



Strengthen economic linkages between India and ASEAN and prospects for the Indian pharmaceutical sector

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Abstract

During the twenty-first century, the political and cultural relations between India and ASEAN have rapidly strengthened. However, economic linkages between India and ASEAN countries are still low and unbalanced. In fact, India is developing an open market economy and its GDP in 2019 ranked 5th in the world. In particular, the Indian pharmaceutical company has made a valuable contribution to global healthcare by providing a variety of drugs with reasonable prices. India supplies 60-80% of the United Nations' drug demand, 40% of generic drugs in the US and 25% of all drugs in the UK (IBEF, 2019). Moreover, in the new context of regionalisation and globalization, India has focused on the economic pillar for the purpose of building its position in the international market as well as creating more influences in Southeast Asia. Therefore, the research "Strengthen economic linkages between India and Southeast Asia and prospects for the Indian pharmaceutical sector" is very necessary. The article consists of three contents as following:

1. *Overview of the economic linkages between India and ASEAN*
2. *Current status and key factors influencing the trading relations of India and Southeast Asia in the pharmaceutical sector*
3. *Trend in economic linkages between India and ASEAN, especially in pharmaceutical sector.*

Keywords: *India, Southeast Asia, pharmaceutical, linkages, trading relations*

Introduction

India and ASEAN are two of the most important and influential economic regions in the international market. They have the same level of economic development, potential local markets and many difficulties in terms of infrastructure, science and technology. In the early 90s, in the context of comprehensive economic reform and changes in the world situation, India realized the economic potential of ASEAN and considered the region as a central partner to connect and invest. Hence, India's Look East Policy was launched in 1990s. India joined the ASEAN in 1992 as a sectoral partner and became a full dialogue partner in 1996 (GOI, 2013). India and ASEAN not only focus on political-military relations, security and defense, but also strengthen economic linkages between the two regions through trade, investment, and programs to promote other economic cooperations.

Methodology

The figure are calculated by author based on the data from WTO database, ASEAN Statistic Year Book 2020 and Vietnam General Statistic Yearbook 2020. This article will assess the current situation in trade between 2 regions, analyse a special goods in trade – pharmaceutical and give prospects to India- ASEAN economic linkages.

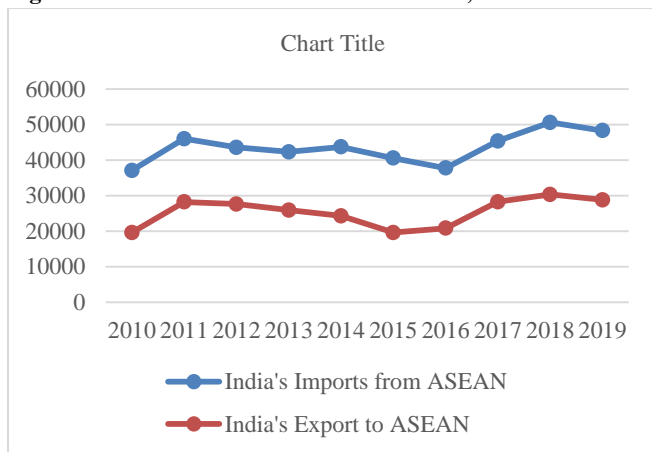
1. Overview of the economic linkages between India and Southeast Asia

1.1. Merchandise trade between India and ASEAN

If in the 90s, trade in goods between India and ASEAN was almost not mentioned and India was even not in the top trading partners detailed by ASEAN's Secretariat, India's import and export from and to ASEAN reached 10.88 and 10.41 billion USD respectively.

During 10-year period, India's exports to ASEAN had fluctuated and increased from 19.6 billion USD in 2010 to just under 28.8 billion USD in 2019 (see Figure 1.1). At the same time, the line of India's imports from ASEAN had run almost parallel with the line of India's exports to ASEAN. This reflects a growth rate of nearly 2.6% per annum in imports and 5.2% per annum in exports of India to ASEAN. Simultaneously, ASEAN's trade surplus with India tends to rise gradually up to 19.5 billion USD in 2019. The development of merchandise trade between India and ASEAN has really changed positively due to the liberalization of trade, globalization in both regions. Especially, in 2009, the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and India was signed in Thailand, which has become the basis for the ASEAN-India Free Trade Area and marked the attentions as well as the visions of both regions.

