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   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

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   ACKNOWLEDGMENTS

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   APPENDIX/ANNEXURE

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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

EFFECTS OF INTERNATIONAL BUSINESS ON DEVELOPING COUNTRIES

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ABSTRACT

The majority of WTO members are developing countries, and over the years, trade openness has contributed considerably to enhancing developing countries' participation in the global economy and these countries are heavily depend on exports of primary products with attendant risks and also on imports (typically of machinery, capital goods, intermediate producer goods, and consumer products). In an era of growing competition and globalization developing countries are deeply indulging in international trade via various ways to find a space in the global marketplace and help in strengthening their competitive advantage. International Trade is one of the major strategy for growth of the economy, it creates number of positive aspects for the developing economy but there are some weaknesses also attached with this concept.

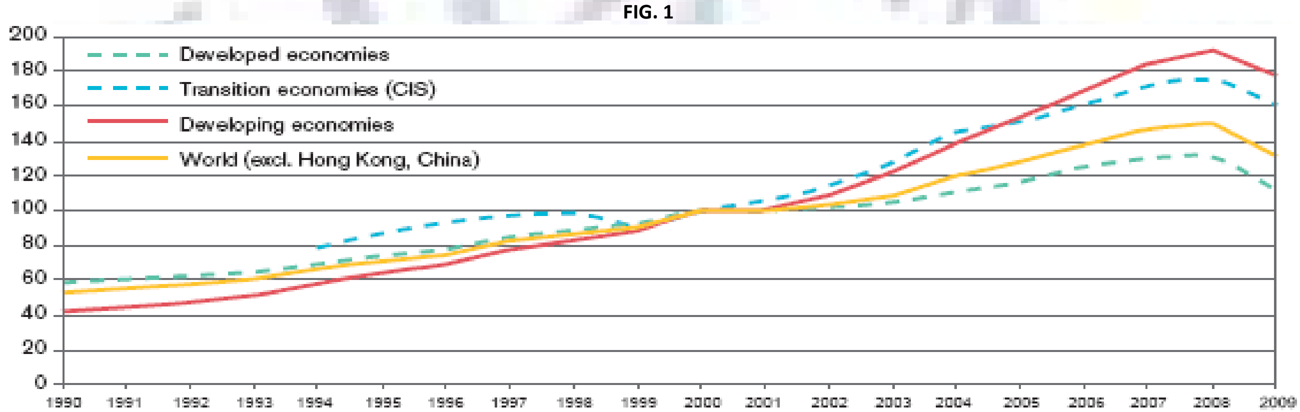
KEYWORDS
Developing Countries, International Trade, Trade Liberalization, Unequal Exchange, WTO.

INTRODUCTION
The expression international business refers to commercial activities performed to promote the transfer of technologies, goods, services, resources, people, and ideas across national boundaries. International business takes place under many different formats, from the movement of goods from one country to another (exporting and trade); to contractual agreement giving firms in foreign nations legal permission to use products, services, and processes from other nations (franchising, licensing, subcontracting production); to companies setting up sales, manufacturing, research and development, and distribution facilities in foreign markets.

ADVANTAGES OF INTERNATIONAL BUSINESS
- **Nation:-** At the nation-state level, participation in international business activities helps countries take advantage of national expertise in commerce to deliver goods and services into the international marketplace. It also increases the varieties of goods and services available in national markets and exposes consumers to new lifestyles and ideas. Over time, these exposures affect national cultures including their political and economic institutions, and impact a society's behaviors, attitudes, and lifestyles. Governments have major effects on international business activities in determining how open (or closed) national economies are to external influences such as trade and investment.
- **Company: -** For companies, international business increases competition in domestic markets and opens up new opportunities abroad. Global competition forces firms to be more innovative and efficient in their use of resources.
- **Consumer: -** For consumers, international business brings increased varieties of goods and services into the world marketplace and enhances living standards. Just as important, open borders means increased exposure to new ideas, technologies, and ways of doing things.

