OCCASIONAL PAPER 13
1998

CHINESE RESPONSE TO ASIAN ECONOMIC CRISIS

IMPLICATIONS FOR INDIA'S TRADE

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Rs 50

Printed for the Indian Institute of Foreign Trade by
Apex Printing House, New Delhi-110016.

FOREWORD

The recent financial crisis in South-East and East Asia has demonstrated an important factor in the process of globalization—that a major economic event taking place in any part of the world has a strong contagious effect as well. However, the degree of impact across the nations will vary depending upon the relative trade and investment linkages between and among the countries concerned.

An earlier paper in the series entitled "Currency Turmoil in South East and East Asia: Impact on India's Exports" brought out that India's exports have become substantially price uncompetitive, relative to exports from the South East Asian countries. However, over a medium term, a major part of this competitive gain on the part of these countries will wither away due to the dynamics of the market. Against this scenario, the present paper seeks to analyze what may be the possible responses of China to the crisis and their implications for India's trade. China is one of the major competitors of India in the global market and any exchange rate adjustment by China in response to the Asian financial crisis can have a major impact on India's export prospects.

This paper has estimated that India stands to lose $300 million or more in terms of reduced exports to East Asia, if China devalues its currency. It predicts that due to national and international developments, China may have to decide to devalue Renminbi, the Chinese currency, by the third quarter of the current year. Faced with an estimated 50 per cent decline in the growth rate of exports and 25 per cent in FDI approval rate as well as intensified competition from the South East Asian countries arising out of the recent depreciation, China may find it difficult to keep away from devaluation.

India will face strong competition from China in the event of devaluation in the sectors of textiles, clothing, footwear, chemicals and light engineering goods. But due to the Multifibre Agreement still operating, competition in the so-called quota countries will be marginal. However, in the non-quota countries, Indian textiles products may lose market share to China.

Some experts have advocated that Indian firms should buy foreign firms in this region to take advantage of the current depressed prices. We are, however, of the view that it will be desirable to proceed very cautiously in this regard. The expertise of Indian firms to manage overseas operations is extremely limited. The cultural dissimilarities and divergent operating conditions can turn overseas acquisitions into proverbial white elephants, in the absence of requisite managerial expertise.

We hope the study will prove to be useful to trade and all those concerned directly or indirectly with India's future export prospects and strategies.

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New Delhi
March 1998

CHINESE RESPONSE TO ASIAN ECONOMIC CRISIS
IMPLICATIONS FOR INDIA'S TRADE

B. Bhattacharyya

THE ongoing financial turmoil in the South East and East Asia has brought into sharp focus one of the major impacts of the increased globalization of the world economy – that a major economic event in any part of the world almost certainly influences other economies as well. It is of course true that the extent of the impact will vary, depending upon the trade and investment linkages between and among the countries concerned. In a recent paper,[1] we have analyzed the impact of the currency depreciation in the South East and East Asia on India's export competitiveness. It was concluded that India's exports have become substantially price uncompetitive, relative to exports from these countries. However, it was also argued that over a medium term, major part of this competitive gain on the part of these countries will wither away due to the dynamics of the market. However, there is no doubt that in the short run, these countries stand to gain market share at the cost of India in selected products and markets.

In this paper, we seek to analyze what may be the possible responses of China to the crisis and their implications for India from trade standpoint. China is one of the major competitors of India in the global market and any exchange rate adjustment of China in response to the Asian financial crisis can have a major impact on India's export prospects.

Current Economic Position in China

China is in the midst of a slowdown of its economy, at least by the Chinese standard. China has grown at a frantic pace during the last one decade, but there are distinct signs that the momentum is slowing down. GDP growth rate is estimated to be 8.8 per cent in 1997 as against 9.7 per cent in 1996. The Chinese government has forecast a growth of 9 per cent in 1998, though some experts believe that the rate may be closer to 8 per cent.

