International Trade Settlement in Emerging Economies

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Abstract

This study encompasses the growing problems for settlement against International Trade which is increasing by the passage of time between the countries due to rise in quantity and in terms of value which has catalyzed by the diminishing trend of value of Domestic currencies.

Export oriented countries are in comfort zone because of favourable balance of Trade but importing countries are always struggling for matching their deficit through sources from International Doners Agencies and their own Foreign Exchange Sources.

Asian countries size of international Trade has increased to 3.43 Billion US $ daily. Out of which these Central and South Asian Countries are the main contributor. These economies need to build a Economic Structure where, they can address following points to sustain their GDP growth and continue Economic Revivals. To minimize cut throat competition among the countries need to build Economic Block to manage their Regional Trade and settlements thereof.

Decrease cost of Imports through reduction of Freight cost, Time, Transfer of Technology in their Home Countries, engaging Human Resources of Country to increase disposable income.

*Increase GDP by engaging the resources which give comparative advantages to the economy by virtue of available Natural resources, Geo Positioning, Market Forces, size of Economic base.

Financial Alignment of economy through reducing the factors which causes financial strains on the settlement of International Trades, Foreign Exchange Reserves.

This study focuses on the Mechanics of settlements of International Balance of Trade through devicing TSA (TRADE SATTLEMENT ACCOUNTS)

These Accounts need to be maintained in Currency which is for settlement purpose and remains in Books of Accounts. It does not Circulate in currency Note form.

Contributory Parity is established through a comprehensive Economic indicators mechanism to measure the economic strength of country and is always available in Real Time Settlements between the Member Countries.

The Role of Central Banks of Member Countries are manifested and UNIT price of TSA may be controlled/ managed on daily basis through Rate Control Committee of member countries. This currency may never be swapped against other currencies of the world.

Result: This study makes a new Revolution in Trade Settlement without evolving other International Currencies and hence Foreign Exchange Reserve position with the member countries will remain at reasonable

level and allow the countries to utilize the extra Foreign Exchange Sources for Managing Capital Goods import for industrial revolution to increase their GDP and control inflation in the Domestic Market.

Keywords: International Trade Settlement Economies