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Debashis Chakraborty & Jaydeep Mukherjee
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Book Review

The prominence of Asia in global economy is continuously increasing over the past decades. On one hand, as part of their WTO commitments the Asian countries have lowered their trade barriers through the multilateral negotiations. On the other hand, the recent period has witnessed emergence of several bilateral, regional and cross-regional trade agreements for enhancing trade-investment flows both with Asian and non-Asian partners. The recent Asian regional trade agreements (RTAs) have augmented trade-investment flows on one hand and deepened their presence in global value chains (GVCs) through introduction of specific trade facilitation measures on the other. The integration process in Asia will receive further boost once the ongoing mega-RTAs negotiations, e.g., Regional Comprehensive Economic Partnership (RCEP) and Trans-Pacific Partnership (TPP), are completed.

India, a country at the crossroad between west, central, east and Southeast Asia, holds a crucial role in Asian context, given its' shared land border with several neighbours and consistent growth rate in excess of 6 per cent since late nineties. There is a perceived need to empirically explore the trade-investment nexus in Asia in general and through India's trade relationship with select Asian and non-Asian partners in particular. In this context, the recent volume edited by Chakraborty and Mukherjee is a well-structured and timely contribution to the literature, which analyzes the emerging issues. The introduction of the volume details the evolutions in trade patterns involving Asian countries, the wider context and the empirical issues.

The volume is arranged in four sections. The first section deals with the empirical and policy issues and consists of seven papers. The first paper by Kelkar and Burabge analyzes the nature of India's Intra-Industry Trade (IIT) over the past two decade and observe that India is improving on quality ladder. The second paper by Nag finds that the degree of foreign value added component in India's gross exports in selected sectors between 2000 and 2009 is rising, confirming deepening of International Production Networks (IPNs). Analyzing the

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determinants of Iran-India trade, the third paper by Tayebi and Zamaniconcludes that there is ample scope for both partners to expand their trade relations through IIT-type trade. The fourth paper by Biswas notes that firm heterogeneity crucially explains the export performance of Indian manufacturing firms belonging to different technology groups, while growing significance of imported capital goods indicates deepening of IPNs. The fifth paper by Nordås and Rouzetob serves that reforms in key services sectors can significantly improve the competitiveness of downstream manufacturing industries. Analyzing the dynamics within accountancy services sector in Asia, the sixth paper by Gupta and Chanda underlines the huge export potential from India, but stresses the need for domestic regulatory reforms. The last paper by Kunroofinds that adoption of euro as a currency significantly enhances trade for European Economic and Monetary Union (EMU) economies, thereby underlining an Asian Monetary Union (AMU) along the same line.

The second section covers the factor flow dynamics and includes five papers. The first paper by Baranwal indicate that while in the Indian context FDI inflows have facilitated human capital formation, it simultaneously fueled sharp wage inequality. The second paper by Mukherjee and Zafar through a theoretical analysis concludes that with FDI-SEZ policy reforms, while the industry and agricultural sector may grow with rising exports, the workers may consequently suffer from a decline in wage income. Through a firm-level analysis, the third paper by Sharma notes that large firms significantly benefit from FDI inflows vis-à-vis their smaller counterparts, emphasizing the importance of a threshold level of firm size in utilizing the received capital. The fourth paper by Zenasni and Benhabib notes that vulnerability to external shocks has been lowered through deeper monetary, financial, and economic integration in Maghreb countries and recommends formation of an AMU involving Asian countries. The fifth paper by Jadhav, Katti and Chaudhary indicates that FDI inflows in primary, manufacturing and service sectors are influenced by various drivers in emerging economies, though overall institutional and governance factors are not among the significant determinants.

The third section, which includes three papers, focuses on sustainability considerations. Through a literature review, the first paper by Mukherjee and Chakraborty discusses the evolving trade dynamics and the environmental policy instrument choices for countries, e.g., border tax adjustments (BTA), tax-subsidy policies, standards. The second paper by Bhattacharjya, Nanda and Chaudhury reports the adverse impact of specific carbon based BTA measures on India's export to select EU countries, particularly on growth and employment in small and medium enterprise (SME) sector. The third paper by Chakraborty and Mukherjee indicates that irrespective of income level, higher merchandise trade orientation leads to higher per capita CO₂ emission in all countries.

The last section discusses concerns relating to institutional and procedural issues and includes three papers. Critically examining the WTO Agreement on Agriculture (AoA), the first paper by Sharma observes the potential concerns for developing countries like India in the aftermath of the Bali declaration (2013) related to public stockholding. The second paper by Ratna compares the initiatives within Association of Southeast Nations (ASEAN) and South Asian Association for Regional Cooperation (SAARC) to resolve the non-tariff concerns to trade, namely sanitary and phytosanitary measures (SPS) and technical barriers to trade (TBT), and outlines possible scope for regional cooperation through harmonization and mutual recognition agreements (MRAs). The last paper by Maiti and Kumar notes the importance of deepening trade integration between Asia and Pacific Island Countries (PICs), for the benefits of the latter group. The final chapter summarizes the emerging lessons and explore the areas of future reforms.

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Overall this book is an interesting read on issues that are topical and have great policy relevance. It is a must-read reference for anyone willing to explore more about trade and investment nexus in the Asian sub-region.



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