

FOREIGN TRADE REVIEW

Quarterly Journal of
Indian Institute of Foreign Trade

OBJECTIVES OF *FTR*

Global economic relations among the nations today have undergone significant changes in the last 20 years. Several trade blocs have emerged with powerful economic backing along with an emerging consensus that countries should reduce the barriers in the way of free international trade. The pattern of trade of the developing countries has changed significantly and operations of multinational corporations have contributed to that change. New areas have emerged in the arena of trade during the GATT Negotiations.

In the international financial system in the post Bretton Woods System era, a very strong regime of international fund managers has acquired the centre stage and this has imparted volatility in the financial system. The developed countries are finding it more difficult to attend stability both in the financial and real sectors in international trade. All these require fundamental research to have the necessary policy prescriptions suitable for a developing country like India. There is a lack of forum in the dissemination of research in the field of international trade and related areas.

The *Foreign Trade Review* is an international quarterly intended to fill the urgent need as explained above. The Indian Institute of Foreign Trade - an apex institution for research, training and consultancy in the broad areas of international trade has taken up the task of the publication of the journal. The following are the objectives and scope of the journal:

- To provide a forum for debate and discussion of high quality theoretical and empirical research in the areas of international trade, finance and marketing.
- To provide an outlet for research in evaluation and interpretation of innovations in the instruments and methods in the areas of trade.
- To transmit information on system and policy developments, and wide statistical information related to international trade and the international bodies facilitating international trade transactions.
- To provide a forum for discussion on the areas relevant for the negotiations in WTO.

The Journal invites research papers covering areas and problems consistent with the objectives as laid down above. It also welcomes papers on policy relevance and operational aspects.

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IN THIS ISSUE

Food Safety Standards, Trade & WTO

By *Khushdeep Dharni*, Assistant Professor, Department of Business Management, Punjab Agricultural University, Ludhiana (Punjab).

Sonika Sharma, Assistant Professor (Home Science), Krishi Vigyan Kendra, Fatehgarh Sahib (Punjab).

ABSTRACT

With incidence of food-borne diseases, consumers have become more conscious of food safety. Share of high value food items in the export bounty from developing countries like India is on the rise. These high value food items such as fresh & processed fruits and vegetables, marine products, meat and its preparations are highly income elastic as well as sensitive from the viewpoint of food safety. Article 20 of GATT allows governments to act on trade in order to protect human, animal or plant life or health, provided they do not discriminate or use this as disguised protectionism. SPS Agreement sets out the basic rules concerning food safety and animal & plant health standards. It allows countries to set their own standards but also says that regulations must be based on science. With increased retail concentration ratio, large retailers in the developed countries are enforcing their own food safety standards and these standards are stringent as compared to standards of standard setting bodies of WTO. At times these standards are used for discrimination in international trade and are telling upon the exports from developing countries in terms of additional costs of compliance and lack of “harmonization” and difficulties in establishing “equivalence”. For the benefit of exporters from the developing countries and consumers of the developed countries, efforts must be made for encouraging harmonization in these private standards and reducing the resulting discrimination.

Determinants of Foreign Direct Investment in ASEAN

By *Dr. P.R. Bhatt*, Professor, Indian Institute of Management Kozhikode, Kozhikode.

ABSTRACT

The ASEAN region has become one of the most attractive investment locations in the developing world. It attracted FDI to the tune of US\$19 billion in 2003. Among ASEAN countries, Singapore topped the list with US\$11 billion FDI inflows followed by Malaysia (US\$2.5 bn), Brunei (US\$2.0 bn), and Vietnam (US\$1.5 bn) in 2003. An attempt has been made in this paper to understand the determinants of FDI in ASEAN. The empirical model is estimated for five countries of ASEAN and ASEAN region as a whole for the period 1976-2003. The estimation of the model shows that there is a positive influence of the size of the economy (GNI) on FDI inflows in the case of Indonesia and Singapore. The infrastructure is significant for Indonesia and Malaysia in attracting FDI. Exchange rate had influence on FDI for Malaysia. The openness of the economy was significant in attracting FDI for Indonesia. The model is estimated for panel data of ASEAN region by pooled least square method and fixed effect model. In the case of pooled least square method, gross national income (GNI) is very significant and having expected sign. This implies that market size attracted FDI in the ASEAN region. The depreciation of the currency attracted FDI inflows in ASEAN as indicated by the variable XR which is significant

with negative sign. Infrastructure is another significant variable in this model. Openness variable is significant but negative sign. When the model was estimated by fixed effect model it is found that all variables are significant with expected sign except in the case of the variable openness.

Managing Global Competitiveness: Advantage India

By *Dr. A.N. Sarkar*, Senior Professor (International Business), Asia-Pacific Institute of Management, New Delhi.

ABSTRACT

With the phenomenal growth in Indian economy - particularly in past one decade, following the processes of globalization and economic liberalization, India is now better poised to integrate the national economy with the Asian economy on one hand - the global economy, on the other. Whereas, the Global Competitiveness Index of the World Economic Forum points towards a huge potential for Indian all-round economic growth along with other BRIC's and Asian nations in the next decade, India has still to go a long way to catch-up with the developed economies; especially in terms of creation of industrial and social infrastructure, alternate energy, R&D, HRD, etc. An attempt has been made in the paper to make a comprehensive review and in-depth analysis of performances of various sectors of the economy where India has demonstrated global leadership, namely in Telecom and ITeS, Textiles, Gems & Jewellery, Automotive Engineering, Manufacturing, Pharma, Biotechnology, Agribusiness, Retails, Oil & Natural Gas, Energy & Power, Infrastructure, Banking & Insurance, Medico-Tourism, Hospitality, Entertainment & Media, Technical & Management Education, etc. with a view to suggesting future strategies to be globally competitive.

IIFT STUDY: Compendium on Technology Exports from India, 2008

Technology Intensive Exports from India: An Overview

GUIDELINES FOR AUTHORS CONTRIBUTING ARTICLES TO FOREIGN TRADE REVIEW (FTR)

Manuscripts submitted for publication must be in English. Electronic manuscript (floppy/CD) will be accepted provided it comes with a hard copy. All manuscripts should be typed in double space, in MS-WORD format with tables, diagrams, graphs, charts, etc., in Excel in black colour only on one side of the paper, with a wide margin (minimum one inch) on either side.

They are accepted for publication on the understanding that they contain unpublished work not submitted for publication elsewhere. Any special feature relating to the paper such as its presentation in a seminar/conference must be clearly indicated at the bottom of the first page.

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- (b) Coes, Donald V. (1981), "The Crawling Peg and Exchange Rate Uncertainty", in John Williamson (ed.), *Exchange Rate Rules: The Theory, Performance and Prospects of the Crawling Peg*, St. Martin's Press, New York, pp. 113-116.
- (c) Ware, Roger and Ralph Winter (1988), "Forward Markets, Currency Options and the Hedging of Foreign Exchange Risk", *Journal of International Economics*, Vol. 25 (November), pp. 291-302.

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All manuscripts must be addressed to The Editor, *Foreign Trade Review*, Indian Institute of Foreign Trade, B-21 Qutab Institutional Area, New Delhi-110016, India. (E-mail: akanungo@iift.ac.in)

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