The two major sources of the Chinese growth have been FDI and exports. In fact, these are linked substantially. Estimates vary—anywhere between 40 and 50 per cent of China's exports originate in the industries having FDI. Though China still now outpaces all developing countries by a wide margin, the FDI approval rate in China has been coming down. In 1997, it is estimated that the approved FDI level declined by a massive 28 per cent over 1996. All major indicators (Table 1) distinctly signal a major slackening of the economy.

TABLE 1

MAJOR INDICATORS
(Growth rates)

	1996	*1997*[E]	*1998*[F]
GDP	9.7	8.8	8
Approved FDI	-20	-28	
Exports	1.5	20 9.3[a]	
Imports	5.1	1 0.5[a]	

E = Estimate
F = Forecast
a = Last 3 months (August-October 1997)
Source: Far Eastern Economic Review and *Asian Wall Street Journal* (various issues).

Role of Foreign Trade in China

Since its reforms process started in 1978, China has been integrating with the world economy, essentially through foreign trade as well as FDI. Before reforms, China's trade to GDP ratio was around 13 per cent. By 1995, it has risen to 30 per cent.[2] In absolute US dollar terms, China's trade rose almost ten times between 1978 and 1995, from $36 billion to $300 billion. In 1996, exports alone rose to $151 billion. China now ranks as the 10th largest trading country in the world, accounting for four per cent of world trade. It is important to remember that imports play an important role in the Chinese exports. About 50 per cent of Chinese imports are for further processing and manufacturing of export products, mostly by foreign-owned/linked firms.

The Root of the Present Crisis

Exchange rate management was crucial to this export effort. It is estimated that China's official exchange rate depreciated by 65 per cent between 1985 and 1996. The decline in real effective exchange rate (REER) was less massive. Between 1985 and 1993, the REER depreciated by 42 per cent (Table 2). The Chinese exchange rate system was changed in 1994 which also *ipso facto* resulted in a large dose of devaluation. Since according to some experts, this *de facto* devaluation of the Chinese currency

TABLE 2

CHINA'S EXCHANGE RATE

Year	*Nominal official rate*[1]	*REER*[2]
1985	2.9	63.6
1990	4.8	37.3
1991	5.3	32.4
1992	5.5	31.3
1993	5.8	30.7
1994	8.6	33.5
1995	8.4	35.3
1996	8.3	37.0

Notes: [1]Annual average
[2]Real effective exchange rate

Source: World Bank, *China 2020* (1997) Annex Table p.125

(Renminbi - RMB in short) was at least partially at the root of the current crisis in the South East Asia, let's see what was the change brought about. Up to 1993, China had a two tier exchange rate system. With effect from 1 January 1994, China abolished the official exchange rate which at that time stood at US$1=5.8 RMB and unified the exchange rate at the swap centre rate of US$1=8.7 RMB. This represented a devaluation of 50 per cent. But, part of this devaluation was only illusory because a substantial part of commercial transactions was already being carried out at the much higher unofficial exchange rate, i.e. the swap centre rate. According to some estimates, this rate accounted for about 80 per cent of all commercial transactions. The weighted average rate of RMB was, therefore, already 8.12=US$ 1, before 1994 devaluation. The actual devaluation was, therefore, only marginal—from 8.12 RMB to 8.6 RMB to US$ 1, a devaluation of only 7.14 per cent.

The effect of this devaluation on the Chinese exports has been quite substantial. While China's exports rose by a meagre 8 per cent in 1993 over 1992, in the first post-devaluation year of 1994, exports rose by a massive 31.9 per cent and 23 per cent in 1995. However, in 1996, exports crashed and recorded a growth rate of only 1 per cent. One possible explanation for this development in terms of exchange rate is that the effectiveness of that modest devaluation was offset by inflation differential. As a result, the real exchange rate got appreciated, reducing the price competitiveness of the Chinese exports. The overall retail price index in China rose by 21.7 per cent in 1994, 14.8 per cent in 1995 and 6.2 per cent in 1996. With an average OECD inflation rate of about 4 per cent, RMB is estimated to have appreciated by about 24 per cent in real terms by the end of 1996 since 1994.

