

FREE TRADE AGREEMENTS AND THE EXTRA REGIONAL FDI: THE CASE OF ASEAN AND INDIA FTA

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***Abstract:** The present paper attempts to examine two concerns in the light of the India's trade agreements with the ASEAN. First, it examines the impact of Indo ASEAN FTA on extra-regional inward FDI particularly from US, Japan and UK into ASEAN and India. Second, it sheds the light on the possibility of India to become a part of the global supply network. Empirical findings with the use of GMM shows that Indo ASEAN FTA will attract higher extra regional horizontal FDI. It concludes that India can become a part of the Japanese FDI and increase its presence in the global supply network as evident from the empirical findings.*

***Key Words:** ASEAN; FTA; FDI; RTA; supply chain etc.*

***JEL Classification:** F13, F15, O24*

1. INTRODUCTION

The new era of globalisation has seen many countries, throughout the world has either signed FTA or is trying to negotiate and contemplate new bilateral free trade and investment agreements. This stepping stones towards a global free market economy is undertaken as an important tool by many countries with an expectation that it would stimulate economic growth, boost trade and investment, reduce poverty and increase employment. Keeping this in mind, a considerable number of countries have completed bilateral free trade and investment agreements in the Asia Pacific region and more deals are presently underway. The heating up of preferential trade and investment deals with the developing Asian countries from industrialised countries has made FTA enormous popular amongst the Asian governments. The major developing countries of the region could achieve to certain extent there trade and investment bloc with the ASEAN¹ as a whole which emerged as a result of such deals. Despite the strong critique, in a major development, after a long six years of negotiations, India signed FTA on 13th August 2009 in Bangkok with the ASEAN countries that came into force on 1 January 2010. The signing of this pact have paved the way for creation of

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one of the world's largest free trade market of almost 1.8 billion people with a combined GDP of more than US\$ 3.5 trillion. The expansion of a strong economic tie between India and ASEAN region has increased the bilateral trade at the rate of 11.2%, from US\$ 2.9 billion in 1993 to US\$ 12.1 billion in 2003 and to US\$ 80 billion by January 2013. This accounts for 10% of India's trade, and 3% of ASEAN's total trade.

The issue of foreign investment in the light of the trade agreements has become a more visible topic in the present day scenario. Existing studies underline that, nations which have engaged in more comprehensive trade agreements have got their way for investment with the partner countries (Blomström and Kokko, 1997). This is primarily because the trade agreements affect the incentives for FDI through multiple channels. Though India-ASEAN finalised the much-awaited free trade agreement (FTA) in services and investments in December 2012 but it is not yet come into force due to the policy differences and other domestic factors. The implementation of this agreement may lead to a strong FDI flow between the partners. Keeping this in mind, the present paper tries to test the effect of the Indo ASEAN trade agreement on the FDI inflow, particularly from the extra regional sources. More clearly, the study tries to empirically assess the inward FDI into ASEAN and India, and next it examines whether FTA gives India an opportunity to be a part of the global supply chains.

The paper is organised as follows. The second section briefly outlines the FDI and the trade in the ASEAN region. The third section reviews the literature in line with the stated objectives. Fourth section addresses the objectives, hypothetical issues and the underlying methodology. The fifth section attempts to interpret the results based on our findings. And the last section concludes the findings of the study.

2. FDI AND TRADE IN ASEAN REGION

The inflows of net private capital, particularly FDI in the ASEAN region has taken a big boost in recent years and continues to be a driving factor of economic growth in the region. The increased inflow of FDI in the region was primarily due to the continued changes in policies by the ASEAN and each individual country. Every individual country of the region have streamlined several policy measures in terms of granting of incentives, simplifying the procedure of entry, opening up of several untouched sectors, better infrastructure, better financial arrangements, reduction of business cost etc. Even though the FDI inflow to the ASEAN countries fluctuated tremendously over the years, particularly at the time of East Asian Crisis, but the overall trend growth of FDI in the region is satisfactory (figure 1).