DEVELOPING COUNTRIES AND INTERNATIONAL BUSINESS
Developing countries greatly depend on exports of primary products with attached risks and also on imports. These developing countries suffer from chronic deficits on current and capital accounts which deplete their reserves, causes currency instability, and a slowdown in economic growth. Importances of exports to developing nations are very significant. Exports of LDCs are much less diversified than those of developed countries. The neoclassical model of international business is suggest that all countries gain from trade, such as world output increases with trade, indulging countries will tend to specialize in products that use their abundant resources intensively, International wage rates and capital costs will gradually tend toward equalization, Returns to owners of abundant resources will rise relatively and all these factors will stimulate economic growth. Furthermore international trade promotes international and domestic equality and this trade will also promotes and rewards sectors of comparative advantage. On the whole outward-looking international policy is superior to isolation. Rich-nation's economic, commercial policies and Tariff and non-tariff barriers matters to LDC exports.WTO has in reality worked hard to clear the path of international trade for the developing nation via. Doha Development Round 2001 which has tilted the focus on the needs of the developing world.
The greater part of WTO members are developing countries, and From 1990 to 2008, the volume of exports from developing countries increased consistently faster than exports from developed countries or the world all together, as did the share of developing countries' exports in the value of total world exports. For example, between 2000 and 2008 the volume of developing countries' exports roughly two folded, whereas world exports increased by only 50 percent.

FIG. 1



Source: WTO

OBJECTIVES OF THE STUDY
- To understand the concept of international business.
- To study the effects (both positive and negative) of international trade on different developing countries of the world.

- To understand the various aspects of International trade in today's competitive world.

RESEARCH METHODOLOGY

This research paper includes study of various research papers which are being printed in various journals of the world. This paper is based totally on secondary data and no primary research is conducted for compiling this report.

REVIEW OF LITERATURE

Balassa (1984); "Trade Between Developed And Developing Countries': The Decade Ahead".

The study aims to define the interests of the developed and developing countries in the liberalisation of their mutual trade. Possible approaches to harnessing these interests for promoting North-South trade in the decade ahead are also analyzed. Having reviewed changes over time in international trade between developed and developing countries, the author in his paper has considered the interests of the two groups of countries in the liberalisation of their mutual trade. Proposals have further been put forward for a strategy that may be followed in regard to the modalities and the content of trade negotiations. No attempt has been made, however, to provide detailed recommendations on 'the conduct of the negotiations or to examine the impact of trade liberalisation on individual countries within the two groups. While the paper has concentrated on the gains developed and developing countries may derive from reciprocal trade liberalisation, one should emphasize the interests of the developed countries and of the newly industrializing countries in liberalizing their own imports. In fact, the governments of these countries could utilize the opportunity provided by the proposed North-South trade negotiations to overcome domestic protectionist pressures. This is analogous to the case where reformers in developing countries rely on the World Bank and the IMF to demand the implementation of policies they favor. At the same time, the existence of an asymmetry between the developed and the developing countries should be noted. As the developing countries spend all of their foreign exchange earnings on goods imported from the developed countries, trade liberalisation by the latter group of countries would not adversely affect their payments balances. In turn, in liberalising their trade, the developing countries would have to find markets for their exports so as to pay for the increased imports. Correspondingly, while their national interest, as well as the interests of the world economy, demands that the NICs reduce their trade barriers, they would have to be provided with security of market access in the developed countries. This fact, then, puts a particular responsibility on the developed countries to take adjustment measures that would permit liberalising their trade.

Nogues (2002); "Unequal Exchange: Developing Countries In The International Trade Negotiations".

The study explains that how the political economy forces operate to influence, for the good and for the bad, unilateral and multilateral trade policies. The history of the first rounds of multilateral trade negotiations shows that the exchange of market access concessions was a process characterized by reciprocity and mutual benefits among participating countries. In these negotiations, developing countries did not achieve the degree of reciprocity expected from the previous history of the trading system.