Some experts argue that China scored a price advantage over the South East Asian countries through its 1994 devaluation. This, in conjunction with the increased production costs, led to a slow down of the export growth rate in countries like Thailand. With imports rising, this led the way to the burgeoning deficits in the current account of those countries.

Whether this hypothesis is correct or not is not that important as the issue of what China may do to respond to the present crisis. To develop scenarios of China's strategic response, it is necessary to analyze the possible impact of the Asian financial crisis on China's export trade.

Chinese Trade Links with South East & East Asia

There are two direct channels through which China gets impacted by the current crisis. *First,* due to the slackening of the growth process, possibly even negative growth, in these countries, China's exports will have to come down. However, China will also gain as imports from there become cheaper. *Second,* the relative appreciation of the Chinese currency, RMB, against these currencies will tend to make the Chinese exports uncompetitive in these markets. The quantitative magnitude of these possible impacts will depend upon the pre-June 1997 benchmark parameters. Specifically, the importantce of these countries in China's export-import trade will be an important determinant, so far as the first aspect is concerned. As to the second, the similarity in the export structure and export markets are the determining variables.

There will be some impact on FDI flows as well. Hong Kong, Taiwan and to some extent Thailand, are major suppliers of FDI to China. It is almost inevitable that their flows will become substantially lower in 1998 due to the current crisis.

China's export trade with the East and South East Asia is shown in Table 3. Share of the six countries in total exports stood at 11.3 per cent in 1996. More importantly, this region was gaining increasing importance as China's export destination, as can be appreciated from the fact that their share was only 8.6 per cent in 1992 and 5.7 per cent in 1989. The World Bank forecasted the share to go up to more than 20 per cent by 2020.[3] It is obvious in view of these data that economic stagnation in these countries may cause a major dent in China's export growth. One way to consider China's possible loss in exports, is to find out how imports have got affected in these countries. Relevant data are given in Table 4.

TABLE 3

CHINA'S TRADE WITH ASEAN, SOUTH KOREA AND INDIA DURING 1996

(Value: US$ million)

	Exports	*Imports*	*BOT*
India	698	719	-21
Indonesia	1,428	2,289	-861
South Korea	7,527	12,484	-4,957
Malaysia	1,374	2,246	-872
Philippines	1,015	372	+643
Singapore	3,753	3,613	+140
Thailand	1,259	1,890	-631
China's Total	**151,093**	**138,822**	**+12,271**
% Total	**11.3**	**34.0**	

Source: UN, *Direction of Trade Yearbook*, 1997.

TABLE 4

IMPORTS AND TRADE BALANCE IN EAST ASIA

	Trade balance (Latest 3 months)	*Imports*	
		% change previous 3 months	*% change year earlier*
China	US$35.39b	-0.5 (Aug.-Oct.)	+8.1
Indonesia	US$10.40b(8)	-5.4 (June-Aug.)	-2.1
Malaysia	US$21.06b	+1.6 (June-Aug.)	+7.7
Philippines	US$9.50b	+3.8 (Aug.-Oct.)	+12.1
Singapore	US$33.85b	-2.2 (Aug.-Oct.)	+5.0
South Korea	US$35.92b	-1.3 (Sept.-Nov.)	-5.9
Thailand	US$16.40b	-3.9 (May-July)	-4.9

Source: Far Eastern Economic Review, 15 January 1998.

It is evident that there was no growth in the third quarter of 1997 except in Malaysia and the Philippines. As trade data for later months become available, these countries are also likely to show a decline. Given the austerity package of the IMF mandated programme, the trend can be expected to continue in 1998. The only possible reason why imports may pick up in the latter part of 1998 is that if exports of these countries pick up due to the depreciation, export related imports also should go up. This is especially true in Malaysia, Thailand and South Korea.

Will China Devalue?

There is continuous speculation as to whether China, faced with its economic downturn and exports slowdown, will devalue its currency to regain the competitive edge *vis-a-vis* its Asian neighbours. China so far has officially maintained that it has no plan to devalue. However, whether it will or not, will depend upon its economic compulsions. The compulsions arising out of the export scenario are discussed below.

