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SUMMARY, CONCLUSIONS AND POLICY ISSUES
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Indian economy has fastly succeeded transforming herself from a closed to an open economy primarily moving away from the import substitution toward export promotion since 1990s. The importance of foreign trade and investments rose fabulously. Foreign exchange reserves rose at considerable rate indicating the strong external dimension of the economy. Exports being a major part of India's external sector play a significant role in economic development process through generating investible surplus and financing imports by earning foreign exchange. The analysis of India’s exports during post economic reforms and WTO regime (i.e. during 1991-2006) revealed that the process of export growth was significantly influenced by domestic economic policy reforms and improvements in international economic environment. Findings of the study have been summarized under following seven heads:

8.1 Growth and Structure of India’s Exports

India’s exports have increased sharply from Rs. 44,042 crore in 1991-92 to Rs. 4,56,418 crore in 2005-06. Export to import ratio has deteriorated from 92.12 per cent in 1991-92 to 69.12 per cent in 2005-06. Exports as percentage of national GDP (at market price) increased from 6.90 per cent in 1991-92 to 13.00 per cent in 2005-06, which indicates increasing openness of Indian economy during study period. Over more than one and a half decade of reforms and a decade of WTO regime, India’s exports grew at an average rate of 11.56 per cent per annum (in US $ terms). In comparison to the growth of world exports (7.32 per cent), this growth rate of India’s exports was relatively much higher and India’s share in world exports grew continuously from 0.56 per cent in 1991 to 1.07 per cent in 2006. It was a distinct break from the past stagnation in India’s export earnings. The hypothesis that India’s exports performed well in relation to world exports and that of principal exporters, has been accepted, as growth rate of India’s exports
was found to be much higher than that of the export growth of the major exporters (both developing and developed countries) in world market except China. It clearly highlights that the actual growth of exports was quite higher than its potential growth during the study period.

India's export growth has mainly been attributed to the rapid growth of world export and exchange rate depreciation during 1991-95). The decline in growth rate of India’s exports during the second half of 1990s (1996-2000) was mainly attributed to East Asian crisis, which has put a strain on India’s exports not only by shrinking world demand but by also adversely affecting international competitiveness of India’s exports due to sharp depreciation of East Asian currencies. The tremendous growth of India’s exports during the period 2001-2006 has primarily been attributed to their competitiveness. However, export growth (11.51 per cent in rupee terms) was lower than that of import growth (12.14 per cent in rupee terms). It reflects a continual tendency for the economy’s resources-utilization to exceed the amount of resources generated within the economy, but even then it is significant to narrow down the ever increasing trade deficit.

The share of primary exports in overall exports has steeply declined from 22.04 per cent in 1991-94 (T.A) to 15.87 per cent in 2003-06 (T.A) with rate of growth of 8.11 per cent per annum from 1991 to 2006. The share of agricultural exports declined steeply from 17.65 per cent to 10.62 per cent with growth rate of 6.68 per cent per annum. And that of iron and ores increased moderately from 4.39 per cent to 5.26 per cent during the same period with growth rate 12.16 per cent per annum. The share of manufactured exports, in overall export earnings, firstly increased from 74.74 per cent in 1991-94 (T.A) to 78.06 per cent in 1997-2000 (T.A) and then it decreased to 73.01 per cent in 2003-06 (T.A). The share of petroleum export has fabulously increased from 2.23 per cent to 8.42 per cent with rate of growth of 24.97 per cent per annum during the study period. Leather (4.52 per cent) and Textile (8.11 per
exports experienced lower growth amongst manufactured exports and thus there was a rapid decline in their relative shares in overall export earnings. It is held that persistence of the MFA quota in some forms has imposed constraints on Textile exports and thus was responsible for relative decline in growth rate vis-à-vis non-quota sectors.

The manufactured exports and petroleum exports experienced higher growth as compared to primary exports during the post-reforms period. Thus, performance of India’s primary exports (except iron and ores) has been quite poor in comparison to manufactured exports. The increasing share of petroleum products in India’s exports is a tremendous achievement for India’s export sector. The poor performance of India’s agricultural exports has been particularly due to East Asian crisis as export growth was found to be negative (in case of majority of agricultural exports) during 1996-2001.