This outcome has been explained in part by increasingly aggressive demands by industrial countries and in part, by the lack of adequate resources of least developed countries. These and other "structural factors" such as lack of negotiating experience and inadequate knowledge on economic impacts weaken the negotiating capacity of developing countries and suggest that in multilateral or regional trade negotiations with industrial countries, they are at a disadvantage. The thesis of this paper is that these exchanges of concessions are most likely to be "unequal exchanges".

According to the study unequal exchanges result in unbalanced outcomes and this can have serious consequences for developing countries and the trading system. For developing countries, an unbalanced outcome as measured by the difference between the value of concessions given and received has two economic costs:

(a) The costs associated with a degree of access to foreign markets that is lower than the one that would have resulted from balanced negotiations and,

(b) The costs associated with the weakening of their bargaining power implied by "excessive concessions" given in past negotiations.

The paper also illustrates the significant gains that efficient agricultural producers could reap in international negotiations; author has also taken up the Uruguay Round as an example of a negotiation characterized by an unbalanced outcome explained in part by an "unequal exchange" process. And he also explained some of the elements that help to understand why some trade negotiations are likely to result in "unequal exchanges". It starts by presenting some of the "structural factors" that help to understand the weak negotiating capacity of developing countries. The problems associated with this weakness are compounded by industrial countries´ "aggressive unilateral policies" and their ability to prevail in the definition of the negotiating agendas.

The conclusions developed by the author are:

- Developing countries bring to the negotiating table, what appears to be serious structural weaknesses. In some cases, they simply don't have the resources that are necessary even to attend the discussions. This extreme example of "unequal exchange capacity" characterized the situation of several least developed countries during the Uruguay Round negotiations (Blackhurst, Lyakurwa and Oyejide, 1999). Apparently, these countries were asked to sign by the cross and were told that at a later date they would receive technical assistance explaining them what it was all about.
- The more advanced developing countries are in a better resource position, however, they are also handicapped from what appears to be other weaknesses associated with their development stage and lack of experience. A closer look suggests that there is some room for improvements including management structure and arrangements for the international trade negotiations.
- A third area to look at is the linkages between the private and public sector, which also represents a barrier for negotiating effectively. Reforms have to be supported politically and for those induced by trade negotiations, this requires an efficient public sector-private sector consultative mechanism which many developing countries must still develop.

Spanu (2003); "Liberalization Of The International Trade And Economic Growth: Implications For Both Developed And Developing Countries".

The debate over trade liberalization is part of a larger debate that deals with the impact on the economic growth of free movement of goods, capital and labor force across borders. Most economists agree that trade liberalization could positively affect economic growth, but the differences are at what stage of development a country should open its market. The paper describes different views that form the world trade policy mosaic. This study addresses the changes, in the last year or so, within international organizations regarding trade liberalization policies. There is more understanding in the world now that industrialized countries' protectionist trade policies are on the expense of developing countries, in particular of the least developed countries. International organizations started to shift their focus from imposing liberalization of trade in developing countries to eliminating tariff and non-tariff barriers in developed countries, especially in Quad countries—Canada, the EU, Japan, and the United States.

The observed theory suggest that most economists agree that trade liberalization could positively affect economic growth, but the differences are at what stage of development a country should open its market. So far, the liberalization of trade has been pushed by international organizations mostly towards developing countries through structural adjustment loans conditionalities of the World Bank and IMF, within the World Trade Organization negotiation framework. A higher role is envisioned for academia, that along with social groups, representatives of international organizations that are concern of trade policies should engage in public debates more actively. An important step in transforming the international trade in a tool for economic growth for developing countries could be the engagement in debates policy makers from the industrialized countries. Conferences, open TV debates are among ways how to make alternatives views heard. The next WTO ministerial meeting in Cancun would show how open are industrialized countries to make policy changes in favor of development for poor countries. Before and after Cancun there is still a long way to go to transform international trade into a development tool that would benefit all and each trade partner.

