



## Conference Summary

### Second Research Conference on “Empirical Issues on International Trade and Finance”

**Date:** 16<sup>th</sup> and 17<sup>th</sup> December 2010

**Venue:** Indian Institute of Foreign Trade, New Delhi

**Website:** <http://eiitf.iift.ac.in>

The Indian Institute of Foreign Trade (IIFT), a Deemed University, organized its Second Research Conference on Empirical Issues in International Trade and Finance on 16th and 17th December 2010 at its Delhi Campus. The conference received wide response from the academia and the policy research community in India and abroad. Total 140 abstracts were submitted from Universities and Research Institutes and multilateral bodies. After short listing 90 proposals, the scrutinizing committee approved 76 abstracts. Finally 59 papers were presented in the conference, which included 17 participants from abroad. Participants have come from developed countries such as USA, France, Belgium, and Denmark as well as from developing countries from Asia and Africa like Nigeria, Lesotho, Iran etc. Paper presenters also came from neighbouring countries such as Bangladesh and Pakistan. Prof. Richard Baldwin, Graduate Institute, Geneva, Prof. Bernard Hoekman, World Bank, Prof. Gita Gopinath, Harvard University and Dr. Ganeshan Wignaraja, Asian Development Bank were invited speakers for the Conference. Due to some urgent engagement, Dr. Wignaraja could not attend the conference but his paper was presented through slide show.

The first conference of the institute was successfully held at the Kolkata Campus in 2008. The broad areas covered under this year's conference included all major topics of contemporary interest: Trade led Recovery from Recession, Trade, Inclusive Growth and Macroeconomic Issues, New Dimension in Trade Theories, Contemporary issues in Trade Policy Formulation

(including WTO and RTAs), Capital Flow and International Finance in the Realm of Crisis, Emerging Financial Architecture and Regulation etc.

Shri Montek Singh Ahluwalia, Deputy Chairman Planning Commission, Dr. Rahul Khullar, Secretary, Ministry of Commerce, GOI and Chairman, IIFT, Shri K.T. Chacko, Director, IIFT, Prof. Richard Baldwin, Graduate Institute, Geneva and Prof. Vijaya Katti, Chairperson, Research Division were present at the inaugural function. Prof. Katti introduced the conference and welcomed the participants at the inaugural function on 16<sup>th</sup> December.

In his welcome address Shri K. T. Chacko mentioned that IIFT has been major contributor to studies in International Trade and Business and with the focus on International Business and Development, it has reflected in all three major activities of the Institute: Research, Training and Education. He emphasized that faculty and researchers of IIFT work in different national and international projects, publish extensively in the area of international business and attend various conferences. While addressing the participants, Dr. Rahul Khullar highlighted the achievements of the Institute and appreciated the important role played by the Institute in the area of Training and Research. He pointed out that the outreach programme and research are two important aspects of any good institute and IIFT is doing commendable job in both the activities. Prof. Baldwin in his speech mentioned about the importance of liberalization of trade. He also pointed out that mercenary protectionism has been one of the main reasons behind the economic recession of year 2008. While addressing the gathering Mr. Ahluwalia focused on new areas to conduct research which include issues in services trade, open economy macroeconomics and implication of new trade regime on the economy. He mentioned that institutes like IIFT should remain at the forefront in the discussion of developing new policies required during the time of globalization. Dr. Rahul Khullar inaugurated IIFT's working paper series and released first two issues of the series. Shri Montek Singh Ahluwalia also released a book of Prof. Rupa Chanda, IIM Bangalore, on services integration in South Asia in the inaugural session.

The first special lecture by Bernard Hoekman was on the issue of Services, Trade and Policy extensively dealt and explained the interrelation between growth, productivity and services. During his presentation Dr. Hoekman demonstrated how services sector of an economy can work as catalyst for the development of other sectors. The second special lecture by Richard Baldwin named "21st Century Regionalism: Filling the Gap Between 21st Century Trade and 20th

Century Trade Rules” mainly focused on changing trade & its governance, economic analysis of RTAs when preferences are not important. The role of WTO in the context was also discussed. He also focused on the requirement of new discipline going beyond the idea proposed by Jacob Viener. In her special lecture on “The Long and Short of Exchange Rate Pass-through” Prof. Geeta Gopinath emphasized the open economy context to understand frequency and dynamic response to cost shocks, and documented a positive relationship with US data. Moreover, she concluded that models with incomplete pass-through and endogenous frequency choice are consistent with this pattern, while standard CES-Calvo framework is not. The last special lecture was given by Dr. Will Martin on the issue of the Distortions to Agricultural Incentives in Asia. While explaining about the work and comparing the experience in other continents, Dr. Martin highlighted that countries need to look beyond the domestic need to solve the global food problems and its price volatility.