The share of OECD-countries, except North America, in India’s overall export earnings declined continuously over the period under study. EU has lost its respectable share in India’s export earnings. Similarly, the share of formerly East-European countries also registered a quick decline during the study period. Developing countries and OPEC-countries both emerged as the potential markets for Indian exports with their increasing shares. The share of Africa and Asian developing countries, particularly SAARC region, too showed an upward trend and these countries have emerged as the good markets for Indian exports. India’s export growth to developing countries (15.70 per cent) has been found to be much higher than that of the export growth to developed countries (9.07 per cent) during 1991-2006. On the eve of economic reforms, Germany, U.K, Japan, and Russia were respectable destinations for India’s exports, but they lose their place with their continuously decreasing shares in India’s total export earnings. Though the relative share of U.S.A declined during the last couple of years, yet it remained number one destination for Indian exports during the whole study
period. Noticeable thing is that the share of U.A.E and China rose quite fabulously and both the countries reached at number two and three position respectively as export destinations during the study period.

Having negligible share in India’s overall export earnings in 1991, China alone has emerged as the leading market for Indian exports during the post-reforms period. Hong Kong also registered an increase in its share in India’s exports. Singapore registered a remarkable increase in its share in India's export earnings. Directional change toward developing countries may be attributed to India’s involvement in regional trading agreements particularly with developing countries, liberalization of economies in Asia and Africa and simultaneous impact of WTO commitments on trade policies of member countries. From the data, it emerged that there is a compositional change and geographical change during the post-reform period. But, it remained confined to the broad product groups and also within the major markets. The extent of change was not strong enough as to effect the concentration of exports. It becomes clear from the analysis of concentration of exports by using Hirschman-Gini's index. It shows that India's exports have remained concentrated to a small number of commodities. It indicates that India has to diversify its exports and export destinations still further in order to make a dent in the level of concentration of its exports in a meaningful manner. Hence, the hypothesis that India's exports recorded diversification in terms of commodities and markets during the study period has been rejected.

8.2 Growth and Instability of India’s Exports

The analysis of growth and instability of India’s exports exhibits that the growth of India’s exports during post-reform and post-WTO period remained well above the growth of exports of majority of the developed and developing countries. The scene related to the instability of exports was also found to be satisfactory as instability of total export earnings recorded as low as of 1.40 per cent per annum. At disaggregate
level, among the selected thirty commodities, except the six commodities namely fish (SITC-031), fruits (SITC-051), tea and mate (SITC-074), feed-stuff for animals (SITC-081), cotton fabrics (SITC-652), and floor coverings, tapestries, etc. (SITC-657), all other commodities registered high rate of growth during the study period. Except iron ore and concentrates (SITC-281), majority of the commodities such as petroleum products (SITC-332), ingots and other primary forms of iron (SITC-672) and copper (SITC-682) experienced low instability. Henceforth, it is held that majority of India's exports (selected commodities) experienced high growth and low earnings instability during post-reform as well as post-WTO period. On the basis of analysis, the third hypothesis that manufactured exports (from SITC-5 to SITC-8) experienced higher export earning instability than that of primary exports (from SITC-0 to SITC-4), has been accepted.

The analysis of instability of India’s export reveals that whatsoever export instability was observed was primarily due to the dominance of quantity variables in case of twenty-four commodities out of the selected thirty commodities. Instability of India’s export earnings was mainly due to supply variations in case of fourteen commodities out of sixteen commodities, and demand variables have been responsible for the incidence of instability only in case of two commodities. Thus, dominance of quantity and supply variations in the instability of the majority of the commodities indicates towards the existence of supply bottlenecks operating in the Indian economy for the respective commodities. Besides, it is added that fourteen commodities among the selected ones namely: fish (SITC-031), fruits (SITC-051), tea and mate (SITC-074), organic chemicals (SITC-512), synthetic organic dyestuffs, natural indigo and lakes (SITC-531), medicinal and pharmaceutical products (SITC-541), cotton fabrics (woven) (SITC-652), textile fabrics (woven) (SITC-653), made-up articles, wholly or chiefly of textile material (SITC-656), floor coverings, tapestries, etc. (SITC-657), pearls and precious and semi-
precious stones (SITC-667), machinery and appliances non electrical parts (SITC-719), clothing (SITC-841) and footwear (SITC-851) appeared to be most stable in terms of the degree of the relative contribution to total instability and have strong stabilization effect on India’s export earnings during the period under study.