The post crisis decline had been reversed and investment inflows went up strongly since the year 2002. The FDI inflow to the ASEAN region has shown a significant increase till 2007. The FDI of the sub region registered a growth by 18 percent in 2007 to US\$ 71 billion where nearly all ASEAN countries received higher inflow of FDI over the same period last year. Singapore topped the list followed by Thailand, Malaysia and Indonesia. However, FDI growth of the region declined considerable in

2008 which recorded a fall by 16.5 percent over the last year and further decline. Countries such as Indonesia, Myanmar and Vietnam have recorded a positive growth of FDI inflow during the same period as against the negative growth of all other countries. The worst hit in the region is Philippines (-48%) followed by Lao (-30%) and Singapore (-28%). But in absolute term, the FDI inflow to Singapore recorded a fall by US\$8748 million followed by Philippines and Thailand in 2008. The similar trend continued for the year 2009 which saw a decline in inward FDI into the region. The onset of the global economic slowdown in the late 2007 is the major reason for such significant fall in FDI in two consecutive years. USA and Japan's FDI², a major source of FDI into the region fell drastically during the same period. However, after 2009 the cumulative FDI inflow into the region increased significantly as evident from figure 1.

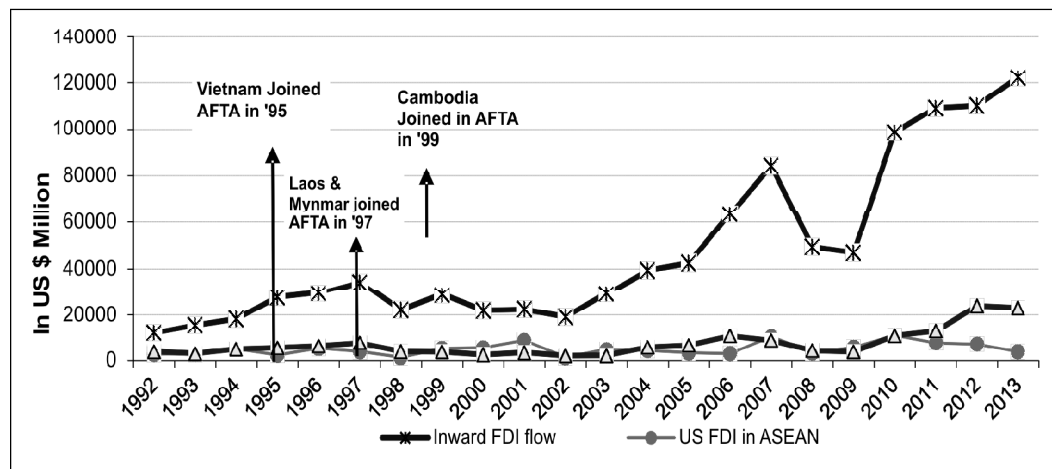


Figure 1. Annual Inflow of FDI into ASEAN; Total, US and Japan's FDI

Source: Based on the data from ASEAN official website.

The growth of extra regional investment in the ASEAN region during the post nineties are primarily originated from the developed countries, particularly from Japan and US. In addition, ASEAN region has also received a huge chunk of FDI from other major Asian countries such as Japan, Hong Kong, Republic of Korea and India in the last one decade. The FDI from these countries has promoted industrial development of ASEAN countries in the initial period of development. Though FDI from the EU is the highest into the region in the last decade but country specific sources of FDI shows the highest inflow from Japan followed by USA, China and republic of Korea. The distribution of Japan's FDI shows that Thailand received the highest FDI in the ASEAN region since 2001. However, in nineties it was Indonesia which received the highest followed by Thailand and Singapore. Similarly, during nineties the FDI flow from Japan was estimated to be only US\$ 168 Million and this increased by almost 10 fold during 2001-13 (figure 3).