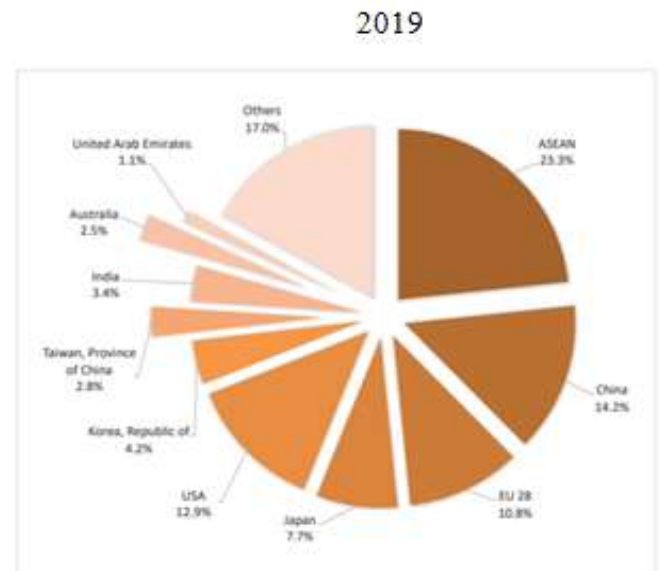
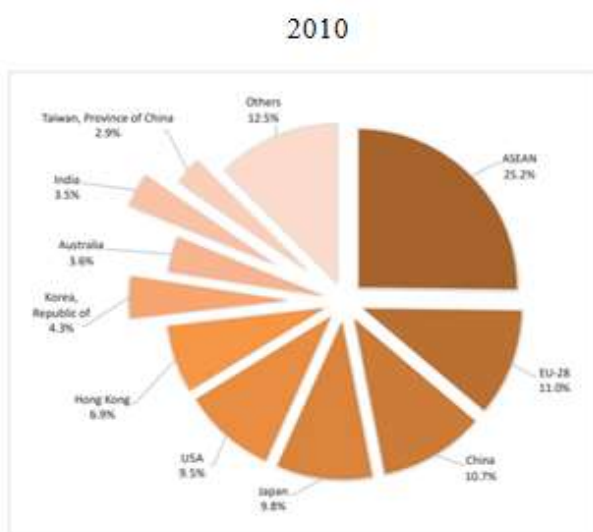
Figure 1.1: India-ASEAN merchandise trade, 2010-2019



Source: ASYB, 2020

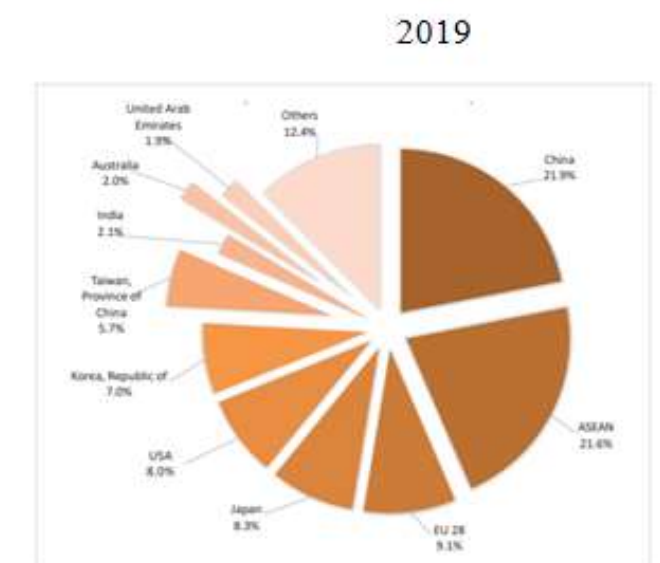
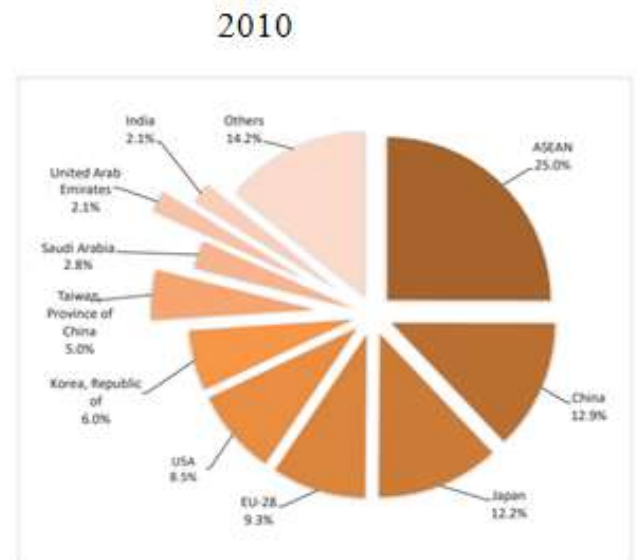
Despite of the upward trend in goods trade between India and ASEAN, India's share of ASEAN's international trade has remained almost constant over the past 10 years. India has remained at the 8th position and accounted for about 3.5% of ASEAN's exports. Similarly, India accounted for about 2.1% of imports into ASEAN during the period 2010-2019 (see Figure 1.2, 1.3). Adversely, ASEAN's trade has remained at the level of about 11% out of total India's international trade and became the 4th biggest trading partner of India.

