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TITLE: ECONOMIC IMPACT OF TRADE REFORMS BETWEEN INDIA AND LATIN AMERICAN COUNTRIES

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ABSTRACT:

The Latin American and Caribbean countries are becoming increasingly important to India in recent years. Several Latin American and Caribbean countries and officials of the Government of India are finding ways of augmenting trade and commerce between India and the LAC countries and have highlighted the fact that the trade relations between India and the region had increased positively over the past years and were encouraging. Recently some initiatives have been taken to foster the trade relationship. The paper assesses the economic impact of trade reforms between India and Latin American countries using GTAP framework. The GTAP model and database used to undertake the analysis is version 6. Several scenarios have been attempted. India has shown highest growth followed by Rest of Asia and Latin American countries. On the other hand simulated results of tariff reduction reveal a different picture. With import tariff reduction an improvement is noted in output and export growth for India and LAC. The paper also analyses welfare changes due to tariff reduction between India and LAC and finds that the welfare of India and LAC responds significantly, while for other regions the picture is not rosy. The paper suggests the diversification of trade to achieve the rapid growth in the context of recent global economic crisis. The suitable strategy will be to expand the trade in a new direction keeping the existing market intact.