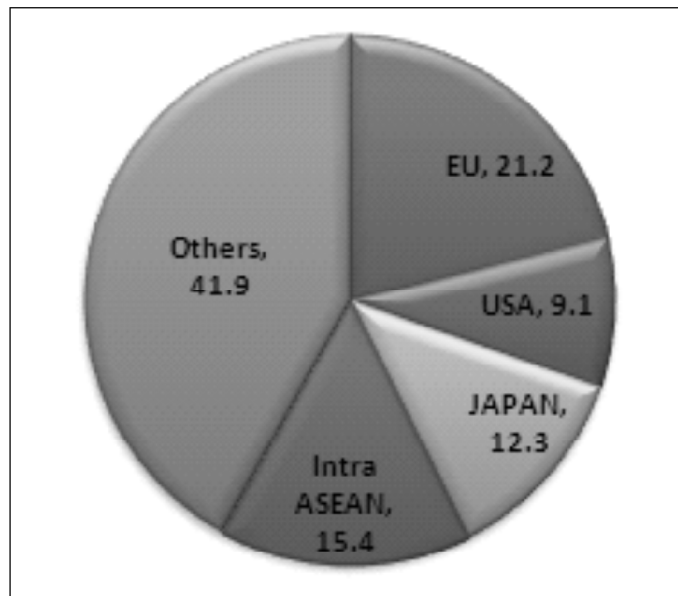


Figure 2: Cumulative FDI from Source Countries during 2004-2013

Source: FDI Statistics, Official website of ASEAN

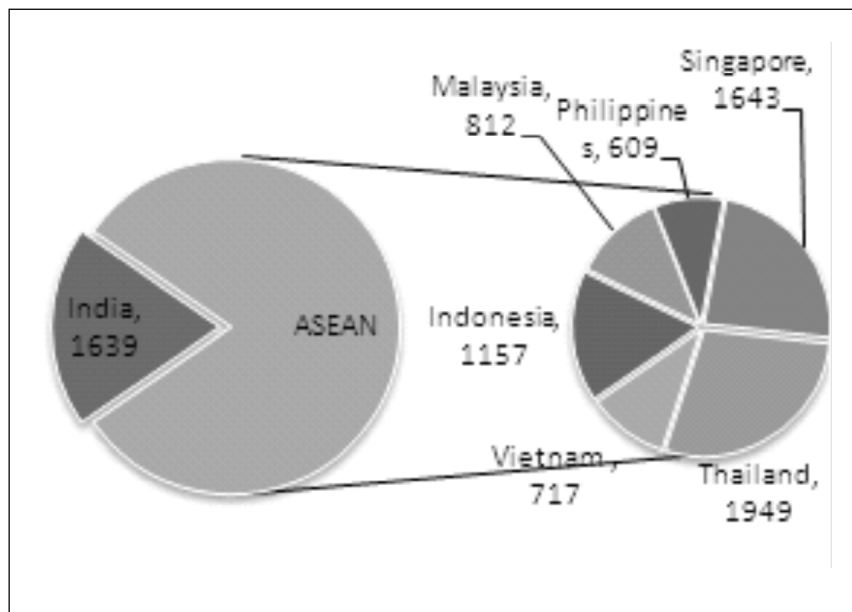


Figure 3. FDI flow from Japan: Average of 2001-2013 (in US\$ Million)

Source: Compiled from ASEAN Annual Report

The ASEAN trade relation with India shows a relative increase ever since India became a sectorial dialogue partner of ASEAN in 1992. The bilateral trade between them was about 1.96 billion in 1991 that increased to almost 80 billion by the end 2013 (figure 4). During the period 2001-13, the annual average increase in total trade stood at 23.7% despite the drastic fall in total trade volume (25%) in 2009 over the preceding year. The average growth of import is estimated at 26.3% as compared to 20.3% of export during the same period. A comparative growth of GDP and FDI between India-ASEAN is shown in figure 5.