Figure 1.2: ASEAN Markets of Exports of Goods



Source: ASYB, 2020

Figure 1.3: ASEAN Sources of Imports of Goods

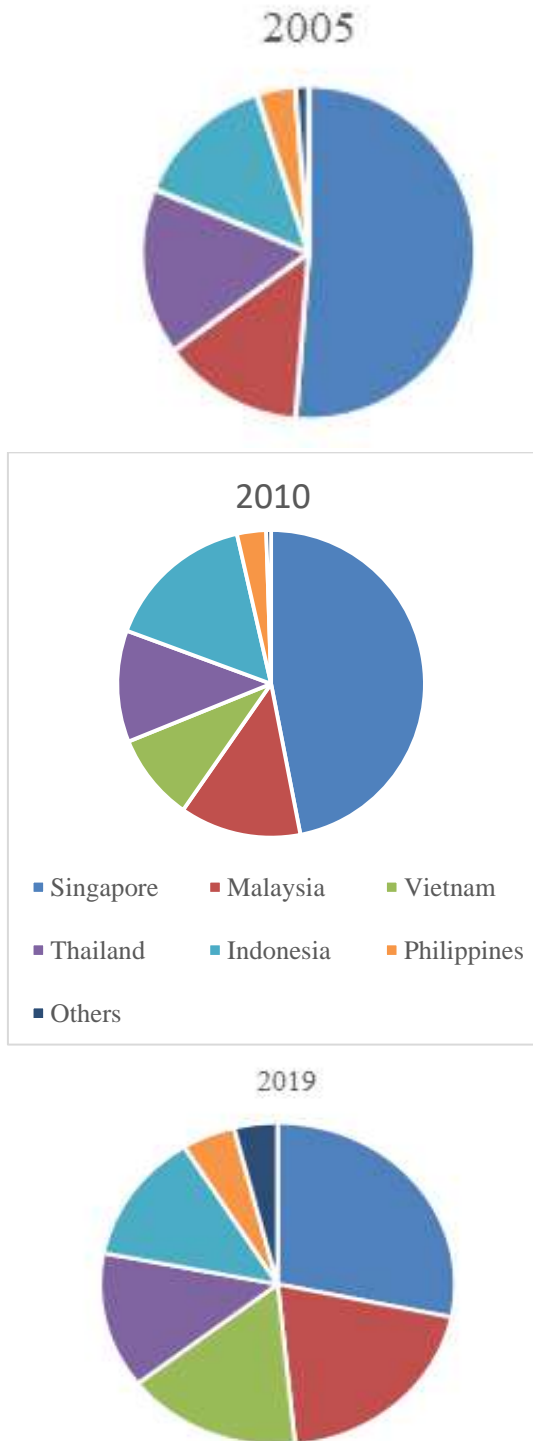


Source: ASYB, 2020

In additions, in 2019, the main traded goods between two regions were mineral fuels, mineral oils and products of their distillation,

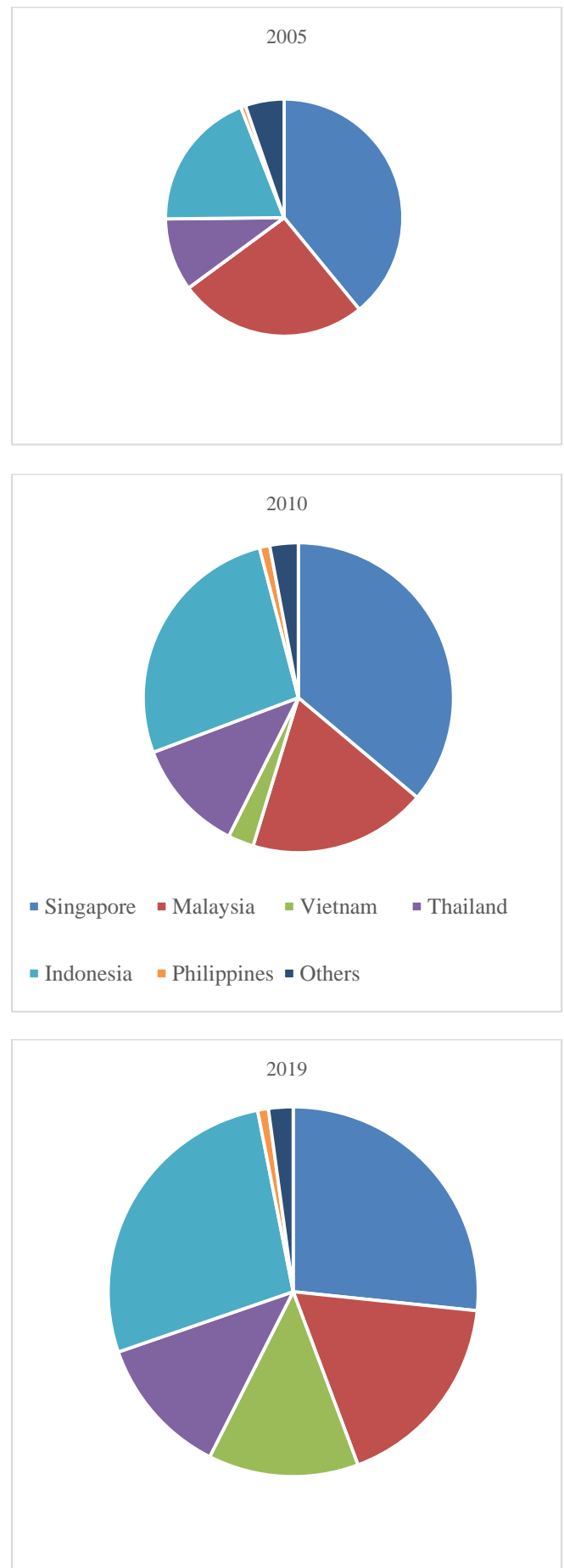
bituminous substances, mineral waxes; nuclear reactors, boilers, machinery and mechanical appliances; organic chemicals; natural, cultured pearls, precious, semi-precious stones; iron and steel; electrical machinery and equipment, sound recorders and reproducers, television image; animal or vegetable fats and oils; etc. Besides that, India exported only 938.9 million USD aluminium, 1,420.3 million USD vehicles, 1,052.3 million USD pharmaceutical products to ASEAN whereas ASEAN exported more than 4.9 billion USD plastics, copper and rubber to this South Asia country (ASEAN Statistics, 2020).