The estimated rate of export growth of China was 20 per cent in 1997. However, the rate appears to be too high based on data so far available. It also appears that the rate of growth decelerated as the year progressed. Up to October 1997, the rate of growth of exports was 17.8 per cent over the corresponding period in 1996. However, the rate dropped to only 9.3 per cent during the August-October 1997 period. It has been reported that the rate has further declined to 4.7 per cent in December 1997. If the trend continues, China can expect a growth rate deceleration of massive proportion.

What will be the contribution of the Asian crisis to this? Given the current share of these countries in China's exports, a reduction of 5 per cent in their imports from China can lead to an almost 16 per cent reduction in the overall export growth rate of China. The impact of their increased price competitiveness will be in addition to this. However, it is impossible to even hazard a guess as to its magnitude, since there are no relevant price elasticity estimates. But given that RMB has appreciated very substantially against these currencies, even fairly low substitution elasticities can mean large loss in market shares. The extent of RMB appreciation against these currencies is shown in Table 5.

RMB which was fixed at US$1 = RMB 8.7 on January 1994 has since appreciated to 8.28 by 10 January 1998. It has been earlier shown that in terms of real exchange rate, RMB has already lost its 1994 advantage and in fact stands now appreciated against both US dollar and Asian currencies. Therefore, faced with a substantial fall in expected growth in exports, China may go for devaluation.

TABLE 5

EXTENT OF RMB APPRECIATION
(30 June 1997 to 10 January 1998)

India	10.00	Singapore	19.16
Indonesia	68.09	Taiwan	18.55
South Korea	51.00	Thailand	52.86
Malaysia	45.73	USA	0.13
Philippines	40.50		

Source: Calculated from data in *Asian Wall Street Journal* (various issues).

There are, however, equally compelling arguments against devaluation. *First,* as is well-known, devaluation/depreciation tends to raise the inflation rate, especially when the import content is high. Therefore, the South East countries' competitive gain will essentially be short term. Thailand's monthly product price inflation rate shot up to 20.2 per cent in December 1997 over December 1996, as against 12.4 per cent in August 1997. In Indonesia, the consumer price index rose by 11.6 per cent from 5.7 per cent during the same period.[4] Therefore, if China can manage to withstand the initial impact, it may not be necessary to go for devaluation. Given the fact that China has foreign exchange reserves amounting to a massive $139 billion, it should not be difficult. *Second,* China's basic strength in exports lies in the labour cost differential than on the exchange rate. It has been estimated that the South East Asian pre-crisis labour costs in the manufacturing sector, measured in the US dollar, were two and half times higher than those in China. Even after the current depreciations, China's labour costs are still about a fifth lower.[5] The average annual salary in China is about one-sixth of that in Malaysia, one-third of that in Thailand and half of that in the Philippines. In foreign firms which account for about half of

China's exports, labour cost is 60 per cent higher than the national average but reportedly, their productivity is 30 times higher.[6] *Third,* Chinese devaluation will certainly destabilize the Hong Kong currency, which, though holding steady so far, is still very much under pressure. And it is not in China's interest that the financial stability of Hong Kong gets jeopardized. *Fourth,* the RMB devaluation is also expected to start another round of currency and stock market upheaval in the South East Asia. This may take away a part of the initial gain of China. *Finally* and most critically, China is keen to gain political mileage out of the currency crisis. One way it is trying to do so is to show solidarity with the affected countries. China has repeatedly promised that it will not devalue to prevent compounding their problems. Initial delay on the part of the USA has given a chance to China to play this card and the growing anti-Americanism in this region has made the ground receptive to China's overtures.

Possible Impact of RMB Devaluation

It is anybody's guess as to what the Chinese response will actually be. It appears that if the South Eastern economies start becoming successful to get out of the current economic mess by exporting, China may find the going increasingly tough. It is possible that in such kind of a scenario China may go for devaluation, may be, by the third quarter of 1998.

