

The Impact of Regional Trade Agreements on Trade between India and Belt and Road Initiative Nations

HAJRA MANZOOR AND PARVEZ AHMAD MIR

This article evaluates the influence of regional trade agreements (RTAs) and international borders on international trade between India and the BRI nations using the structural gravity framework. The methodology utilised in this research produces robust results by accounting for endogeneity, RTA phasing-ins, multilateral impacts, and multiple estimation techniques. This analysis demonstrates that the influence of RTAs on trade among India and the BRI countries becomes minimal when the consequences of globalisation are considered. Furthermore, the diminishing influence of international borders on trade flow among member countries shows that more trade being facilitated between open economies.

1. Introduction

The world has seen a surge in economic integration agreements, primarily in the form of Regional Trade Agreements (RTAs). Over the previous two decades, the number of RTAs notified to the WTO has nearly quadrupled to over 450 accords. We are currently witnessing the BRI, one of the major economic integration endeavours begun and driven by China (Baniya et al., 2019). A number of transportation and infrastructure projects under this initiative fall into two categories: (i) the Silk Road Economic Belt, which connects China with Central and South Asia and on to Europe, and (ii) the 21st Century Maritime Silk Road, which connects China with Southeast Asia, the Gulf, East and North Africa, and Europe. In this regard, a quantitative policy analysis to assess the impact of these integration agreements on trade is more useful for policymakers in the current environment. Kurihara (2011) estimated the effects of RTAs on international trade flows among OECD (Organization for Economic Cooperation and Development) and non-OECD countries using a structural gravity model.

The purpose of this study is to examine the effects of RTAs on international trade flows between India and the 72 BRI member nations from 1999 to 2019, using a structural gravity model. India chose not to participate in the BRI for a variety of geopolitical reasons; nonetheless, literature lacks statistics on the trade possibilities between these nations and India. This article contends that the influence of RTAs on international trade flow changes over time, and that while India does not need to sign RTAs with various nations to encourage commerce, participation in specific development initiatives can bring comparable results. The rest of this paper is structured as follows. Section 2 provides a brief review of the literature, followed by a discussion on the econometric parameters of

Hajra Manzoor, Research Scholar, Department of Management Studies, Islamic University of Science and Technology, India.

Parvez Ahmad Mir, Associate Professor, Department of Management Studies, Islamic University of Science and Technology, India.

DOI : - <https://doi.org/10.32381/PROD.2022.63.02.4>