m

Top 5 high-potential sector opportunities

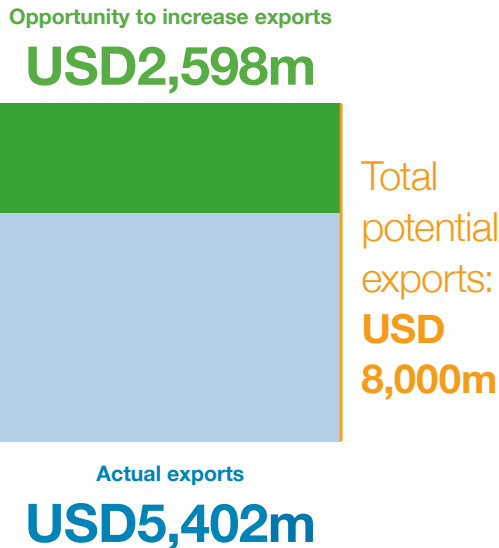


India to Thailand: Tech support

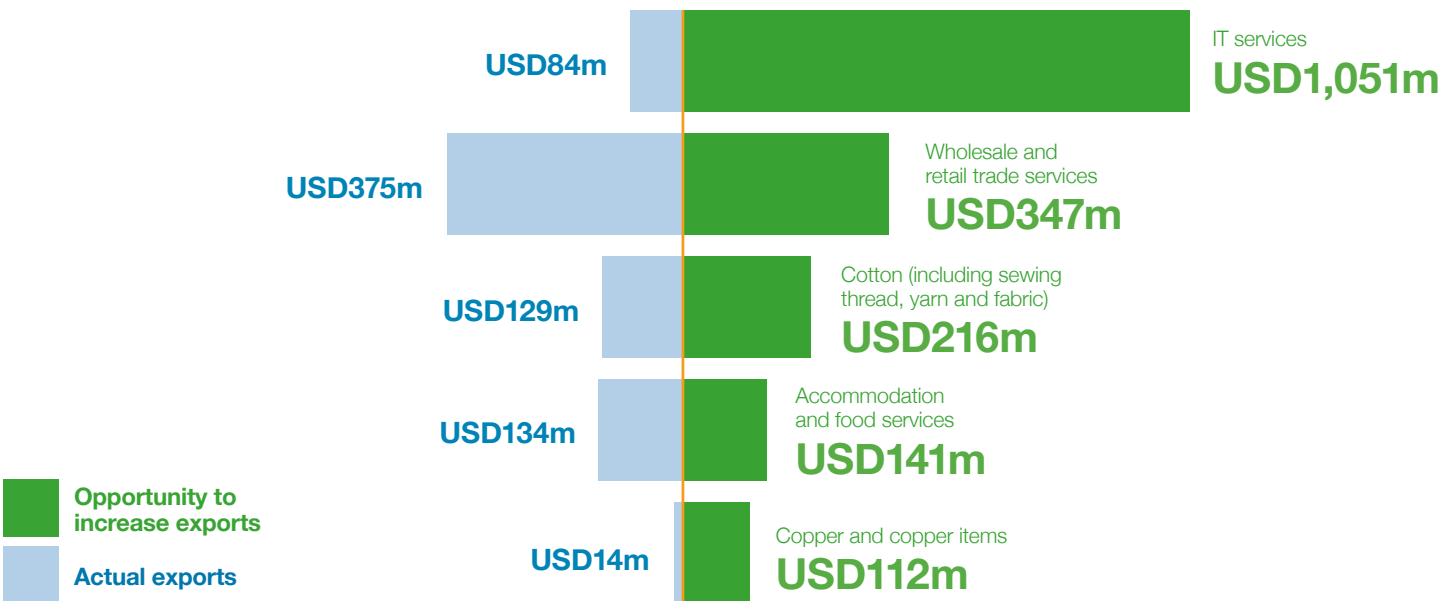
Thai firms are seeking expertise from external IT firms

Key findings

- Our model estimates that India could increase high-potential exports to Thailand by almost USD2.6 billion annually, or 48 per cent
- It is services, rather than goods, exports that have the most room for growth at USD1.7 billion
- Top 5 sector export opportunities: IT services; wholesale and retail trade; cotton (including sewing thread, yarn and fabric); accommodation and food services; and copper and copper items (see chart below)



Top 5 high-potential sector opportunities



Exploring the Thailand and India opportunity

Thailand could increase exports of iron and steel to India by more than 100 per cent (USD191 million). Although our study of high-potential exports generally excludes commodities, this sector is included because it encompasses semi-finished products made of iron and steel as well as the metals in primary forms.