Arbache, Dickerson and Green (2004); "Trade Liberalisation And Wages In Developing Countries"

The study reviews the effects of trade liberalization on wages in developing countries, and presents new evidence for Brazil. The experience of trade liberalization in developing countries has been quite varied, and understanding the effects of increasing openness on their wage structures is a complex task. Some recent empirical studies show that trade liberalization can be associated with an increase in the returns to higher levels of education, similar to that observed in some developed countries. These studies are reviewed in the paper.

The findings of the author are consistent with theories which imply that trade liberalization unleashes a period of intensified competition and technical innovation that is complementary with high-level skilled labor. Trade and technology are thus intimately linked as sources of change in wages in the case of developing countries.

The study has examined the experience of Brazil in some detail. Brazil is a large developing country which undertook a concentrated bout of trade reform in the early 1990s. The data show that wages tend to be lower in traded industries than in non-traded industries, mainly because the traded industries employ workers with lower average education. The authors have investigated both the returns to skill, which turned out to be relatively high in Brazil as previous studies have found, and their interaction with sectoral wage differences, on the grounds that trade reform is also likely to signal increased product and labor market competition, and therefore lower rents.

Their main conclusions in respect of trade liberalization and wages in Brazil are:

(i) Overall, allowing for education and experience, wages in the traded sector were lowered substantially by increasing the degree of openness following liberalization, consistent with the view that the reforms raised the degree of competition in traded industries and thereby reduced rents. Wages were also lowered (though by less) in the non-traded sector, indicating either a degree of spill-over, or the effects of other changes such as privatization or deregulation that took place later in the 1990s. Nevertheless, since education levels also rose, the average economy- wide wage level barely changed over the 20 year period under investigation.

(ii) The increasing openness had differential effects across education groups and within sectors. Across the whole economy, the marginal returns to education were lower in the post-liberalization than the pre-liberalization period, except for college-educated workers for whom the marginal re-turn increased. Within the traded sector, increasing openness was associated with lower wages but the downward impact of openness on wages was insignificant at the highest two education levels.

The importance of this finding is in relation to the policy implications of future trade reforms in other countries. To the extent that they can be generalized to other developing economies at a broadly similar stage of development, they suggest that trade reforms generate reductions in rents where they exist (and hence wage reductions), while highly educated workers are likely to be protected by an increasing demand for their expertise in transferring and utilizing incoming technology.

Nissanke and Thorbecke (2005); "The Impact Of Globalization On The World's Poor: Transmission Mechanisms"

The study presents a summary of main findings from the papers presented at the first Project meeting in Helsinki, October 2004. This meeting focused on conceptual and methodological issues with a view of discerning channels and transmission mechanisms through which the process of globalization affects different aspects and dimensions of poverty in the developing world. The paper examines how these numerous channels interact and the net effects on poverty depend on the relative strength of the positive and negative forces of globalization.

Nissanke and Thorbecke (2005) examine the "growth" channel by scrutinising the causal chain openness-growth-inequality-poverty link by link. Openness through trade and financial liberalization increases the flow of goods and capital across national borders and can contribute significantly to economic growth (the openness-growth link). However, the direction of causality in this link is still being debated as well as how trade and capital flows may be interlinked into a virtuous circle. Furthermore, the positive openness-growth link is neither automatically guaranteed nor universally observable.

Heshmati (2005) takes a rather different, aggregate approach to assessing the impact of globalisation on poverty. Heshmati finds a weak and negative correlation between globalisation and income inequality and poverty, as very little of the variance in inequality and poverty outcomes can be explained by globalisation operating through these four channels.

Rather his results show that the regional variable plays an important role in the explanation of a variation in inequality and poverty, which makes the globalization coefficient insignificant. This suggests that regional characteristics play a dominant role in how poverty and inequality are affected by the four globalisation components. His results generally confirm that initial endowments and the degree and nature of integration into the international economy largely determine the distributional effects of globalisation.

