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Third Concept aims at providing a platform where a meaningful exchange of ideas can take place among the people of the Third World. The attempt will be to communicate, debate and disseminate information, ideas and alternatives for the resolution of the common problems facing humankind. We welcome contributions from academics, journalists and even from those who may never have published anything before. The only requirement is a concern for and desire to understand and take the issue of our time. Contributions may be descriptive, analytical or theoretical. They may be in the form of original articles, reactions to previous contributions, or even a comment on a prevailing situation. All contributions, neatly typed in double space, may be addressed to:

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INSIDE

Editorial

New Trade Order

In the wake of ongoing trade spat between the United States and China and President Trump's withdrawal from the Trans-Pacific Partnership (TPP) and Washington's repeated warnings to EU countries of imposing additional tariffs, there arises a question whether a new trade order is taking shape or not. Optimism for such a surmise gets engendered in the wake of the reported move by non-US members of the TPP to resurrect the erstwhile TPP as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The proposed exit of the UK from the European Union (EU) on March 29, 2019 is also likely to impact the pattern of global trade. Increasing global investment in cleantech, which currently exceeds $1 trillion and will reach $2.5 trillion by 2020, is another emerging decisive factor impacting the pattern of global trade. Blockchain technology that permits multiple players to have access to a live, irreversible digital ledger, entails the potential of offering game-changing prospects for international trade finance. This fintech is gradually moving into the mainstream world of global financial institutions.

Leading international business consultancy firms have ranked Brazil, New Zealand and India as the rising players of emerging new trade order. Brazil, having seen a quick recession recovery, is growing at an expected rate of 3.1% and New Zealand has been ranked second by Forbes in its 2018 Best Countries for Doing Business rankings, citing its 3.6% economic growth in 2017, among other factors. India's case is recommended by Morgan Stanley on account of India's enhanced digitization, new tax laws and younger demographic dividend, which present a bright future for the country entailing the potential of emerging as the world's fastest growing economy over the ensuing decade. However, the World Trade Organization (WTO) has recently predicted that the growth of global merchandise trade would be moderated to 3.7% in 2019 from 3.9% in 2018, as a sequel to escalating trade tensions and tighter credit market conditions in important markets. As per WTO estimates, trade volume growth in 2019 should slow to 3.7% as global GDP growth dips to 2.9% during the same period. It is further reported by the WTO that North America had the fastest export growth and Asia had the strongest import growth in the first half of 2018 while resource-based economies still struggled.

While referring to volatility in exchange rates due to monetary policy tightening in developed economies, the WTO report says that such a situation is likely to continue for some time. According to the report, "Developing and emerging economies could experience capital outflows and financial contagion as developed countries raise interest rates, with negative consequences for trade." Identical pessimistic scenario is projected by UNCTAD's 2018 Trade and Development Report, especially when it says that while the global economy has picked up since early 2017, growth remains spasmodic with many countries operating below potential. The difficult phase through which global economy is passing does not bode well for Indian economy because India could be the worst sufferer of declining trade and slow global economic growth as its share in world trade is rising. Media reports indicate decline in India's exports for the first time in the current fiscal, with shipments contracting 2.15% in this September to $27.95 billion. India's global trade increased by 16.32 per cent to USD 767.9 billion in 2017-18, and in 2016-17, the trade stood at USD 660.2 billion.

In order to keep pace with emerging global trade trends and maintain the momentum in its foreign trade, India needs to focus on structural reforms, such as rationalizing India's tariff structure, especially in accordance with the recommendations of the Chelliah Committee back in 1993. While plugging the gaps in the Foreign Trade Policy 2015-2020, it also needs to bring a sort of semblance of equilibrium in its overall trade balance by increasing and diversifying its exports. India's trade deficit that stood at $108.5 billion in 2016-17 widened to $156.8 billion in 2017-18 amid rising global trade tensions. Imports grew by 7.2% to $42.8 billion in March this year, yielding a traded deficit of $13.7 billion against $10.7 billion in March last year. Trade deficit is a perennial problem haunting Indian economy for many years and it has to be narrowed down via appropriate policy measures and reducing dependence on unnecessary imports through innovation.

— BK