The market-wise analysis export earning instability reveals that all the selected developed countries like U.S.A, Germany, Italy, Belgium, France, Netherlands, Australia, and Switzerland occupied the lowest position in the instability ranking as compared to developing countries and found to be most stable markets for India’s export and thus have strong stabilization effect on India’s export earnings. On the other hand, among the developing economies, Iraq, Romania, Bhutan, Maldives, Pakistan, China, South Korea, Singapore, Egypt, Kenya, and Sudan were most unstable markets and proved excessive contributors to instability of India’s export earnings (i.e. have serious destabilization effect on India’s exports). Contrary to these, other developing economies such as Kuwait, Saudi Arabia, U.A.E, Bangladesh, Nepal, Sri Lanka, Hong Kong, Malaysia, Thailand, Tanzania, Zambia, and Latin American countries have strong stabilization effect on India’s export earnings during the period under study.

8.3 Price and Income Elasticities of Demand for India’s Exports

The analysis of the price and income elasticities of demand for India’s exports highlights that both relative prices of exports and income of the importing countries have great importance in determination of quantity demanded for India's exports of selected twenty-nine commodities in selected eleven markets during the study period. Further, export demand has been found to be more elastic to income than price as income coefficients were positive and relatively elastic in 194 cases as compared to 140 cases in which price elasticity coefficients have negative and relatively elastic value during the concerned period. Apart from price and income factors, the study also highlights the importance of non-price
and non-income factors in determining the demand for India's exports in several cases. The study rejects the demand-deficiency hypothesis as both price and income elasticities of demand for India's exports have been relatively elastic for both primary and manufactured exports. The results are similar in majority of the selected commodities. Thus, study asserts that demand for India's exports has been subject to relative prices and income of importing countries during the concerned period. Hence, the hypothesis, that price and income elasticities of demand for India's exports were favourable during study period, has also been accepted.

8.4 Competitiveness of Indian Exports

The analysis based on the relative prices of India's overall exports and market shares indicates increasing price competitiveness of India's exports in global export market as relative export prices of India were found to be decreasing and global market share consistently increasing since 1991. The analysis based on the absolute prices of India's selected export commodities and their market shares reveals price and non-price competitiveness of India's selected exports during the study period. Decreasing unit values with increasing market shares in case of thirteen selected commodities namely fish (SITC-031), rice (SITC-042), fruits (SITC-051), organic Chemicals (SITC-512), synthetic organic dyestuffs, natural industries (SITC-531), plastic materials, regenerated cellulose (SITC-581), chemical materials and products (SITC-599), articles of rubber (SITC-629), textile yarn and thread (SITC-651), floor coverings, tapestries, etc. (SITC-657), ingots and other primary forms of iron (SITC-672), machinery and appliances-non electric (SITC-719) and footwear (SITC-851) highlights the price competitiveness of exports. On the other hand, increasing unit value with increasing market share in case of twelve selected commodities namely feed-stuff for animals (SITC-081), iron ore and concentrates (SITC-281), petroleum products (SITC-332), leather (SITC-611), textile fabrics (SITC-653), made-up articles, wholly or
chiefly (SITC-656), lime, cement and fabric building materials (SITC-661),
universals, plates and sheets of iron (SITC-674), copper (SITC-682),
electric power machinery and switch (SITC-722), road motor vehicles
(SITC-732) and clothing (SITC-841) exhibits their non-price
cOMPetitiveness. Three commodities namely tea and mate (SITC-074),
medicinal and pharmaceutical products (SITC-541) and cotton fabrics
(SITC-652) showed decreasing market shares and in case of two
commodities (SITC-667 and SITC-897) unit value data were not available.