Kalwij and Verschoor (2005) examine the impact of globalization on poverty, focusing on the responsiveness of poverty to aggregate changes in income distribution. For this purpose, they decompose poverty trends into an income effect and a distribution effect over the period 1980-98, under the assumption of a log-normal income distribution for six major developing regions: East Asia, Eastern Europe and Central Asia, Central and Latin America, Middle East and North Africa, South Asia, and Sub-Saharan Africa. Their estimates of income and inequality elasticities of poverty vary considerably across regions.

Ravallion (2005) examines more specifically the relationship between trade openness and poverty, using three different lenses and techniques: 1) a macro aggregate cross country regression of the impact of trade on poverty; 2) a macro time series analysis of China; and 3) a micro lense based on a Computable General Equilibrium model scrutinizing, respectively, the impacts on households of WTO accession in China and cereal de-protection in Morocco. Ravallion also shows that the link between trade liberalization and poverty is tenuous and that it is difficult to ascertain that trade openness is a powerful force for poverty reduction in developing countries. A valuable lesson from Ravallion's paper is the crucial importance of the pattern of growth (the sectoral composition of growth) on the extent of poverty reduction. His results point to the importance of combining trade reforms with well-designed social protection policies.

Bardhan (2005) also emphasises the complex and context-dependent nature of the openness-poverty relationships by examining the various processes through which openness to foreign trade and long term capital movements affect the lives of the rural poor. Bardhan argues that opening up the product markets internationally without doing anything about the weak and distorted factor markets or poor infrastructural services may be a sub-optimal policy for the poor. Furthermore, protectionism in the industrialized world and subsidisation of farm and food products severely restricts export prospects for poor countries. He argues for pro-active public programs to help poor farmers adjust and coordinate, and suggests that international agencies *that* preach the benefits of free trade have an obligation to contribute to such programs with financial, organizational and technical assistance.

Jenkins (2005) focuses his analysis on the impact of integration of the global economy (rather than trade policies as such) on the poor in their role of as producers. His central question about the impact of globalisation on employment and income opportunities for poor people is addressed through case studies of three value chains horticulture, garments, and textiles- in four countries, Bangladesh, Kenya, South Africa and Vietnam. In the context of analysing the comparative performance among case-study countries, he proposes to make a clear conceptual distinction between "non-globaliser" and "unsuccessful globaliser" and he categorises Kenya as a unsuccessful globaliser, while Vietnam is successful in integrating in terms of outcome though remaining relatively closed in terms of policy.

On the whole, he concludes that even in those cases that have been successful in developing labour-intensive exports, the overall impact of globalisation on poverty has been relatively small. The majority of the poor are not engaged in global production and other strategies are required to reach them. Clearly, integration with the global economy is not a substitute for an anti-poverty strategy.

Panitchpakdi (2005); "Developing Countries In International Trade 2005: Trade And Development Index''

In the current economic environment of globalization, trade plays an increasingly important role in shaping economic and social performance and prospects of countries around the world, especially those of developing countries. This new series, Developing Countries in International Trade (DCIT), aims to analyze key trade and development issues facing developing countries on an annual basis. To organize the analytical work, an attempt has been made to develop a conceptual framework to account for the complex interaction of factors affecting trade and development. This interaction is expressed in terms of the Trade and Development Index (TDI).

The Heads of State and Government at the 2005 World Summit reaffirmed their commitment to ensure that trade plays its full part in promoting economic growth, employment and development for all.