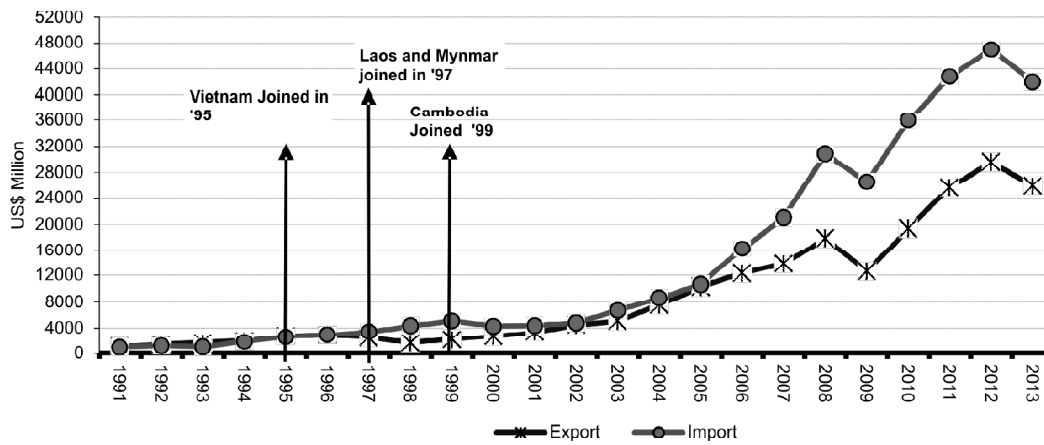


Figure 4: India's bilateral trade with ASEAN Countries (in US\$ Million)*

Source: Compiled from ASEAN Annual report and the Ministry of Commerce-GOI database

Note: The trade value for the year 2013 includes until November 2013

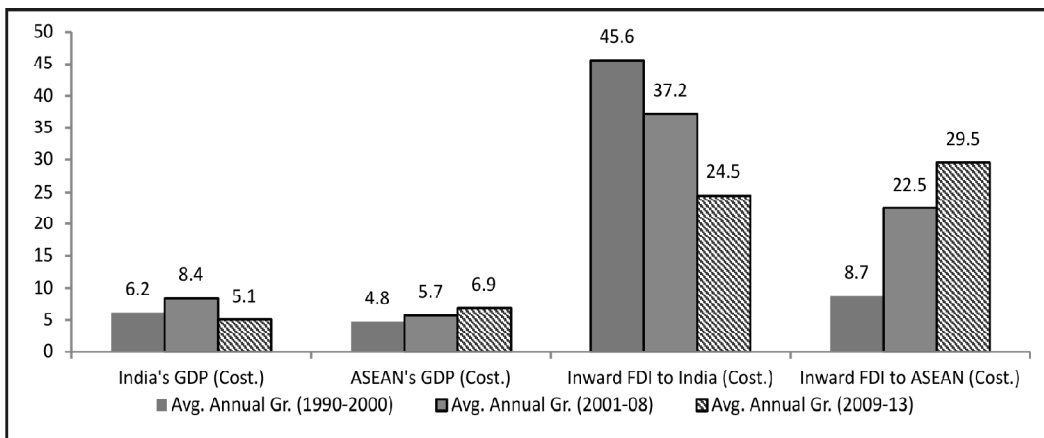


Figure 5: Comparative Growth Statistics: India and ASEAN

Source: Compiled from ASEAN Annual report and the Ministry of Commerce, Govt. of India database

3. BRIEF OF LITERATURE

The significance of India and ASEAN FTA is well discussed in several studies (Kumar *et al.*; 2004, Asher and Palit; 2008, Chongvilaivan; 2008, Asher *et al.*; 2003, Sundararaman; 2009, Sahu; 2013 etc.). Majority of these studies covers the comprehensive backdrop, its importance as first multilateral FTA and the roadmap of the agreement along with the progress in tariff commitments and success in trade. The empirical studies in Indian context are limited in number, particularly in the line of FTA-FDI linkage. However, there are several studies in context of the developed and few other developing countries which empirically finds the link between regional trade agreement (RTA) and FDI inflow. Globerman and Shapiro (1999) finds that Canada-U.S. Free Trade Agreement (CUFTA) and North American Free Trade Agreement (NAFTA) increased both inward and outward FDI, holding the other determinants of FDI flows constant. However, it shows the Canadian Outward flows are larger than inward flows. Similarly, Eden and Monteils (2000) also studied the impact of the formal free trade agreements on the magnitude of bilateral FDI flows. Specifically, they conclude that MNCs making intra-regional foreign investments in North America engaged in “locational reshufflings” as they rationalised their investments on a continental basis. In the context of Korea-U.S. FTA, Kang and Park (2004) on using the Gravity model, Panel fixed effect and Panel random effect model found that FTA increased FDI by 14-35% from member countries and by 28-35% from non-member countries. Baltagi *et al.* (2007) studied the Regional Trade Agreement Effects on FDI in an interdependent World on taking the data of bilateral outward FDI stocks in to Europe over 1989-2001. By using the Spatial GM methods he found that an RTA increases FDI up to 78% among European countries. Banga (2004) shows that regional trading agreements like ASEAN and APEC can influence FDI inflows into the region as the risks associated with investments decline with greater regional integration. Leshier and Miroudot (2006) used the bilateral outward FDI stocks in the OECD countries over 1990-2004 to analyse the economic impact of investment provisions in regional trade agreements. They concluded that the Investment provisions are positively associated with trade and, to an even greater extent, investment flows.