The analysis based on the RCA and RSCA indices reveals
comparative advantage in case of majority of selected commodities. The
twenty-four commodities among the selected ones, in which India has
comparative advantage are: fish (SITC-031), rice (SITC-042), fruits (SITC-
051), tea and mate (SITC-074), feed-stuff for animals (SITC-081), iron ore
and concentrates (SITC-281), petroleum products (SITC-332), organic
chemicals (SITC-512), synthetic organic dyestuffs, natural industries
(SITC-531), medicinal and pharmaceutical products (SITC-541), leather
(SITC-611), articles of rubber (SITC-629), textile yarn and thread (SITC-
651), cotton fabrics, (SITC-652), textile fabrics woven (SITC-653), made-
up articles, wholly or chiefly (SITC-656), floor coverings, tapestries, etc.
(SITC-657), lime, cement and fabric building materials (SITC-661), pearls
and precious and semi-precious (SITC-667), ingots and other primary
forms of iron (SITC-672), iron and steel bars, rods, angles etc. (SITC-
673), universals, plates and sheets of (SITC-674), clothing (SITC-841),
footwear (SITC-851) and jewellery (SITC-897). On the other hand, among
selected commodities, India’s comparative disadvantage primarily lies in
six commodities: plastic materials, regenerated cellulose (SITC-581),
chemical materials and products (SITC-599), copper (SITC-682),
machinery and appliances-non electric (SITC-719), electric power
machinery and switch (SITC-722) and road motor vehicles (SITC-732).
Furthermore, Net Trade RCA index highlights low import intensity in
case of majority of the selected exports as it was found to be positive in
case of twenty-one selected commodities (out of total thirty commodities) except the commodities namely petroleum products (SITC-332), organic chemicals (SITC-512), plastic materials, regenerated cellulose and resins (SITC-581), chemical materials and products (SITC-599), ingots & other primary forms of iron and steel (SITC-672), universals plates and sheets of iron or steel (SITC-674), copper (SITC-682), machinery and appliances non-electrical parts (SITC-719), and electric power machinery and switchgear (SITC-722).

Average RSCA indices for the period 1991-2006 are constructed for selected developing and developed countries including India. The comparison of India’s average RSCA to twenty-five selected developing and developed countries shows that India has a comparative advantage in a broader range of export commodities as it (India) ranks very high in case of majority of the commodities except plastic materials, regenerated cellulose and resins (SITC-581), chemical materials and products (SITC-599), copper (SITC-682), machinery and appliances non-electrical parts (SITC-719), electric power machinery and switchgear (SITC-722) and road motor vehicles (SITC-732). Further, analysis over the sample period shows that India’s exports have been able to remove dependence on traditional export commodities as majority of commodities are manufactured exports having comparative advantage on the basis of resource endowment as revealed by RCA, RSCA, and Net Trade RCA indices.

8.5 India’s Export Performance

The Constant Market Share (CMS) method has been applied to India’s exports in order to understand the behavior of India’s exports in world export market and forces underlying the observed export performance. The analysis makes it clear that increasing world demand (World Demand Effect) for exports has played a significant role in India’s outstanding export performance. Apart from expanding world demand, India’s export performance primarily has been attributed to their
competitiveness (Residual Competitiveness Effect) and market distribution (Market Distribution Effect) as Commodity Composition Effect turned out to be negative during most of study period. The commodity-wise analysis asserts that the performance of majority of exports (at SITC digit 1 level) except agricultural and allied exports (SITC digit 0 and 1) has been subject to their competitiveness in world export market. The market-wise CMS analysis of export performance shows that India’s exports exhibited competitiveness in all of the selected markets except Japan, Switzerland, and Bangladesh. Further, competitiveness of exports in majority of markets helped in the improvement in market share of India in respective markets and in world export market as a whole. Thus, the fifth hypothesis that India’s exports registered growth based on its competitiveness during post-reform period has been accepted.

8.6 Conclusions and Emerging Policy Issues

Based on the above findings, it can be concluded that India’s export performance was outstanding as actual growth was much higher than world exports and that of the large number of exporters during the study period. However, India has been unable to make a strong dent in the commodity concentration of its exports as well as export destinations. The developed countries' markets exerted more stability than the developing countries' on India’s exports. Exports from India have experienced instability primarily in the developing countries. The export instability resulted primarily from quantity side during the concerned period. Demand for India’s exports was found to be relatively elastic both in terms of prices of exports and income of the importing countries.

The analysis also reveals that India has a comparative advantage in a broader range of export commodities. The rapidly increasing world demand has played a significant role in the satisfactory export performance. Apart from expanding world demand, India’s export performance benefited from their competitiveness and market-wise distribution. The higher realized actual growth than that of potential
growth of India’s exports has happened because of their competitive strengths. Export promotion measures have significant effect on its export competitiveness as without strong proactive internal policy measures, it would be difficult for exports to be competitive in the era of global competition and flexibility of exchange rates. No doubt, rapidly increasing world demand for exports, as highlighted by the strong world trade effect, has been the outcome of the free trade waves initiated by WTO negotiations and increasing popularity of regional trading agreements during the period. Hence, export friendly environment, provided by export policy reforms with their focus on liberalization, openness, transparency, and globalization (outward-orientation) as well as creation of WTO, are the crucial determinant of export performance during the period.