If it does decide to go for devaluation, what could be the possible impact in general and on India's exports in particular? As to the general impact, it is almost inevitable that the Asian crisis will get accentuated, leading to a deceleration in certain economies having large exposure in this region. Principal among these is the USA, whose top ten export markets include five in Asia. The extent of estimated impact varies between 0.5 and 1.0 reduction in the US growth rate. The US current account deficits are expected to rise by $100 billion in 1998.[7] There is a danger that this might provoke a protectionist backlash in the USA. China's trade surplus with the USA has swelled to $16.4 billion, a rise of 56 per cent over 1996.[8] This is going to exacerbate the already existing trade tension.

The RMB devaluation will also make the Asian crisis more severe. If it is assumed which appears to be realistic that imports of these countries will decline by a modest five per cent from their 1996 level, exports of China to these countries will fall by $820 million. However, China is expected to gain much more in the third country markets due to higher price competitiveness.

Given the large size of the Chinese exports, as well as the still managed character of its export pricing, the countries which directly compete with China in terms of export products structure, will certainly feel the heat. A recent World Bank study has identified the countries which are in most direct competition of China. These include India, Indonesia, Philippines and Thailand. Over the years, China has fairly diversified its export structure but still only five product-groups at SITC three-digit level, viz. clothing (841), telecommunications equipment (724), toys (894), footwear (851) and travel goods (831) accounted for 80 per cent of total exports during 1992-94.[9] More recent data reveal that clothing and textiles account for about 25 per cent of total exports, light machinery and electric products for about 33 per cent while shoes and toys comprise 7 per cent.[10]

Export structure at SITC one-digit level of China and Asian countries, including India for 1994 was calculated and export similarity in terms of Spearman Rank Correlation Coefficient was also studied.

It is found that the export structure is broadly similar for all the pairs, except between China and the Philippines and China and Indonesia. The export structure of China and India is fairly similar, with textiles, garments, leather, light engineering goods and chemicals being the major common categories.

Any change in relative bilateral exchange rate will have, therefore, impact on each other's exports. This effect will be still stronger because it is seen that both China and India target common export markets. We identified in each SITC one-digit code the top ten export markets of China and India. The number of markets which are common numbered 41 in 1994 (maximum member possible is 100). The commonality is strongest for SITC codes 1, 2, 5 and 6. On this basis, if China devalues its currency, major competitive threat will arise for these product-groups in the following markets:

Product Code	*Export Market*
SITC 0 (Food and live animals)	Japan, USA, Russia, Malaysia, Singapore, Germany
SITC 2 (Crude Materials, excluding fuels)	Japan, Hong Kong, USA, Germany, Indonesia, Thailand
SITC 5 (Chemicals and related products)	Hong Kong, USA, Germany, Netherlands, UK
SITC 6 (Basic manufactures)	Hong Kong, Japan, USA, Germany, Singapore, UK

Between July 1997 and January 1998, the Indian rupee has depreciated against RMB by 10 per cent. If the RMB devaluation is up to this level, then the pre-June 1997 will be back and the temporary price advantage gained by India over China will be lost. Basically, this should not have much incremental adverse effect on India's exports. The competitive threat will arise only if the RMB is devalued by a substantial margin, say, by 25 per cent.

There is another route through which adverse impact of the RMB devaluation can flow to India. The RMB devaluation will create fresh currency instability in East Asia, especially those which compete directly with China. Except South Korea and Singapore and to some extent Malaysia which have progressed further on the path of industrialization and have a large component of export trade on account of electronics and IT products, all other countries will face intensified competition in third country markets. This may effectively bring down their production growth prospects and consequently imports. On the basis of latest data so far available, a fall of 5 per cent in imports can be expected. The RMB devaluation will bring down this rate – by how much, can only be assumed at this stage, not forecasted. India's exports to the six countries of the East and South East Asia amounted to $4,739 million in 1996 (Table 6). Under the existing circumstances, we can expect a fall of about $225-250 million, a decline of 5 per cent. With the RMB devaluation, if the import growth declines to, say, 10 per cent, the fall in India's exports may rise to about $500 million. However, since Singapore and South Korea are expected to be less affected by the RMB devaluation—these two countries have a combined share of 3.4 per cent in India's exports, most probably, the fall will be less steep and may be around $300-350 million.