India is the third-largest consumer of finished steel globally and, in 2019, it replaced Japan as the second-biggest producer of steel. The demand for steel products in India is rising and is expected to triple to 230 million tonnes by 2030-31.⁵⁹ This rapid growth is due to recent house building programmes, expansion of highway and railways networks, developments in domestic shipbuilding and the growth in the automotive sector. A predicted USD650 billion Indian construction boom over the next 20 years could further increase demand for steel exports from Thailand.⁵⁹

⁵⁹ India's Road Towards Being An Economic Powerhouse Is Paved On Steel
⁶⁰ IT services spending predicted to increase

Exports of IT services from India to Thailand could be increased by more than 500 per cent (nearly USD1.1 billion). Thailand is a market of particular interest for Indian IT firms. Spending on IT services in Thailand increased by more than 9 per cent from 2017 to 2018, and a recent study found that almost two-thirds of Thai firms are planning to use external resources such as technology vendors, system integrators, and cloud/telecom service providers for relevant initiatives.⁶⁰

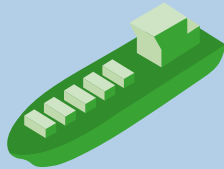
Our study also reveals that exports of copper and copper products from India to Thailand could be increased by over 500 per cent. While Thailand currently sources much of its copper from China, South Korea and Japan, this may shift as more Indian companies establish themselves in Thailand and source copper from their home market. Realising this opportunity is likely to rely on displacing incumbent importers and supplying Indian companies as they move abroad.

Trade corridor: Vietnam and India

India and Vietnam have a strong bond, with trade relations strengthened by the implementation of the ASEAN Free Trade Area and India's Act East policy. India is now one of Vietnam's top 10 trading partners, and Vietnam ranks as India's fourth-largest ASEAN trading partner. With global uncertainty forcing corporates to consider diversifying their supply chains away from China, the India-Vietnam trade route could become increasingly important for international businesses.

Actual two-way trade in high-potential sectors:

USD 10.5bn⁶¹



Combined opportunities identified for increased trade:

USD 1.1bn

annually

representing
11%
of actual two-way trade



Vietnamese and Indian efforts to grow trade between the two markets have clearly been working, with bilateral trade growing at the steepest rate ever recorded . As Vietnam plays an increasingly important role in global supply chains, its relationship with India is likely to strengthen further – especially with India investing close to USD2 billion in over 200 projects in Vietnam. As this study shows, India presents many opportunities for Vietnamese companies seeking new and fruitful avenues for growth.”

Nirukt Sapru, Chief Executive Officer, Vietnam and ASEAN & South Asia Cluster Markets, Standard Chartered

⁶¹ This is the sum of services exports from the OECD TIVA database and goods exports from UN Comtrade data, excluding goods sectors where there is no or negligible opportunity to add value to the exported product (e.g. commodity or commodity-like sectors). The data is time-averaged for 2016-2018. Please see the Methodology on p68 for further information.

Vietnam to India: Strategic sourcing

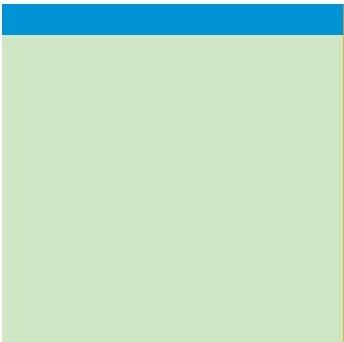
This valuable trade route has potential for further development

Key findings

- Our model estimates that Vietnam could increase high-potential exports to India by USD633 million annually, or 10 per cent
- There is slightly more room for increasing goods exports (USD339 million) than services (USD294 million)
- Top 5 sector export opportunities: wholesale and retail trade services; transportation and storage services; cotton (including sewing thread, yarn and fabric); office admin and other business support services; and knitted clothing (see chart below)