GMM as a tool used in several studies (Berger *et al.*; 2009, Cardamone and Scoppala; 2012, Bae and Jang; 2013 etc.) to analyse the impact of FTA on investment. Though the variables considered and the model slightly differs in each study, but the problem of endogeneity is handled by using the Arlleno and Bond estimations. Cardamone and Scoppala (2012) used a sample of 173 host countries based on the knowledge capital theory of the multinational enterprise to find the impact of PTAs on investment in European Union (EU) context. It finds that PTAs reducing EU tariffs positively affect EU FDI in third countries and tariffs applied by host countries to EU exports have a positive effect on the outward FDI. Bae and Jang (2013) in Korean context find that there has been an upsurge in overseas investments made by Korea through the FTAs, particularly in manufacturing. However the study could not establish any evidence on the overall inward FDI. Berger *et al.* (2009) using the dynamic system GMM

estimations between 1978 and 2004 find the strong evidence that liberal admission rules promote bilateral FDI while, RTAs without strong investment provisions may even discourage FDI.

4. OBJECTIVES, HYPOTHETICAL ISSUES AND MODEL SPECIFICATION

Recognizing the potential of an increase in the trade and investment with the ASEAN region, the present study is based on the following two objectives. First, it examines the impact of Indo ASEAN FTA on extra-regional inward FDI into ASEAN and India. Second, it empirically finds whether the FTA gives India an opportunity to become a part of the global supply chain? The empirical analysis for these objectives is based on secondary dataset. World Development Indicators (WDI) database has been used primarily for majority of the country specific variables. However, data for few other variables are taken from International Monetary Fund (IMF) and International Labour Organisation (ILO) database.

In order to study these objectives, the study tests three specifications specified as follows-First, is extra-regional FDI into ASEAN (ten countries combined) and India is domestic market seeking or trade-seeking? Second, does the motivation differ across source of FDI? In other words, whether the FDI from different countries/region have different motivation of investment in ASEAN and India? For this purpose, the study considers the FDI flow from three major source countries, viz. Japan, US and UK into ASEAN and India. Third, to what extent is ASEAN countries' trade with India is a determinant for inward FDI into the country?

The above objectives are studied for a panel of 11 countries for 22 years during 1991 to 2013. The test of the above specifications follows a pool of variables in line with the existing empirical studies of Root and Ahmed (1979), Bhattacharya *et al.* (1996), Lall (1999), Carr *et al.* (2001), MarkusenMaskus (2002), Globerman and Shapiro (2002), Donges (2005), Benassy- Quere *et al.* (2005) etc. The basic functional form is as follows-

$FDI_{it} = f(\text{Market Size; Skills; Cost of Investment; infrastructure; Inflation; distance and trade})$.

Where, the GDP per capita (GDP_{pc}) is used as a component of market size. The lending rate or the real rate of interest (INTR) is taken as the cost of investment. The electricity consumption per capita (ELEC) is taken as a proxy of infrastructure availability. Inflation is the rate of inflation (INFLA) based on consumer price index. All these above variables are taken from the WDI. The skill variable is measured through the literacy ratio (SKILL), taken from ILO and is measured as the total number of unskilled labour in total labour force. The trade effect on extra regional FDI is captured by using the variables viz. weighted average of tariffs (TARIFF); trade to GDP ratio (TRADE). The distance (DIST) is the distance between the source countries and the host countries.