The TDI identifies three sets of such determinants, referred to as dimensions— namely, structural and institutional factors; trade policies and processes; and, finally, level of development. Each dimension is composed of a number of components, which are derived from a set of indicators. In addition to the construction of the TDI for developing countries, similar indices are prepared for two other groups of countries: the TDI for the OECD group is taken as the long-term trade and development benchmark for developing countries, while that for the newly acceded EU10 group of countries as the medium- to longer- term benchmark for developing countries, against which progress in trade and development performance will be assessed. The selection of appropriate indicators and methodology was central to the construction of the TDI. An extensive review of literature was undertaken to help choose the most relevant indicators. A similar review was conducted in respect of available methodologies, including those employed by a number of UN system organizations. The main reason for employing principal components analysis is that it makes it possible to define a synthetic measure that is able to account for interactions and interdependence between the selected set of components making up the TDI.

The results indicate that the top 20 are all developed countries, except Singapore (rank 15). Denmark leads the pack, followed by the United States and the United Kingdom. The TDI scores of Sweden, Norway, Japan, Switzerland and Germany are particularly close. The countries of southern Europe members of the EU are at the bottom of the top 25. Only three developing countries are in the top 30. Besides Singapore, they include the Republic of Korea (rank 25) and Malaysia (rank 28). This partly indicates that only a handful of developing countries have been able to come close to the trade and development performance of developed countries. Within the developing countries group, the top 10 ranking countries include mostly newly industrializing economies of East and South-East Asia, and some Latin American and Caribbean countries. After Singapore, the Republic of Korea and Malaysia, Uruguay ranks fourth among all developing countries, and scores highest among the Latin America and Caribbean countries.

An overall analysis of the TDI components reveals that the EAP countries' lead is due to relatively high average scores for physical infrastructures and financial environment, and to some extent market access indicators. As to SOA and SSA countries, they are lagging behind for most components. This is particularly true for the social development component, the financial environment component and the physical infrastructure component.

Lee and Vivarelliint (2006); "The Social Impact Of Globalization In The Developing Countries"

This paper is one of the outcomes of a four-year economic research programme (2001-2005), funded by the Department for International Development (DFID) of the UK and developed at the International Labor Office (International Policy Group). The general aim of the project is to fill a gap in understanding - both theoretical and empirical – the impact of globalization.

The authors have discussed only the consequences of globalization (as defined above) on DCs over the last two decades. Although there is much wider economic literature available on the impact of globalization in developed countries, but here they only focus on DCs. Here the adopted methodology was only economic, with particular attention devoted to the applied approaches.

Only some particular aspects of the social consequences of globalization in DCs were treated, namely the impact of increasing trade and FDI upon domestic employment, within-country income inequality (WCII) and poverty reduction.

The findings are:-

- Increasing trade seems to foster growth and absolute poverty alleviation. While FDIs seem to be neutral in terms of their impact on income distribution and poverty, financial liberalization seems to have adverse effects on relative poverty.
- The positive outcome of increasing trade on poverty reduction is mediated by increasing economic growth. Since overall trade (import-export) is neutral in terms of income distribution and fosters economic growth, the final outcome is an overall reduction in poverty.
- On the whole, the level of economic and human development does matter in shaping the direction and the impact of the current wave of globalization. For instance, the role of the physical and human infrastructures within a DC is crucial in maximizing the positive employment and distributional effects of increasing trade and FDI. Conversely, bottlenecks in the supply of educated and skilled labor and in public and private investments (including R&D) may condemn a country to marginalization, exploitation and high levels of domestic unemployment and income inequality.

Cate (2009); "The Impact Of International Trade On Less Developed Countries''

According to the author the purpose of his paper is not to re-define the technological advances, or the advantages of investment in less developed countries. They are less developed, as was pointed out, because they were (or are) unable to harness their natural resources, attract technicians and sophisticated work force to manage building an economy; because there was an unstable political climate, because Western nations sought I to impose their morality, ethics, tradition, and means of doing business on LDCs.