Figure 1.4: Share of India's exports to ASEAN by countries (Unit: %)



Source: Calculated by author from ASEAN Stats, 2020; Prakash, 2019

Figure 1.5: Share of India's imports from ASEAN by countries (Unit: %)



Source: Calculated by author from ASEAN Stats, 2020; Prakash, 2019

For more details, if before 2010, Singapore was the biggest partner and accounted for about 50% of India's total exports to ASEAN, now, India's export share among ASEAN countries have changed positively and multilaterally. In 2019-20, Singapore, Malaysia and Vietnam became top three of India's export partners with the share of 28.3%, 20.15% and 16.0% of India's total exports to ASEAN (see Figure 1.4). Moreover, Singapore ranked 1st with 39%, 16% and 27% out of total India's imports from ASEAN in 2005, 2010 and 2019 and the others in top three were Malaysia and Indonesia. Whereas Malaysia witnessed a downward trend in share of India's imports from ASEAN with 25.8%, 18.6% and 17.7%, Indonesia's share went up continuously at 19.2%, 26.6% and 27.2% in 2005, 2010 and 2019 respectively (see Figure 1.5).

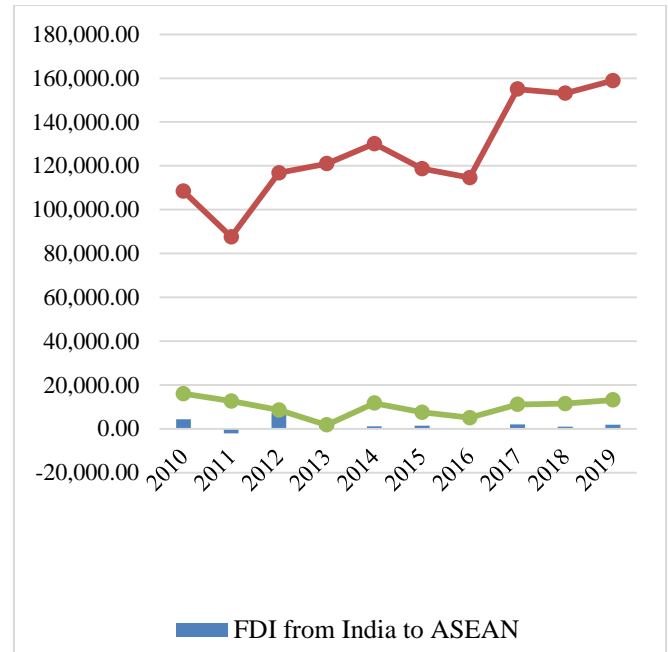
Among ASEAN's members, a positive example is Vietnam. According to the ASEAN's Secretariat, trade value between Vietnam and India was nearly zero in 2005 and had been lower than Thailand's or Philippines during the period 2005-2010. However, after AIFTA, the exports from India to Vietnam increased 2.5 times from 1.8 billion USD in 2010 to just over 5.06 billion USD in 2019-20 and the imports from Vietnam to India went up more than 7 times from about 1 billion USD to 7.28 billion USD within last decade (Figure 1.4, 1.5).

1.2. Investment relation

In general, the investment relationship between the two regions is not large, has widely fluctuations and lacks long-term stability. In 2010-11, due to the impact of the global financial crisis, many Indian investors withdrew their capital from the ASEAN market. Indian FDI inflows into ASEAN plummeted by 150%. However, in 2012, FDI inflows increased sharply again and then declined back to the level of 1-2 billion USD in the following years. If in 2017-18, India was still in the top 10 biggest source countries of ASEAN inward FDI flow, in the latest year, India was out of the ranking (ASYB, 2020). The most attractive industries in ASEAN are real estate activities; wholesale and retail trade, repair of motor vehicles and motor cycles and financial and Insurance activities. It is clear that in an emerging and dynamic market as ASEAN, all three industries are risky and influenced by global as well as regional economic conditions. That is a reason why FDI inward flows from India to ASEAN are easy to change. For instances, in financial and insurance activities, the FDI plummeted from 1015.9 million USD in 2015 to -1006.3 million USD in 2016 and then, went up drastically to 1159.9 million USD in 2017. In 2019, manufacturing, mining and quarrying, which are advantages of ASEAN, saw an withdrawal from Indian investors.

Besides it, the unstable performance has been shown in the share of the main destination invested by India. In 2012-13, India's FDI outflow to ASEAN constituted more than 80% out of total Indian OFDI while the latest data was just 14.4% (see Figure 1.6). Again, Singapore is still the main and important partner of India. However, India entrepreneurs also pay attention to other developing countries such as Malaysia, Vietnam, Indonesia and Thailand. For example, in the latest year, Indian investors were licensed to invest 31.2 million USD into 49 projects in Vietnam and the accumulation of having effect projects from India now is 293 with total value up to 903.8 million USD (GSO, 2020).

Figure 1.6: ASEAN Foreign Direct Investment Inflows from India (US\$ million)



Source: Calculated by author from WTO database and ASEAN's secretary

With regard to the capital invested into India, only Singapore is the strategic partner with India. Other countries' OFDI to India can be negligible. Singapore's OFDI to India has increased substantially from 6.5 billion USD in 2016 to 15.9 billion USD in 2020 and became the biggest source country of India's FDI inflows (RBI, 2021). The top six industry in India attracted investors are computer services, transport, manufacturing, retail and wholesale trade, financial services and communication services.