The subscripts i and t are the countries (ASEAN 10 and India) and the time period, respectively. One of the main challenges in estimating the above is the existence of

endogeneity problem. In other words, the equation is not exogenous in itself. This problem can be solved by using proper macroeconomic instruments for the explanatory variable. However, searching a macroeconomic variable, uncorrelated with the error terms is a big challenge. Hence, the study use the GMM estimators as proposed by Arellano and Bond (1991), Arellano and Bover (1995) and Bundell and Bond (1991). The GMM simply works by adding the moment conditions under the assumptions that past values of the explanatory variables are uncorrelated with the error terms. Hence, the dynamic form of the equation can be re written as-

$$FDI_{it} = \eta_1 + \beta_1 FDI_{it-1} + \beta_2 Z_{it} + \varepsilon_{it} \quad (1)$$

Where FDI_{it} = extra regional FDI viz. total inward FDI and FDI inflow from US, UK and Japan into ASEAN and India. Z_{it} is the row vector of all explanatory variables other than the lagged FDI and FDI_{it-1} is the lag of FDI_{it} . η_1 is an unobserved country-speciûc effect, and ε_{it} is the error term. Following Arellano and Bond (1991), the country-speciûc effect is eliminated by the ûrst difference. Expanding equation-1 in line with the stated functional form, it can be re-written as-

$$FDI_{it} = \alpha_1 + \beta_1 FDI_{i,t-1} + \beta_2 GDP_{PCit} + \beta_3 SKILL_{it} + \beta_4 TRADE_{it} + \beta_5 INFLA_{it} + \beta_6 \text{TARIFF}_{it} + \beta_7 INTR_{it} + \beta_8 ELEC_{it} + \beta_9 DIST_{it} + u_{it} \quad (2)$$

j = ASEAN 10 countries and India. Taking the logarithm form of equation 2-

$$\ln(FDI_{it}) = \alpha_1 + \beta_1 \ln(FDI_{i,t-1}) + \beta_2 \ln(GDP_{PCit}) + \beta_3 \ln(SKILL_{it}) + \beta_4 \ln(TRADE_{it}) + \beta_5 \ln(INFLA_{it}) + \beta_6 \ln(\text{TARIFF}_{it}) + \beta_7 \ln(INTR_{it}) + \beta_8 \ln(ELEC_{it}) + \beta_9 \ln(DIST_{it}) + u_{it} \quad (3)$$

The specification 2 is tested by using the Equation 3. This is run for total FDI and FDI from three extra regional sources viz. US, UK and Japan. In the next stage, in order to see whether India can be a part of the global supply chain (specification 3), the study follows the following procedures. First, the trade seeking source of FDI is separated from the findings of specification 2. Second, we incorporate each country's (ASEAN 10 Countries) trade with India in each year as an independent variable in equation 3. This is undertaken to see whether each country's trade with India also influences the FDI inflow into ASEAN (from the trade seeking source). Third, separate analysis is undertaken by incorporating the export to India and Imports from India of each ASEAN country in each year as a determinant of trade seeking FDI. The equation 3 can be rewritten as

$$\ln(FDI_{it}) = \alpha_1 + \beta_1 \ln(FDI_{i,t-1}) + \beta_2 \ln(GDP_{PCit}) + \beta_3 \ln(SKILL_{it}) + \beta_4 \ln(EXP_{it}) + \beta_5 \ln(INFLA_{it}) + \beta_6 \ln(\text{TARIFF}_{it}) + \beta_7 \ln(INTR_{it}) + \beta_8 \ln(ELEC_{it}) + \beta_9 \ln(DIST_{it}) + \beta_{10} \ln(EXP_{i,t-1}) + u_{it} \quad (4)$$

And

$$\ln(FDI_{it}) = \alpha_1 + \beta_1 \ln(FDI_{i,t-1}) + \beta_2 \ln(GDP_{PCit}) + \beta_3 \ln(SKILL_{it}) + \beta_4 \ln(IMP_{it}) + \beta_5 \ln(INFLA_{it}) + \beta_6 \ln(\text{TARIFF}_{it}) + \beta_7 \ln(INTR_{it}) + \beta_8 \ln(ELEC_{it}) + \beta_9 \ln(DIST_{it}) + \ln(IMP_{i,t-1}) + u_{it} \quad (5)$$

Where, $FDI_{i,t-1}$ is the lag of Japanese FDI and i is the ASEAN 10 countries. The explanatory variables are as reported in equation 2, for ASEAN 10 countries. The EXP and IMP are the ASEAN 10 countries export and import with India as percentage of GDP.