The IIFT-FICCI policy forum was held on the 16<sup>th</sup> December on Addressing the Challenges of Trade Integration in South Asia, where policy makers, researchers and industry representatives had deliberations on the issues pertaining to trade integration in South Asia. The policy forum was attended by many academicians, experts and researchers. Shri R.S. Ratna, Joint DGFT, GOI was moderator of the policy forum while Dr. Rupa Chanda of IIM Bangalore, Shri Vinod Ahuja, Member, SAARC Chamber of Commerce and Industry and Chairman, VRA Cotton Mills Ltd, Ms. Mia Mikic, UNESCAP, Bangkok, and Shri S. K. Agrawal, Member, FICCI-SAARC forum and Director, Vimal Organics Ltd were the main contributor to the issue for the round table discussion. The "Policy Forum" discussed the challenges faced by South Asian countries in international trade integration process and the ways to mitigate these challenges. It also discussed the progress made in SAARC, the SAFTA trade liberalization and associated mechanisms alongside the nature of safeguards provided for. Some fresh insights on the status of SAARC trade integration process in a dynamic setting are also brought out. The forum made an assessment of the regional integration process and identifies certain policy-induced and structural constraints that have important policy-implications. It identified the infrastructure challenges for the future, and provides some policy options in order to better integrate the South Asian region.

During the conference, discussion on three books has been held. Dr. Rupa Chanda discussed about her book, “Integrating Services in South Asia: Trade, Investment and Mobility”. Dr. Will

Martin made a deliberation on “Distortions to Agricultural Incentives in Asia”. Dr. Mia Mikic made a presentation on Asia Pacific Trade & Investment Report, 2010.

Besides these special lectures, policy forum and book discussion there were total 17 technical sessions. The main themes of these sessions were Trade and Finance Interface (4 papers), Trade Theory and Policy (10 papers), Trade and Growth (7 papers), Competitiveness (3 papers), Regional Trade Agreement (8 papers), Exchange Rate and Capital Flow (17 papers), Political Economy of Trade (7 papers) and Trade and Environment (3 papers).

Under trade and finance the main discussion was around rejuvenating the public-private partnerships (PPP) in Asia, impact of financial recovery on textile exports, the optimal currency area and the GCC (Gulf Council Countries) etc. For trade and policy the focus was on the dynamics of world trade and Indian trade scenario, regional integration, labour and capital market scenario in the era of globalization etc. In the technical sessions under the theme “Trade and Growth” structural changes and instability in India’s exports and imports, investment, export and productivity linkage, state level export potentials were some major issues discussed in details. The session on competitiveness witnessed various issues starting from technical efficiency of industries, cross regional export potential study and intellectual property right. Regional trade agreement has been one of the most discussed topics in recent times. Likewise financial integrating in different regions starting from United States, East Africa to SAARC and ASEAN regions have been focused. The theories regarding rules of origin have been another important focus area. Exchange rate and capital flow has been the most extensively discussed topics. Besides exchange rate regimes, financial crisis was the other area which has been discussed in details. Non-tariff measures, trade policy and the business political outlook, Indian antidumping policy, SPS standards were the major topics discussed in the technical sessions under the theme political economy of trade. The thrust areas of the technical session Trade and Environment were global climate change and Indian carbon market, trade and environmental disputes in WTO and Green stimulus in regional cooperation. In the valedictory session Dr. Mia Mikic highlighted the importance of more research in trade and finance areas and congratulated IIFT for taking up the effort of conducting such conference. In this session ‘best doctoral paper award’ was given to Mr. Christian Viegelahn (IRES, Universite Catholique de Louvain, Louvain-La-Neuve, Belgium) for his paper “Indian Antidumping Policy and its Impact on the Markups of Domestic Firms” (Co-author Hylke Vandenbussche).

The Conference ended with the vote of thanks by Dr. Biswajit Nag to all dignitaries, paper presenters, session chairs, discussants and sponsors. IIFT faculty and staffs have been acknowledged for their involvement to make this conference successful. Shri K.T. Chacko, Director, IIFT announced that the next conference will be held in 2012 on the eve of IIFTs golden jubilee year.

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