1.3 Several significant changes in Indian policies and economic cooperation programs

A. From "Look East Policy" (LEP) to "Act East Policy" (AEP)

After Independence, although India reached some basic targets related to agriculture and heavy industry, public investment was too much for the state budget to overload and India could not focused on the key industries. On the other hand, Indian government has a lot of regulations on the production, investment and export of the private sector, making this sector less-developed and India did not have a commensurate position in the international market. Until the early 90s, India reformed its own economy and encourage private sector as well as liberalization. At the same time, India realized and wanted to take advantages of ASEAN economy and promote the new world order with new emerging major powers in Asia through Look East Policy under the era of P.M. Narasimha Rao. In 1995, Manmohan Singh stated that: "The economic policies of India take into account the dynamism of this region, which shall soon be the tiger economy of the world. We want to participate in this process" (Haokip, 2011). Then, in 1994, P.M. Narasimha Rao emphasized that: "The Asia Pacific could be the springboard for our leap into the global marketplace...I am happy to have had this opportunity to enunciate my belief in this vision of a new relationship between India and the Asia-Pacific from Singapore, which I consider the geographic and symbolic centre of the Asia-Pacific. I trust this vision will be realized... and that the next century will be a century of partnership for us all".

However, the term "Look East Policy" displayed officially for the 1st time in the annual report of the MEA in 1996. Therefore, "what

look east really means is that an outward looking India, is gathering all forces of dynamism, domestic and regional and is directly focusing on establishing synergies with a fast consolidating and progressive neighbourhood to its East in Mother Continent of Asia". (Gujral, 1996)

Until 2014, LEP was rebranded into "Act East Policy" (AEP) by P.M Narendra Modi. The scope is wider with 4C pillars, which are Culture, Commerce, Connectivity and Capacity building. India also put its efforts to limit Chinese influence over the South China Sea and maybe then the Indian Ocean Region.

The change from LEP to AEP clearly shows India's vision in the face of changing world major powers. India wants to gain greater influence and have external relations with the potential ASEAN region not only in economic benefits but also political-security and socio-cultural activities. Through AEP, India has actually acted more actively and more multi-dimensionally.

B. Bilateral and multilateral economic agreement among India and ASEAN's members

In 2003, ASEAN-India Framework Agreement on Comprehensive Economic Cooperation was signed and became the background for further ASEAN-Indian Free Trade Area (AIFTA) including FTA in Goods, Services and Investment. Six years later, ASEAN – India Trade in Goods Agreement was launched in 2009. Then in November 2014, ASEAN-India Trade in Services Agreement and ASEAN-India Investment Agreement were signed. AIFTA is an evident of legal mechanism of ASEAN and Indian visions and efforts. Especially, in terms of Merchandise Trading, AIFTA eliminated tariffs for about 75% of trading goods, allows for third-party invoicing of goods and allows for regional cumulation (Enterprise Singapore, 2021). Another example is that India eliminated and cut down 90% of tariff lines by 2019. In which, India accepted to reduce tariffs of coffee and tea, which are export advantages of Vietnam but very essential to India.

India has not only focused on the whole ASEAN but also enhanced the relations with each ASEAN's members. Comprehensive Economic Cooperation Agreements (CECA) between India and Singapore and Malaysia are in force (GOI, 2021). Tariff s of 81% of Singapore exports to India were reduced or cut-off. Singapore's commodities such as plastics, electronics, pharmaceuticals, etc. can take advantages of CECA to penetrate into a huge market. Besides that, India – Thailand Free Trade Agreement (EHS) will be the framework agreement for the future comprehensive agreement.

2. Current status and key factors influencing the trading relations of India and Southeast Asia in the pharmaceutical sector

2.1. Current status of the pharmaceutical products trading relations of India and ASEAN

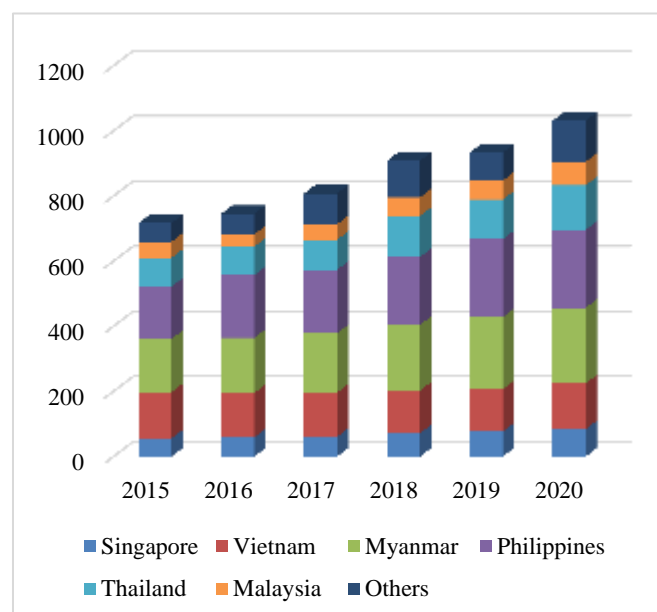
According to ASYB, from 2008 to 2014, top 10 commodities trading between India and ASEAN did not include pharmaceutical products. By 2015, pharmaceutical products ranked in top ten imports of goods of ASEAN from India by 2-digit HS code for the first time. Value of import goods under HS-code 30 to ASEAN from India increased more than 155%, from 769 million USD in 2015 to 1052.3 million USD in 2019 (see Table 2.1). Though this value from India is just about 1/6 compare to the one from EU-28, the absolute numbers tend to go up during the period 2015-2020. It is clear that Indian pharmaceutical products were accepted in ASEAN market and are developing gradually to compete with the biggest partner of ASEAN (EU-28).