Developing countries of Asia and Africa have been found to be the growing markets for Indian exports during the period as export growth to these countries has been recorded very high, but the issue of instability needs to be tackled quite consciously. The commodities, viz. rice (SITC-042), petroleum products (SITC-332), organic chemicals (SITC-512), synthetic organic dyestuffs, natural industries (SITC-531), medicinal and pharmaceutical products (SITC-541), textile yarn and thread (SITC-651), made-up articles, wholly or chiefly (SITC-656), floor coverings, tapestries, etc. (SITC-657), lime, cement and fabric building materials (SITC-661), pearls, precious and semi-precious (SITC-667), ingots and other primary forms of iron (SITC-672) and jewellery (SITC-897) have emerged as leading exports as export growth of these commodities has been very high and level of instability been very low. These commodities incorporate price competitiveness as their absolute prices have been consistently declining and share in world exports has been tremendously increasing. Increasing share of the selected agricultural exports in world exports indicates their increasing importance for India. In this way, implementation of Agreement on Agriculture (AoA), in a non-discriminatory and unbiased manner, could provide scope for further expansion. The exports of tea and mate (SITC-
074) and cotton fabrics (SITC-652) requires special attention at policy level because these exports constitute large, but consistently declining, market shares in overall global exports and experienced very low growth during the study period. Geographical concentration of India’s exports has also been remained high during post-reforms and post-WTO period. Indian exports should concentrate more on developing countries as there have been more chances of export expansion in these markets and terms of trade with these countries were supposed to be favourable as per the hypothesis of secular deterioration of terms of trade with developed countries. Given the internal and external economic environment provided by economic reforms and WTO respectively, diversification of export destinations will be very advantageous for India’s export sector and will be very helpful to narrow down India’s widening import bill and to stabilize trade deficit. It was also found that exports from India have been concentrated to a small number of commodities. Government should introduce policies such as export incentives, tax holidays, tax concessions, availability of cheap finance, etc., to make the exporters in the position to diversify their products and to maintain cost and quality competitiveness of exports in the world market. Further, the dominance of quantity and hence supply variations in the overall instability of the majority of the commodities clearly indicates towards the existence of supply bottlenecks operating in the economy for the respective commodities. The global market has been becoming more and more competition based. Provision of export subsidies, tax concessions, tax holidays, duty refund, removal of the restrictions from importing technology and raw materials used in export industries and establishment of Special Economic Zones (SEZs) in India has benefited the exports in various ways. Appropriate domestic policy reforms are essential for abolition of domestic supply bottlenecks and for maintaining quality and cost competitiveness of exports in global
market. Deepening of reforms into specific export sectors would stimulate India’s export; result in the compositional and geographical diversification; help in removing supply bottlenecks operating in the economy and thus in improving export competitiveness. More emphasis on rapidly increasing markets in the context of the behaviour of price and income elasticities would positively affect the demand for export, and further would eliminate the negative market distribution and commodity composition effects. Controversial issues in WTO framework (especially TRIPs, labour standards, environment standards, SPS-TBT measures, contingency trade policy measures) have put a strain on growth of exports. The proactive approach towards the process of global liberalization launched by the WTO under the auspices of free trade doctrine as well of regionalism would provide more opportunities for the export expansion.

One of the most striking developments in the world trading system since mid 1990s has been the surge in Regional Trading Agreements (RTAs). About 40 per cent of the world trade is done among the RTA partners (GEP, 2005). Importance of foreign trade for India is increasing when viewed in the context of the rapidly increasing regionalism at the world level as well as in the Asian region. Looking at the biased and discriminating nature of WTO policies, RTA has turned out to be the one of the more viable alternative for developing countries like India to expand their market access (Pal, 2005). Incorporating all these features, the contemporary economic order has been characterised by the deregulated-liberalization-led-globalisation. The state has limited its role in the economic activities with three per cent of fiscal deficit as a ceiling on its revenue-expenditure accounts. Contrary to this, private enterprises or transnational corporations (TNCs) have unlimited role to play in the economic activities based on the market mechanism involving survival of fittest doctrine and has no limits on their revenue-expenditure accounts. Withdrawal of state’s role from social sector and public sector
(i.e. narrow down revenue expenditure and disinvestment of PSUs) has been closely associated with the provisions of facilities and automacy to private enterprises directly or indirectly which have serious implications for the large section of the economy. This kind of attitude of the state has resulted exclusive growth i.e. growth with widening disparities. Irrespectively of the implications for the rest of the economy, recent globalisation has many implications to the external sector and particularly to export sector. Majority of the leading economies of the world configured to export promotion based outward-oriented trade policies and flexible exchange rate policies. In such kind of economic environment, to regulate exports and imports as well as capital flows is quite difficult task and even impossible keeping in view the dependency of economies and TNCs among each others.

