

# **China and India in the international fragmentation of the global auto industry: A comparative analysis of recent developments**

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## **Abstract**

This paper explores the relative international positions of China and India in the international fragmentation of automobile production. Over the last decade, the size and composition of China's and India's trade flows by category has significantly changed in favour of components trade. We find evidence of increasing importance of vertical intra-industry trade in the automotive sector, although the majority of international trade for these two countries in the sector consists of inter-industry trade. This indicates that China and India are becoming more and more active participants to the vertical international production sharing in Asia.

*Key words* – China, India, trade specialization, fragmentation, automotive  
*JEL Classification* – F14; F19