Opportunity to increase exports

USD633m

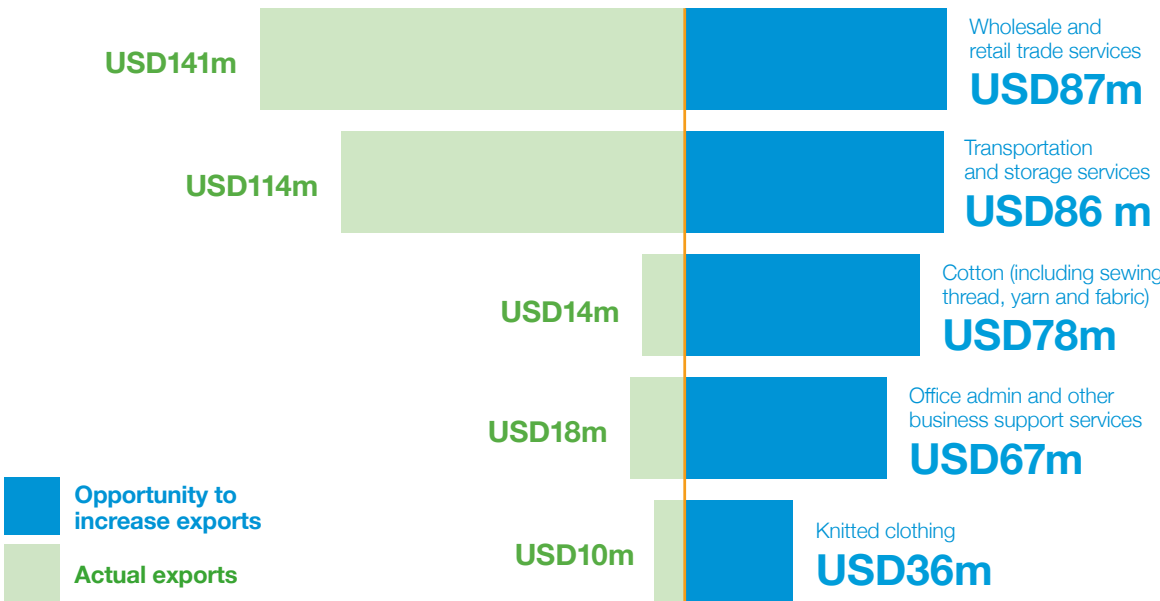


Total potential exports: USD 7,023m

Actual exports

USD6,390m

Top 5 high-potential sector opportunities

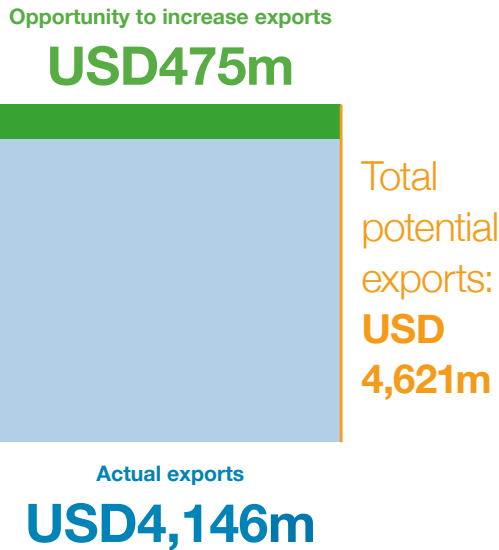


India to Vietnam: Scope for services

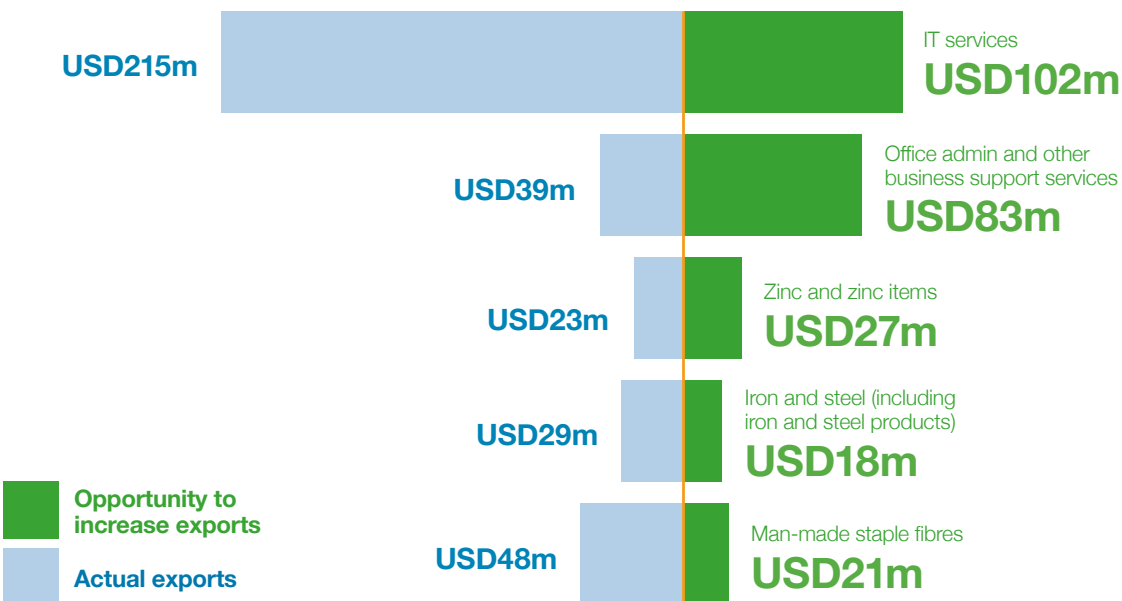
India could increase exports in IT and other business support services