India’s export competitiveness must be seen in larger context in an open economic environment as export performance has also been accrued to external factors especially the exchange rate fluctuations. Increasing world demand and depreciation of Indian rupee during 1991-1995 and appreciation of the currencies of major exporters during 2001-2006 have benefited India’s exports by making them competitive in global export market. The currency devaluation of crisis-ridden East Asian economies has adversely influenced the Indian exports during the period 1996-2000 and even mitigated the positive impact of the support provided to exports within the domestic policy framework by shifting the demand for India’s exports towards the devalued countries and increasing the relative prices of India’s exports. Therefore, export demand was influenced by two ways, one by shifting the world demand and the other by appreciating Indian currency by default as currencies of other countries got depreciated. Interestingly, during the period 2001-06, India’s REER/NEER realized upward trend, but exports highlighted rapid growth and turned out to be competitive in global export market. This time, India has been able to reap the benefits of global open economic environment as currencies of the
other countries have appreciated quite sharply resulting depreciation of Indian currency by default. Thus, with the flexible exchange rate to acquire export competitiveness on consistent basis seems to be very difficult and even impossible when the domestic policy could not affect the external factors. The year 2008-09 was marked by adverse developments in the external sector of the economy, particularly during the second half of the year, reflecting the impact of global financial crisis on emerging market economies including India. Emerging economies were affected in varying degrees depending upon the extent of openness and the dependence on capital flows as the external environment deteriorated on account of slowdown in global demand, reversal of capital flows and reduced access to external sources of finance in the face of adverse global credit market conditions (Economic Survey, 2008-09).

The recent time highlights many implications of this ongoing globalisation process. The largest economy of the world, i.e. US, had to face many implications of this process as she was unable to stop capital outflows, decreasing exports and mounting imports which resulted in the chain of huge balance of payment deficits. Bulk of the capital outflows from US raised the demand for dollar in the foreign exchange market and resulting appreciation has adversely influenced the export performance and had made the imports cheap as compared to the domestic products. Moreover, US proved to be unable to manipulate the WTO policies due to the collective pressure of the developing countries for the same and has to move towards regional trading agreements with some Asian economies including India. And the crisis has spread throughout the world economy. Being a developing economy, having nationalized banking sector and large public sector enterprises in the economy, India had been able to save herself from the crisis by huge investment by the state into the crisis-ridden sector. As being developing country, implication of globalisation might be different from developed countries, but it is evident that there
involves a huge risk to depend excessively on the external factors for developmental needs.

Fortunately, during the period under study, India has reaped several benefits from this open trade regime, but the recent upturn of global economic crisis since the year 2007 has already alarmed that this ongoing unregulated-liberalization-led-globalisation could have harmful effects not only on the export performance but also on the economy as whole. Hence, in this era of the flexible exchange rate, ensuring of export competitiveness on consistent and sustainable basis is the matter of core concern, which ought to be tackled very seriously within domestic policy framework by proper interventions. Otherwise, inconsistent competitiveness may or may not be beneficial as it is determined by the external factors, which are not in domestic control and depended highly upon the foreign policies of major trade and finance collaborators in the world economy. As trade and technical progress are important elements of growth process, growth dynamics need to be supported by both domestic demand and export demand. An appropriate balance between domestic and foreign demand is required mainly to cushion shocks that frequently have been emerging from the vagaries of the world financial system and their impact on the exports. In the nutshell, articulation of the foreign policy on the directions recommended by the game theory, that a country must be more rational than its trade and finance partners while judging the effects of a particular policy or policies adopted, would give fruitful results, and would make possible the sustainability of exports and export competitiveness in the long run.