5. FINDINGS AND ANALYSIS

Equation 3 is run using the panel data for 11 countries (10 ASEAN countries and India) during the period 1991 to 2013 to test the specifications as mentioned earlier. The empirical findings of the nature of total FDI and FDI from US, UK and Japan is given in table 2. It can be said that the dynamic specification seems to have worked well as indicated by the serial autocorrelation tests (Autoregressive test) and Sargan test. These two tests are used in order to consider robustness of our estimation. The Sargan test is used to find the validity of the instrument used in the system. The autoregressive model is used to see whether the errors in the first difference regression exhibit a serial correlation.

Table 1
Empirical findings: Total FDI, US FDI, UK FDI and Japanese FDI

VARIABLES	Dependent Variable			
	TOTAL FDI	US FDI	UK FDI	JAPANESE FDI
TOTAL FDI LAG1	0.314** (1.98)	---	---	---
US FDI LAG1	---	-1.021** (-2.16)	---	---
JAPANESE FDI LAG1	---	---	---	0.283 (1.28)
UK FDI LAG1	---	---	-0.171 (-1.18)	---
GDP _{PC}	3.962*** (2.76)	1.124** (2.28)	1.491*** (2.98)	3.543 (1.62)
SKILL	0.302 (0.26)	0.02 (0.49)	0.39* (1.82)	0.397** (2.15)
TRADE/GDP	0.082 (1.17)	-0.158 (-1.21)	-0.851 (-0.80)	0.119** (1.98)
INFLATION	-0.407** (-2.24)	---	---	---
TARIFF	0.171 (1.12)	0.423 (0.92)	-0.122 (-1.14)	0.044 (0.54)
LENDING RATE	0.272 (0.46)	0.818 (0.64)	-0.317 (-0.93)	0.162 (0.20)
ELECTRICITY	0.901 (0.93)	0.286* (1.88)	0.808** (2.23)	0.561* (1.84)
DISTANCE	---	-0.821** (-2.14)	-1.221* (-1.86)	1.456 (1.19)
Sargan Test	37.35	36.54	35.46	32.31
AR (1) Test	-3.547	-3.571	-3.582	-3.122
AR (2) Test	0.457	0.404	0.412	0.404

Source: Author's Estimation on using equation 3. *, ** and *** indicates the significance at 10, 5 and 1 percent level. The value in bracket shows the t-statistics.

The results of dynamic Panel data estimation of equation 3 are based upon heteroscedastic robust standard errors. Consistency of the GMM estimates requires that there is no second order correlation of the residuals of the first-differenced equation. Our results of the AR(2) test on the residuals as developed by Arellano and Bond (1991) do not allow us to reject the hypothesis of the validity of instruments used. The finding reveals that the extra regional inward FDI (total FDI) into ASEAN and India is domestic market seeking. This is evident from the significance result of

the GDP per capita variable, indicators of current and potential size of the domestic market. However, the trade indicators (trade to GDP ratio and tariffs) and the availability of unskilled labour are not significant determinants of total inward FDI in the region. Whereas, the empirical findings supports the presence of agglomeration effect as the lag of FDI is found significant, indicating that presence of FDI in the country attracts more FDI.

The positive and significant result of GDP per capita shows that the US and the UK FDI is primarily domestic market seeking in nature. This indicates the FDI from UK is attracted to growing markets. The trade indicators (i.e. trade to GDP ratio) is observed insignificant in determining both the US and UK FDI. Whereas, the proxy of infrastructure i.e. electricity availability is found to be important determinant for US and UK FDI, probable reason being that they are more horizontal in nature. Similarly, the agglomeration effect is not significant, indicating that the FDI flow is mostly horizontal in nature. Our analysis observes that the distance from the host country is an important factor, affecting inversely in determining the FDI inflow both from US and UK.

In context of Japanese FDI, the positive and significant sign of trade indicators (i.e. trade to GDP ratio/ tariffs) shows that the Japanese FDI is trade-seeking FDI in ASEAN countries and India. Similarly, the availability of unskilled labour is found to be significant. This indicates that most of FDI inflow to the region is vertical in nature. However, the distance is not observed significant in determining the Japanese FDI. As in case of US and UK FDI, the electricity availability is also found as a significant determinant for FDI inflow.