Key findings

- Our model estimates that India could increase high-potential exports to Vietnam by USD475 million, or 12 per cent
- The opportunities sit relatively equally between goods (USD273 million) and services (USD201 million)
- Top 5 sector export opportunities: IT services; office admin and other business support services; zinc and zinc items; iron and steel (including iron and steel products); and man-made staple fibres (see chart below)



Top 5 high-potential sector opportunities



Exploring the Vietnam and India opportunity

In dollar terms, Vietnam has the smallest opportunity to expand its exports to India of any market, suggesting Vietnamese companies are close to maximising this trade route. Located in a strategic position for access to other Southeast Asian markets, and with an increasingly open approach to international trade, Vietnam is becoming a popular manufacturing and sourcing location.

One of Vietnam's most interesting opportunities is found in cotton exports, a goods category that includes sewing thread, yarn and fabric. Vietnam is one of the world's top five exporters of textiles, and several factors may help to drive increased cotton exports to India. India suffered

severe droughts in 2018-19, which led to a dramatic rise in cotton imports. And retaliatory tariffs imposed by India on US goods are creating opportunities for other markets to increase their exports. At an industry event in 2019, Nguyen Hong Giang of the Vietnam Cotton and Spinning Association (VCOSA) identified the opportunity for India to import more yarn from Vietnam to produce cotton fabrics.

Sector Glossary

Comtrade Code	Sector	Description
22	Drinks, spirits and vinegar	Includes soft drinks and mineral waters, along with alcoholic drinks such as wine and beer. Pure alcohol and vinegar also feature in this category.
23	Food wastes and animal food	Food by-products such as offal, vegetable waste and manufacturing waste product. Also includes animal food.
28	Inorganic chemicals	Chemicals that do not contain carbon compounds.
29	Organic chemicals	Chemicals that contain carbon compounds, including hydrocarbons, phenols, aldehydes and acids.
30	Pharmaceutical products	Medicines as packaged products, along with boxed bandage products. Also included is organic materials used for scientific purposes.
32	Tanning and dyeing extracts	Tanning and dyeing extracts including pigments, paints and varnishes.
33	Perfumes and cosmetics	Perfumes in the raw and packaged form, cosmetic products and make-up.
38	Miscellaneous chemical products	Remaining chemical products not separated out are classified together. This includes finishing agents, refractory cements, anti-freezing preparations and bio diesels amongst others.
47	Wood pulp and scrap paper	Wood pulp in various forms, waste and scrap paper and paperboard.
48	Paper and paper items	Paper in all forms including rolls, sheets, tissues and books.
52	Cotton (including sewing thread, yarn and fabric)	Raw cotton carded or combed, cotton yarn and cotton fabric.
54	Man-made filaments / textile materials	Sewing thread of man-made filaments, synthetic or artificial filament yarn, woven fabrics of synthetic or artificial filament yarn.
55	Man-made staple fibres	Synthetic and artificial staple fibres, sewing thread, yarn, woven fabrics of synthetic fibres.
60	Knitted fabrics	Knitted or crocheted fabrics.
61	Knitted clothing	Knitted or crocheted clothing in all forms including accessories.
62	Clothing and clothing accessories	Clothing in all forms, including accessories not knitted or crocheted.
63	Textiles (including furnishing fabrics)	Textiles, including blankets, bed linen and curtains.
67	Feathers & down, & items made of feathers & down	Feathers and down and articles made of feathers and down.
69	Ceramic products	Ceramic goods, including bricks, blocks, tiles, pipes, paving, kitchenware, sinks, sanitary fixtures and ornamental articles.