Table 2.1: Value of pharmaceutical products imported to ASEAN from India 2015-2020 (Unit: million USD and %)

Year	2015	2016	2017	2018	2019
Value (million USD)	768.9	751.6	1014.4	1052.3	1052.3
Share of imports of ASEAN from India (%)	3.9	3.6	3.6	3.5	3.7
Value imported to ASEAN from EU-28 (million USD)	5053.5	5235	5428	6425.7	7287.5

Source: ASYB, 2015, 2017, 2018, 2020

Figure 2.1: Share of India's pharmaceutical products export to ASEAN by country-wise (Unit: million USD)



Source: Trend Economy, 2021

For more details, within 5 years 2015-2020, Philippines is the biggest partner of India, accounted for about 23% out of total India's pharmaceutical products export to ASEAN, following by Myanmar, Vietnam and Thailand which their shares were 22.5%, 13.6% and 13.3% respectively (see Figure 2.1). Obviously, structure of shares of major partners in ASEAN is moderately balanced. Besides that, although Singapore is the biggest partner of India in ASEAN-India trade relations, Singapore contributed only 8% in pharmaceutical products imports of ASEAN from India. This showed that ASEAN market is still full of potential toward India's manufacturers and even in trade relations, India should have suitable and separated policies with individual ASEAN's members.

Moreover, because the advantages of pharmaceutical industry in India are bulk drugs and generic drugs at reasonable prices, India

became the pharmacy of the world. Hence, in ASEAN, India still takes advantages of its major categories. For example, bulk drugs and Drug intermediates contributed to more than 30% and Drug Formulations and Biologicals accounted for more than 50% out of India Pharma exports to Thailand during the period 2015-2020. With Philippines, the category Drug Formulations and Biologicals even dominate nearly 80% total pharmaceutical imports from India (calculated by author from Pharmexcil).

2.2. Key factors influencing the pharma trading relations

A. Developing pharmaceutical industry in India

Today's Indian pharmaceutical industry is compatible in the world and towards more sustainable development in the future. This industry not only supports millions of impoverished people in the third world, but also creates opportunities for developed countries to access medicines at reasonable prices.

If after 1991, the Patent Law had not been strictly enforced, the Indian pharmaceutical industry would have copied the formula of branded drugs, made it cost-effective for manufacturers and offered similar drugs at relatively cheap prices. Furthermore, at that time, India opened up to foreign investment and cooperation in technology, marketing, engineering management, etc. and freely imported pharmaceutical intermediates, formulation drugs and bulk drugs to quickly improve the production capacity and competitiveness of domestic products. Indian pharmaceutical companies gradually dominated the domestic market, from 60% in 1991 to 77% in 2004 (Mazumdar, 2013). After 2010, a series of regulatory policies of the government were both challenges for the Indian pharmaceutical industry and driving forces for investment in developing this sector from the stage of 'imitation' to 'research and manufacturing' level. In 2012, the National Pharmaceutical Price Policy (NPPP-2012) was introduced to adjust the ceiling price for essential drugs to ensure that drug prices are suitable for the people. In 2013, the government enacted a new Law on Drug Price Control, causing drug prices to drop by up to 80%. In 2014, Prime Minister N. Modi opened the market, attracting foreign FDI. In 2015, India had 10,500 manufacturing units and more than 3,000 pharmaceutical companies (IBEF 2020). Indian pharmaceutical companies supply most of the domestic formulation needs and up to 70% of bulk drug (active ingredient) needs (Sahu 2014). By 2019, Indian pharmaceutical industry revenue was close to 40 billion USD - both domestic and international market. In which, bulk drugs and formula drugs account for a large proportion (18.79% and 76.08%) (IBEF, 2020). In particular, currently, the production cost in India is cheaper than in the US, only about a quarter of that in the EU, even 30-40% lower than other pharmaceutical production centers such as China or Eastern Europe. (FICCI 2018).

Furthermore, "India is the only country with largest number of US-FDA compliant plants (more than 262 including APIs) outside of USA. India also have nearly 1400 WHO-GMP approved Pharma Plants, 253 European Directorate of Quality Medicines (EDQM) approved plants with latest technology" (GOI, 2021). Hence, Indian pharmaceutical industry is fully capable of producing pharma products that meet international standards.

Obviously, Indian pharmaceutical products that ensure the figures of diversity, large quantities, adequate quality and low costs will be a suitable choice for most ASEAN countries. As mentioned above, while Singapore imports pharmaceutical products mainly from the EU-28 and the US, many developing countries such as Vietnam

and the Philippines have chosen India as their main pharmaceutical suppliers.

B. Potential ASEAN market in the field of pharmaceutical products

ASEAN is a dynamic region in the world. It is estimated that ASEAN will be the fourth largest economy by 2030. GDP is growing at about 5% (see Table 2.1) and the number of the middle-income is expected to increase gradually. Recently, ASEAN is also one of the fastest-growing pharma in the world with total sales of about 40 billion USD in 2020. Besides that, more than half of ASEAN population is under 30 years old. A large workforce will ensure human resources in cooperation between 2 regions as the aim of "people – to – people" connectivity of India's AEP. Simultaneously, these people in new era tends to focus more on their health and also earn enough money to pay for pharmaceutical products.