TABLE 6

INDIA'S TRADE WITH ASEAN, SOUTH KOREA AND CHINA IN 1996

(Value: US$ million)

	Exports	*Imports*	*BOT*
Indonesia	610	433	+ 177
China	655T	758T	- 103
South Korea	841	1,239	-398
Malaysia	552	1,228	- 676
Philippines	741	196	+ 545
Singapore	770	1,785	-1,015
Thailand	570	264	+306
India's Total	**34,407**	**40,090**	**-5,683**
% Total	**(13.8)**	**(14.7)**	

T = 1-5 months of reported data and 7-11 months of estimates.
Source: UN, *Direction of Trade Yearbook*, 1997.

The other major decline can be expected, as observed earlier, in textiles and footwear in the European and American markets. However, as trade in textiles continues to be governed by the quotas in the Multifibre Arrangement (MFA), the market switch can only be minimal. The competition can, therefore, come only in the non-quota countries. The third source of adverse impact originates again in the East and South East Asia—further depreciation of these currencies in the wake of the Chinese devaluation. Since the Indian currency has considerably appreciated against some of these currencies, even after the Rupee's recent fall, any additional depreciation will add to the current price disparity. The products and markets which will face intensified competition are:

SITC Section 0 (Food and live animals)	Japan, USA, UK and Germany
SITC Section 6 (Basic manufactures)	Japan, USA, UK and Hong Kong
SITC Section 8 (Miscellaneous manufactured goods)	USA, UK, Germany, France and Netherlands

The direct effect of the RMB devaluation of a modest proportion is, therefore, perceived to be of a magnitude which India should be able to absorb with appropriate strategic measures.

There is, however, one dimension which is strategically of greater importance. Almost all agree that the East and South East will be able to overcome the present crisis in two-three years and resume their growth, though may be at a slightly lower pace. The long-term importance of this region has in no way diminished for India. Therefore, it is important that India is perceived to be sympathetic to these countries, especially when China is taking friendly actions. It has promised $2.5 billion to the IMF for the bailout of these countries, which includes $1 billion for the rescue package for Thailand. The repeated statement that the Chinese currency will not be devalued is to show solidarity with these countries. The statement of the Governor of the Central Bank of China is crystal clear: "we won't pass our difficulties or undercut others. It's China's contribution to Asia's financial stability."[11]

China can be India's greatest competitor in this region, as the present and potential export structure of these two countries indicate. It is therefore, essential, both from trade and strategic standpoints, that India is not seen to stand aloof at the time of crisis. The fact that the Indian Government, though not the exporting community, has strongly refuted the need for competitive depreciation and has, in fact, managed to keep Rupee fairly stable, provides a strong basis to project this stand as a friendly action. This projection has not been done so far but needs to be done.

There is another way India can help. Even though India may not be able to contribute large sums as China has done, it can extend assistance without committing cash outflows. The biggest problem facing the firms in these countries is short-term liquidity to finance imports. The Indian firms can help if they accept terms of payments other than letters of credit. Since these terms carry a certain amount of credit risks, ECGC may have to be encouraged to be more liberal as well as efficient in extending credit limits for importers in these countries. The Indian exporting firms themselves should be less risk-averse, keeping in view the long-term interests of trading with this region.

It is also reported that importers from this region are requesting for quotations in local currencies. This effectively passes on the exchange rate fluctuations to the exporters. The Indian firms will not be able to take such risks on board in general. However, those Indian firms which can have import transactions in identical currencies, can accommodate such requests and make competitive gains. Barter trade also can be attempted to minimize dollar-based transactions.

The Indian regulatory regime now allows modest export of capital for investment abroad. The stock market and exchange rate crash in this region has opened up opportunities for buying up companies at a fraction of their true values.

However, this opportunity should be viewed against other negative factors. It is extremely difficult to value existing firms when the exchange rates are still unstable and the debt profile is not properly known. In addition, nationalist fervour is currently becoming strong. An aggressive strategy to buy foreign assets can provoke a backlash. And finally, buying a company may not be too difficult but managing it profitably is, especially for the Indian firms whose experience in this field is almost non-existent. Honourable exceptions are, of course, there, such as the I.N. Mittal's steel empire which is based on purchase of existing sick units all over the world.