69	Jewellery	Jewellery articles and parts, including precious metals, precious/ semi-precious stones, cultured pearls and imitation jewellery.
73	Iron and steel (including iron and steel products)	Iron and steel in primary form as well as bars, rods, wire, shapes and sections.
74	Copper & copper products	Unrefined copper as well as bars, tubes, pipes and wire.
76	Aluminium and aluminium products	Unwrought aluminium as well as aluminium in many forms including foil, tubes, structures, household articles.
84	Machinery and mechanical appliances	Domestic and business-based machinery (large- and small-scale), including generators, turbines, refrigerators and washing machines.
85	Electrical machinery	Electric machinery, sound, television sets and accessories.
87	Vehicles, vehicle parts and accessories	All vehicles, parts and accessories other than railways rolling stock. This includes cars, goods vehicles, motorcycles, bicycles and trailers.
88	Aircraft, spacecraft and parts	Aircraft, spacecraft and parts.
90	Optical, photographic and medical apparatus	Optical, photographic, cinematographic, medical or surgical instruments and apparatus.
94	Furniture	Furniture, including seating, beds and light fittings.
TiVA Code	Sector	Description
D41T43	Construction services	General construction and specialised construction activities for buildings and civil engineering works.
D45T47	Wholesale and retail trade services	Wholesale and retail sale of any type of goods and the services incidental to the sale of these goods.
D49T53	Transportation and storage services	Passenger transport by rail, road or water and associated activities. Courier activities and warehousing and storage associated with the transport of goods.
D55T56	Accommodation and food services	Short stay accommodation and food services for immediate consumption.
D61	Telecommunications	The activities of providing telecommunications such as transmitting voice, data, text, sound and video.
D62T63	IT services	Information technology activities and the processing of data and other information service activities.
D64T66	Financial services	Financial service activities, including insurance and pension funding activities and activities to support financial services.
D68	Real estate services	Real estate services such as buying and selling real estate.
D69T82	Office admin and other business support services	Office administrative, office support and other business support activities (including call centres).
D85	Education services	Education services at all levels for any profession.

Standard Chartered

We are a leading international banking group, with a presence in 60 of the world's most dynamic markets and serving clients in a further 85. Our purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, Here for good.

Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges.

For more stories and expert opinions please visit Insights at [sc.com](https://www.sc.com). Follow Standard Chartered on Twitter, LinkedIn and Facebook.

Disclaimer

This material has been prepared by Standard Chartered Bank (SCB), a firm authorised by the United Kingdom's Prudential Regulation Authority and regulated by the United Kingdom's Financial Conduct Authority and Prudential Regulation Authority. This material has been produced for information and discussion purposes only and does not constitute advice or an invitation or recommendation to enter into any transaction. Some of the information appearing herein may have been obtained from public sources and while SCB believes such information to be reliable, it has not been independently verified by SCB. Information contained herein is subject to change without notice.

Any opinions or views of third parties expressed in this material are those of the third parties identified, and not of SCB or its affiliates. SCB does not provide accounting, legal, regulatory or tax advice. This material does not provide any investment advice. While all reasonable care has been taken in preparing this material, SCB and its affiliates make no representation or warranty as to its accuracy or completeness, and no responsibility or liability is accepted for any errors of fact, omission or for any opinion expressed herein. You are advised to exercise your own independent judgment (with the advice of your professional advisers as necessary) with respect to the risks and consequences of any matter contained herein. SCB and its affiliates expressly disclaim any liability and responsibility for any damage or losses you may suffer from your use of or reliance on this material. SCB or its affiliates may not have the necessary licenses to provide services or offer products in all countries or such provision of services or offering of products may be subject to the regulatory requirements of each jurisdiction. This material is not for distribution to any person to which, or any jurisdiction in which, its distribution would be prohibited. For full disclaimers, please refer to <https://www.sc.com/en/regulatory-disclosures/#market-commentary-disclaimer>.

You may wish to refer to the incorporation details of Standard Chartered PLC, Standard Chartered Bank and their subsidiaries at <http://www.standardchartered.com/en/incorporation-details.html>. Copyright: Standard Chartered Bank 2020. Copyright in all materials, text, articles and information contained herein (other than third party materials, text, articles and information) is the property of, and may only be reproduced with permission of an authorised signatory of, Standard Chartered Bank. Copyright in materials, text, articles and information created by third parties and the rights under copyright of such parties are hereby acknowledged. Copyright in all other materials not belonging to third parties and copyright in these materials as a compilation vests and shall remain at all times copyright of Standard Chartered Bank and should not be reproduced or used except for business purposes on behalf of Standard Chartered Bank or save with the express prior written consent of an authorised signatory of Standard Chartered Bank.

All rights reserved © Standard Chartered Bank 2020

Credits

The Standard Chartered Trade Opportunity Report is based on in-depth research commissioned by Standard Chartered, designed by Standard Chartered, Man Bites Dog and Oxford Analytica.