5.1. ASEAN Trade with India and its Impact on Extra-regional FDI

The finding from three different source of FDI into ASEAN shows that, Japanese FDI is only trade seeking in nature, not the FDI from any other sources. This means more the trade with Japan, more the FDI flow from Japan to ASEAN and India. With this finding, the study hypothesizes whether any increase in the trade volume between India and ASEAN has any influence on Japanese FDI (extra regional FDI) into ASEAN. This is studied by running the equation 4 and 5 as stated in the methodology section. The result is reported in table 2.

From our findings, it is evident that in case of Japanese FDI, the trade with India appears as a significant determinant of FDI into ASEAN region. This is not found significant for FDI into the region from other sources (viz. US and UK). This indicates that there is a possibility for India to be a part of the production network of Japanese MNCs in ASEAN. Similarly, the finding shows that the imports from India are found to be significant determinant of FDI inflow into AEEAN but not exports to India. This indicates that those countries in ASEAN which import from India attract more Japanese FDI. An insight to the FDI inflow at sectorial level from Japan to India shows that about one third of the cumulative Japanese FDI is in Machinery and transport

Table 2
India's trade with ASEAN and the extra-regional FDI

<i>Variables</i>	<i>Dependent Variable (Japanese FDI)</i>		
Japanese FDI lag1	0.254 (1.12)	0.239 (0.58)	0.186* (1.74)
GDP _{PC}	0.451 (0.82)	0.371 (0.78)	0.432 (0.84)
Skill	0.231* (1.75)	0.118* (1.79)	0.241* (1.01)
Lending rate	0.325 (1.41)	0.580 (1.04)	0.287 (0.78)
Electricity	0.413** (2.24)	0.321* (1.82)	0.278** (2.15)
Distance	-0.619** (-2.05)	0.542* (1.84)	-0.711** (2.21)
Trade/GDP	0.144** (2.16)	—	—
Exports/GDP	—	0.265 (0.38)	—
Export lag1	—	0.048 (0.71)	—
Imports/GDP	—	—	0.162** (2.08)
Import Lag1	—	—	0.176*** (3.17)

Source: Estimated using equation-5. *, ** and *** indicates the significance at 10, 5 and 1 percent level.

equipment industry since 1990 and this followed by other manufacturing sectors. Similarly, chemical sector have also received almost one fifth of the total FDI inflow from Japan during the same period. This indicates that India has the potential to integrate into the production network of Japanese FDI in ASEAN countries, especially in sectors like machinery and transport equipment and chemicals industry.

6. CONCLUDING REMARKS

The investment relation between ASEAN and India remained limited over the years. Except Singapore and to some extent, Malaysia, none other ASEAN countries have significant investments in India. On the other hand, the limited outward FDI by Indian companies and delay in the implementation of bilateral investment agreement between India and ASEAN have restricted the volume of bilateral investment until recently. With this backdrop the study sheds light on the effects of FTA on the inward FDI into the region. In the test of our specifications, the empirical findings conclude the followings. First, the extra regional total inward FDI into ASEAN and India is domestic market seeking. Second, US and the UK FDI is primarily domestic market oriented whereas Japanese FDI is trade-seeking FDI in ASEAN and India. Third, it is observed that in case of Japanese FDI, the trade with India appears as a significant determinant of FDI into ASEAN region. On the other hand, the import from India is found as a significant determinant of FDI inflow into ASEAN but not the exports from India. This indicated from our findings that there is a possibility for India to be a part of the production network of Japanese MNCs in ASEAN region, particularly, in sectors like chemicals, machinery and transport equipment. To conclude, the increasing openness and huge potential of the domestic market will enlarge the trade volume to many folds between India and ASEAN in the coming years. Similarly, this trade block would increase both the bilateral and the extra regional FDI, particularly the horizontal FDI from the external sources.

Notes

1. ASEAN was formed on 8th August 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. The membership has expanded to include Brunei (7th January 1984), Vietnam (28th July 1995), Myanmar (23rd July 1997), Laos (23rd July 1997) and Cambodia (30th April 1999).
2. Both these countries investment to ASEAN was primarily led by the investment of the manufacturing industry.

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