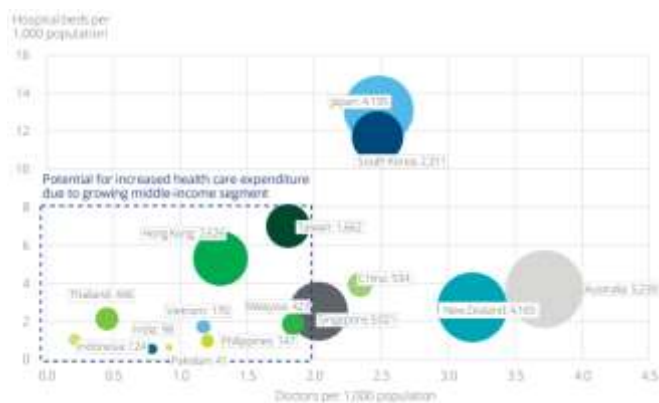
Table 2.2: ASEAN's GDP growth rates by country-wise (Unit: %)

Country	2013	2014	2015	2016	2017
Brunei Darussalam	-2.1	-2.5	-0.4	-2.5	1.3
Cambodia	7.4	7.1	7	6.9	6.8
Indonesia	5.6	5	4.9	5	5.1
Laos	8	7.6	7.3	7	6.9
Malaysia	4.7	6	5	4.2	5.9
Myanmar	8.4	8	7	5.9	6.8
Philippines	7.1	6.1	6.1	6.9	6.7
Singapore	5.1	3.9	2.2	2.4	3.6
Thailand	2.7	1	3	3.3	3.9
Vietnam	5.4	6	6.7	6.2	6.8
ASEAN	5.2	4.7	4.8	4.8	5.3

Source: KPMG, 2019

According to Figure 2.2, developed economies usually pay 3,000 – 4,000 USD per capita for health care while on average, ASEAN countries spend only 793 USD/person. In which, healthcare expenditure in Singapore is above 3000 USD/person whereas the indexes in Vietnam, Thailand, Malaysia, Indonesia and Philippines are 170, 446, 423, 124 and 147 respectively. On the other hand, out of pocket expenses as a % of health expenditure are still high in ASEAN, such as 73.9 % in Myanmar, 53.9% in Philippines: and 44.5% in Vietnam. Obviously, these economies need a cost-effective pharmaceutical supplier as India.

Figure 2.2: Healthcare system in some Asian countries, 2018 (Unit: USD per capita)



Source: Deloitte, 2019

After AIFTA, India can have some advantages in export tariff and ASEAN also created a single market AEC to make the business easier. In addition, ASEAN and India really have a vibrant relationship with 25 years of dialogue, 15 years of summit level meetings and 5 years of strategic partnership (MEA, 2017). This tie will help Indian pharmaceutical product penetrate and dominate ASEAN market quickly and easily.

C. Covid-19 situation

Coronavirus disease is an infectious disease caused by the SARS-CoV-2 virus. Covid-19 is spreading around the world and hasn't over yet. As of early Oct 2021, there have been more than 236.5 million confirmed cases with 4.8 deaths. Even the peak seems over but ASEAN still recorded about 300,000 infected cases and more than 4000 death weekly. The world is experiencing a pandemic that has seriously affected the socio-economic, especially in densely populated and developing regions as ASEAN. The international trade of ASEAN reduced in 2019-20. GDP growth of ASEAN's nations tends to reduce significantly due to pandemic. Singapore is the richest and most developed in ASEAN but witnessed a less than 1% in GDP growth rate in 2019 and even a minus number in 2020. Malaysia GDP growth rate went down from 3.6% to 0.7% in the first quarter of 2020. Although Vietnam's outbreak of pandemic was not hard in 2019-20, GDP's growth rate decreased significantly from 6.79% to 3.82% in the first quarter of 2020. However in 2021, Vietnam, especially Hanoi and Ho Chi Minh, was experiencing 2 or more months under lockdown. This will result in more serious consequence in economy's performance. So, if nations want to live and work in relatively normal conditions, vaccines are necessary and compulsory.

In the picture of pandemic, although India has affected negatively, the pharmaceutical sector can have opportunities to develop and export to ASEAN market. India can produce Covid-19 vaccines by itself and adopted supports as well as exports Covid-19 medicines. P.M. Narendra Modi stated that: "India is set to defeat Covid-19. Every Indian is making it possible." Website Co-win has become an open dashboard to monitor and record statistics related to Co-vi-19 and vaccinations. 2 types of vaccine (Covishield and Covaxin) were researched for emergency. Covishield manufactured by Serum Institute of India is approved in 01 Jan 2021 and Covaxin developed by Bharat Biotech is approved in 03 Jun 2021 (Javaid, 2021). Besides that, 5 more types of vaccine are under trial in India. Thus, Covid-19 is both challenge and chance for 2 huge regions.

3. Trend and some proposals in strengthening economic linkages between India and ASEAN, especially in pharmaceutical sector.