There is, therefore, a need to carefully evaluate the opportunities in terms of the corporate capability of managing foreign units and integrating them with the mainstream operations. Provided all the necessary economic, cultural and strategic factors are met, then only low market price should be the determinant of a purchase decision.

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ANNEXURE

TOP TEN EXPORT MARKETS

SITC SEC. 0
(FOOD AND LIVE ANIMALS)

India	*China*
Japan	Japan
USA	Hong Kong
Saudi Arabia	N. Korea
Great Britain	USA
United Arab Emirates	Russia
Netherlands	Malaysia
Singapore	Singapore
Malaysia	Germany
Germany	Indonesia
Russia	India

SITC SEC.1
(BEVERAGES AND TOBACCO)

India	*China*
Great Britain	Hong Kong
Saudi Arabia	Singapore
United Arab Emirates	Philippines
Netherlands	Russia
Bangladesh	Vietnam
Algeria	N. Korea
Jordan	Indonesia
Russia	Kazakstan
Germany	Japan
Djibouti	Macao

SITC SEC. 2
(CRUDE MATERIALS, EXCLUDING FUELS)

India	*China*
Japan	Japan
USA	Hong Kong
Italy	New Zealand
Hong Kong	N. Korea
Indonesia	Oman
Great Britain	USA
Thailand	Germany
China	Indonesia
Iran	Italy
Germany	Thailand

SITC SEC. 3
(MINERAL FUELS, ETC.)

India	*China*
Not Specified	Japan
Bangladesh	N. Korea
Nepal	USA
Singapore	Singapore
Yemen	Hong Kong
USA	Korea Rep.
United Arab Emirates	Oman
Korea Rep.	India
France	Thailand
Australia	Brazil

SITC Sec. 4
(Animal Vegetable Oil Fat)

India	*China*
France	Hong Kong
USA	Japan
Japan	Netherlands
Iraly	Other Asia, n.e.s.
Netherlands	Chile
Ukraine	Malaysia
Thailand	N. Korea
Russsia	Germany
Czech Rep.	USA
Brazil	Korea Rep.

SITC Sec. 5
(Chemicals and Related Products)

India	*China*
USA	Hong Kong
Great Britain	Japan
Italy	USA
Hong Kong	Germay
Korea Rep.	Netherlands
Netherlands	N. Korea
Other Asia, n.e.s.	UK
United Arab Emirates	India
Russia	Thailand
Germany	Other Asia, n.e.s.

SITC Sec. 6
(Basic Manufactures)

India	*China*
USA	Hong Kong
Japan	Japan
Belgium	USA
Hong Kong	N. Korea
Great Britain	Germany
Italy	Singapore
Bangladesh	Netherlands
United Arab Emirates	Other Asia, n.e.s.
Singapore	UK
Germany	Italy

SITC Sec. 7
(Machines and Transport Equipments)

India	*China*
USA	Hong Kong
Bangladesh	USA
Singapore	Japan
Sri Lanka	Germany
Great Britain	Singapore
Malaysia	Other Asia, n.e.s.
Nigeria	UK
United Arab Emirates	Netherlands
Egypt	N. Korea
Germany	Indonesia

SITC Sec. 8 (Miscellaneous Manufactured Goods)	
India	*China*
USA	Hong Kong
Germany	USA
Great Britain	Japan
France	Germany
United Arab Emirates	Australia
Italy	N. Korea
Netherlands	Canada
Japan	France
Canada	Other Asia, n.e.s.
Switzerland	Russia

SITC Sec. 9 (Goods not Classified by Kind)	
India	*China*
USA	Pakistan
Great Britain	Thailand
France	USA
Italy	Hong Kong
Japan	Syria
Canada	Sri Lanka
Saudi Arabia	N. Korea
Netherlands	Zimbabwe
United Arab Emirates	Myanmar
Germany	Algeria

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