

INTERNATIONAL TRADE & W T O

AT

DR MCR HRD IAP

ON

8TH OCTOBER

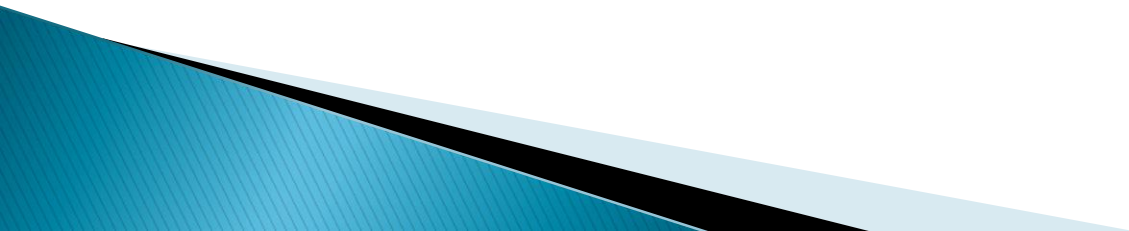
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WHY DO COUNTRIES GO FOR FOREIGN TRADE?

BECAUSE

TRADE IS AN ENGINE OF GROWTH



WHAT IS THE BASIS OF INTERNATIONAL TRADE ?
OR
DETERMINANTS?



THEORIES OF INTERNATIONAL TRADE

1 CLASSICAL THEORY OF INTERNATIONAL TRADE –RICARDO

2 HECKSCHER –OHLIN THEORY

3 NEW TRADE THEORY-KRUGMAN



RICARDO THEORY KNOWN AS THEORY OF COMPARATIVE ADVANTAGE

OR

THEORY OF COMPARATIVE COST

TYPES OF COST DIFFERENCES:

- 1 ABSOLUTE COST DIFFERENCE
- 2 EQUAL COST DIFFERENCE
- 3 COMPARATIVE COST DIFFERENCE

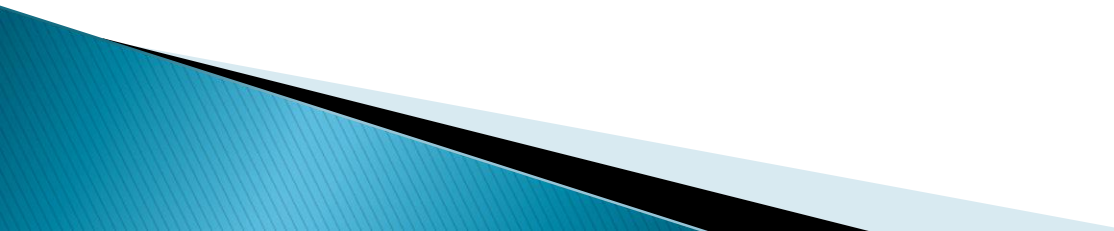
HECKSHER-OHLIN THEORY OR FACTOR PROPORTION THEORY

THEORY STRESSES THAT COUNTRIES SHOULD PRODUCE AND EXPORT
GOODS THAT REQUIRE RESOURCES (FACTORS) THAT ARE ABUNDANT.

FURTHER THEORY ARGUES THAT THE PATTERN OF INTERNATIONAL TRADE
IS DETERMINED BY DIFFERENCES IN FACTOR ENDOWMENTS.

CAPITAL INTENSIVE AND LABOUR INTENSIVE GOODS.

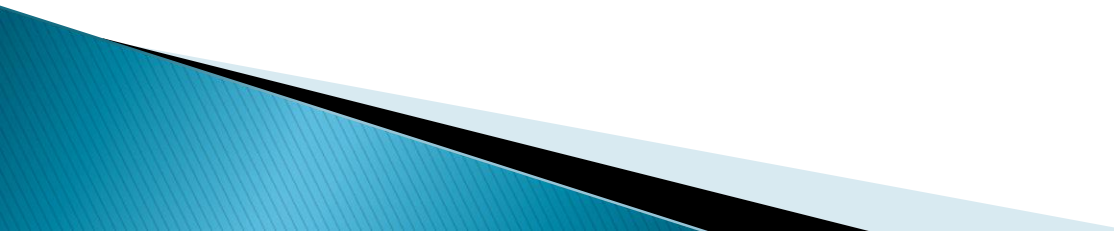
NEW TRADE THEORY(NTT) BY KRUGMAN

1. PREFERENCE FOR DIVERSITY IN CONSUMPTION
 2. INCORPORATING ECONOMIES OF SCALE IN PRODUCTION .
 3. TAKES INTO ACCOUNT Transportation cost
- NEW ECONOMIC GEOGRAPHY.
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WORLD TRADE ORGANISATION –WTO

WTO IS A CORPORATE BODY– recognised by international law

BASIC PRINCIPLES OF WTO

- 1 TRADE WITHOUT DISCRIMINATION
 - 2 ALL MEMBERS OF WTO TREATED THE SAME
 - 3 FREE TRADE
 - 4 RULE BASED ORGANISATION
 - 5 PROMOTING FAIR COMPETITION
 - 6 DISPUTE SETTLE MECHANISM
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DOHA ROUND OF NEGOTIATIONS

PENDING SINCE 2001

ISSUES

1 TRADE FACILITATION

2 FOOD SECURITY

3 DEVELOPMENT DIMENSION
INCLUDES

i) QUOTA FREE MARKET ACCESS

ii) SUBSIDIES



THE 9TH MINISTERIAL CONFERENCE

IN DEC 2013 AT BALI ISLAND

DG OF WTO SAYS

GLOBAL TRADE DEAL WITHIN REACH

Q&A

THANQ