There were some recommendations given by the author of this paper:-

1. All the industrialized nations who earn a surplus from trade should join together to pledge a percentage of that surplus into a fund for improving conditions in the LDCs. A special commission, other than under UN auspices, could be set up to administer this fund, free from political pressures.
2. An international version of America's Peace Corps would be formed. Instead of military service in various nations, for example, a tour of duty in emerging nations would be substituted. Organizations, such as Medicines sans Frontiers, (who were awarded this year's Nobel Peace Prize) would be encouraged to expand with grants provided.
3. Under the aegis of the current United Nations, a regulatory commission must be set up to oversee the domestic political policies of the LCDs, when such governments interfere with the growth opportunities of these nations.
4. The human rights activities of the UN, as now constituted, is a waste of time and money.
5. Special tariff- and tax-free zones should be established in the wealthy nations for goods from the LDCs. A moratorium needs to be established that eliminates any import duties from African and Asian poverty-stricken countries.
6. Labor leaders from wealthy nations should develop task forces that can build craft guilds and cooperatives in LDCs, helping to organize labor in order obtain fair wages, establish contracts work, and raise working and safety standards.
7. Governments and private philanthropic organizations must create scholarships for study at leading educational facilities the West, ON THE CONDITION that the recipients return to their native countries to implement what they learned.
8. The media is not doing enough to alert the world about economic deprivation in LDCs. A concerted effort for a fair appraisal (not scare tactics on exploitative programming) of the world situation is needed.

Sun and Heshmati (2010); "International Trade And Its Effects On Economic Growth In China"

The study suggests the role of international trade in China's economic growth. It starts with a review of conceptions as well as the evolution of China's international trade regime and the policy that China has taken in favor of trade sectors. In addition, China's international trade performance is analyzed extensively. This paper then evaluates the effects of international trade on China's economic growth through examining improvement in productivity. Both econometric and non-parametric approaches are applied based on a 6-year balanced panel data of 31 provinces of China from 2002 to 2007. For the econometric approach, a stochastic frontier production function is estimated and province specific determinants of inefficiency in trade identified. For the non-parametric approach, the Divisia index of each province/region is calculated to be used as the benchmark. The study demonstrates that increasing participation in the global trade helps China reap the static and dynamic benefits, stimulating rapid national economic growth. Both international trade volume and trade structure towards high-tech exports result in positive effects on China's regional productivity. The eastern region of China has been developing most rapidly while the central and western provinces have been lagging behind in terms of both economic growth and participation in international trade.

The conclusion drawn by the author is that foreign trade exerts great positive effects upon China's economic growth. China, however, is facing some serious problems such as low domestic absorptive capability, deterioration of the terms of trade, the negative impact of trade on the environment, trade friction with partners and uneven development across the country. All of them may impose negative impacts on the sustainable development of China's foreign trade. Therefore, to achieve sustained economic growth, China should pay more attention to the proper and appropriate trade strategies and policies.

SUGGESTIONS

- Firstly, China should develop strategies to promote exports and high-tech trade. This study showed that the rise in net export volume and improvement in trade structure towards high-tech products could increase the efficiency of provincial production. A large amount of exports imply greater openness which could help domestic sectors adopt new production technology and in turn increase productivity.

- Secondly, the Chinese government should strengthen the competitiveness of export sectors by combining the imports of foreign high-technology and domestic independent research. The technological know-how could be imported by direct buying or indirect FDI. However, the domestic absorptive ability in China is very weak. Therefore, on one hand, the Chinese government should try to import appropriate technology which can easily be absorbed and acquired by domestic firms with their corresponding capability. On the other hand, it is important to develop strong domestic sector of competitive firms that can assimilate and disseminate imported technologies and to improve their own innovative capacities.
- Thirdly, policymakers should take notice of the unbalanced development pattern in the provincial area. In the future, on one hand, the Chinese government should provide support to the western and central regions, which are lagging behind both in economic development and trade performance, and help them achieve a higher level of openness for efficient development.
- Finally, China should take an active part in the global trade rulemaking process and in solving trade frictions. The multilateral trade rules of GATT/WTO have weakened the role of government administration and intervention in trade. The government providing support to domestic industries should know at which point their protection should be withdrawn. However, the rules of global trade play an increasingly imperative role in resolving trade frictions between countries.