3.1. Trends in economic relations between India – ASEAN in the future

Firstly, the merchandise trade between India and ASEAN were quite disappointed in spite of FTA agreements as well as other efforts in enhancing connectivity. One of the important reasons is the underperformance of Indian economy. However in Covid pandemic, a bright spot appears towards the ASEAN and India trade relations. According to IMF forecast, in 2021 the GDP growth rate of ASEAN 5 (Indonesia, Malaysia, Philippines, Thailand and Vietnam) is expected to just under 5% and in 2022, it can reach to over 6%. In 2021 – 2022, ASEAN can recover their own manufactured exports because of external demand. Some strong demand goods are medical supplies, smartphones, computer and home entertainment devices to serve lives and works under lockdown conditions. In order to get over the pandemic and grow again, ASEAN's members and India will try to increase trade relations and take advantages of each other. India-ASEAN trade value is expected to double by 2025 to \$300 billion from the current level of \$ 142 billion (2018) (IANS, 2019).

Secondly, it is clear that FDI invested to ASEAN has raised gradually from 116.77 billion USD to 158.86 billion USD within last ten years (Figure 1.6). If in 2010, top three biggest host countries in ASEAN were Singapore, Thailand and Indonesia, now, there are some new emerging members. Singapore still ranked first in 2019 and accounted for 58% out of total ASEAN's FDI inward value. The next positions are Indonesia (15.1%) and Vietnam (10.1%) (ASYB, 2020). Thus, ASEAN is a large market attracting foreign investors. Besides traditional and developed partners like Singapore, developing economies such as Vietnam and Indonesia are very potential and profitable to Indian entrepreneurs. Adversely, India's 'Atmanirbhar Bharat' or 'Self-Reliant India' Mission offers investment opportunities to ASEAN countries. Even the ASEAN-India Plan of Action (2021-25) want to change Northeast India development to an Economic Corridor with some ASEAN countries.

Finally, in terms of pharmaceutical products, India is holding an opportunity to share the ASEAN market with other competitors, especially in drugs and vaccines related to Covid-19, generic drugs and biosimilars. By 2025, healthcare expenses of ASEAN-6 is estimated about 740 billion USD (Thailand Business News, 2018). The reasons are demographic change in which 21.1% out of ASEAN populations are in elderly group in 2015 and unhealthy lifestyles. Economic burden due to healthcare spend will be the drive for India to expand its pharma market towards ASEAN 5. Related to Covid-19, besides 3 self-produce vaccine and 5 trial ones, India provided financial support to increase production capacities, which can be reach >100 million doses per month by Sep 2021. For example, India not only sponsored oxygen machines and medical equipment but also grant both treatment tablets and Covid-19 vaccines to Vietnam. In the near future, India and ASEAN will discuss more to have Covid-19 vaccine and drug contracts, especially via e-commerce platforms.

3.2. Some proposals to enhance economic linkages between India and ASEAN

In order to strengthen the economic linkages between India and ASEAN, there are main proposals. Firstly, the two regions are linked not only in terms of economy or trade but also culture,

society, politics and people-to-people connectivity, following the AEP vision. Only when businesses understand about the partner market, governments have supportive and transparent policies, and customers know about products and companies, can trade and investment relations between ASEAN and India become broader and deeper. In addition, India and ASEAN need to strengthen the correct implementation of the AIFTA roadmap, cut tariffs and take advantage of partners' advantages to achieve win-win results. Moreover, India should improve trade relations with each ASEAN members.

Second, India is good at services while ASEAN focuses on the manufacturing sector. To benefit both sides, the two regions need to strengthen cooperation in technology transfer, services and management methods. This helps developing countries in ASEAN both receive investment capital and access advanced technology as well as management skills from main Indian services. On the other hand, ASEAN investors can benefit from manufacturing sectors in India due to incentives of P. M. N. Modi's "Make in India" campaign.

Third, in the context of the Covid-19 pandemic, all economies are affected. However, India has been increasing its capacity to research and produce Covid-19 vaccines and drugs. India can aid and export treatment drugs and vaccines to ASEAN. Thus, India has both reaped commercial profits and affirmed its position as a vaccine power while ASEAN members are also ensured of the sources of Covid-19 drugs for the workforce to avoid disruptions to the production chain.

Finally, the government needs to improve understanding, research the needs of businesses and consumers, and support the connection between businesses and markets. For example, Pharmexcil can cooperate with embassies of ASEAN countries to organize many seminars and conferences for researchers and businesses to explore opportunities for importing Indian pharmaceuticals. The Indian government can also set up consulting offices, give direct introduction or design advertising materials, clips about Indian pharmaceuticals in potential markets like Vietnam, Thailand, Indonesia, etc.

Conclusion

In general, within the latest ten years, economic relations between India and ASEAN have had many positive changes both in quantity and in structure. India has recognized the great economic and political potential of ASEAN, so it has gradually marked its diplomatic relations as well as promoted economic ties with ASEAN. Both trade and investment tend to increase. In which, Singapore is the largest India's partner but other dynamic economies such as Vietnam, Thailand, etc. also have gradually occupied a part of commercial market.

A special point in the merchandise trade between India and ASEAN is pharmaceutical products. While Singapore mainly imported drugs from the EU-28 or the US, India has become the choice of populous markets like ASEAN 5. To achieve these initial successes, the capacity of Indian pharmaceutical industry, the scale of the ASEAN market and the Covid-19 epidemic are the core factors.

In the future, India-ASEAN economic relations are sure to develop and become stronger. Governments, businesses and consumers working together will certainly bring huge benefits to both regions, especially in the context of the pandemic.

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