In sum, from this research, it is concluded that China's outstanding performance in economic growth can be traced back to its increasing involvement in global trade and dynamic trade policy. China's rapid economic growth has made the country target the world as its market. The increasing participation in the global market helps China reap the static and dynamic benefits from trade, facilitating the rapid national economic growth. The static benefits from international trade result from importing capital goods which embody high technology. And the dynamic effects of trade refer to the improvement in the TFP through learning by doing and accumulation of human capital.

In addition, the productivity of China's processing sectors is enhanced significantly because of the accessibility to technology-intensive intermediate goods. Consequently, China's specialization in processing industries has driven the improvement of domestic technological capability. However, there are still some problems that China is facing now, such as the lack of independent intellectual property, low domestic absorptive capability and unbalanced development pattern.

Drahos; "Developing Countries And International Intellectual Property Standard-Setting"

The study draws on the analytical framework developed by Braithwaite and Drahos in Global Business Regulation (GBR).[1] GBR ranged across more than 15 different areas of business regulation, including intellectual property. It found that regulatory globalisation is a process in which different types of actors use various mechanisms to push for or against principles. More than 500 people were interviewed for GBR. The study also draws on a forthcoming book by Drahos and Braithwaite (Information Feudalism: Who Controls the Knowledge Economy?) dealing with the globalisation of intellectual property rights. Further interviews were undertaken for the purposes of the study, including interviews at WIPO and the WTO.

The study briefly describes the impact of developing countries in the international standard-setting process pre-TRIPS. The main conclusion is that as developing countries came to be influential within fore such as WIPO by virtue of their number, the US embarked on a strategy of forum shifting.

The paper evaluates the TRIPS negotiations using a theory of democratic property rights. The theory argues that efficiently defined property rights are more likely to emerge if at least three conditions are met.

- All relevant interests have to be represented in the negotiating process (the condition of representation).
- All those involved in the negotiation must have full information about the consequences of various possible outcomes (the condition of full information).
- One party must not coerce the others (the condition of non-domination).

The study concludes that the TRIPS negotiations did not meet these conditions of democratic bargaining.

RECOMMENDATIONS

- Developing countries should use the Council for TRIPS to create a practice of asking states to explain bilateral departures from multilaterally agreed IP standards.
- Developing countries should use the WTO Trade Review Policy Mechanism to review distortions in trade being caused by excessively high intellectual property standards.
- Trade policy bodies/institutes within developing countries should investigate the feasibility of forming a developing country Quad along the lines suggested in the paper.
- An independent review of WIPO's current private sector income and development spending should be undertaken with a view to assessing the possibility of WIPO playing a role in the UN Programme of Action for the Least Developed Countries for the Decade 2001-2010.
- Developed countries should review the operation of the policy advisory committees that advise their patent offices with a view to significantly increasing the participation of members of civil society in those committees.
- Developed countries should assess their conduct of trade negotiations with developing countries with a view to ensuring that development objectives remain a priority during those negotiations.
- Developing countries should review their participation in the WIPO standard-setting process with a view to increasing their participation in the expert groups and broadening the range of experts they send to WIPO meetings to include, for example, experts in health, environment and agriculture.
- Developed countries could assist by funding aid projects aimed at establishing.

CONCLUSION

The overall conclusion which can be drawn after reviewing all of the above mentioned research papers and the published material, is that globalization/ international business have both the positive and the negative impacts on the developing countries in the present day world environment. And the effects of international trade are not independent of the internal economic factors prevailing in the developing economies; rather we see a mix of effects of different trade policies on different economies. So we cannot blame only the international business factors/ policies, but the developing countries own trade policies have a great impact on whether they have gained out of internationalization or have incurred losses out of it. Lastly we can say that those economies which have been able to manage their resources and policies effectively, have gained a lot out of international business.

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