

FOREIGN TRADE REVIEW

Quarterly Journal of
Indian Institute of Foreign Trade

OBJECTIVES OF *FTR*

Global economic relations among the nations today have undergone significant changes in the last 20 years. Several trade blocs have emerged with powerful economic backing along with an emerging consensus that countries should reduce the barriers in the way of free international trade. The pattern of trade of the developing countries has changed significantly and operations of multinational corporations have contributed to that change. New areas have emerged in the arena of trade during the GATT Negotiations.

In the international financial system in the post Bretton Woods System era, a very strong regime of international fund managers has acquired the centre stage and this has imparted volatility in the financial system. The developed countries are finding it more difficult to attend stability both in the financial and real sectors in international trade. All these require fundamental research to have the necessary policy prescriptions suitable for a developing country like India. There is a lack of forum in the dissemination of research in the field of international trade and related areas.

The *Foreign Trade Review* is an international quarterly intended to fill the urgent need as explained above. The Indian Institute of Foreign Trade - an apex institution for research, training and consultancy in the broad areas of international trade has taken up the task of the publication of the journal. The following are the objectives and scope of the journal:

- To provide a forum for debate and discussion of high quality theoretical and empirical research in the areas of international trade, finance and marketing.
- To provide an outlet for research in evaluation and interpretation of innovations in the instruments and methods in the areas of trade.
- To transmit information on system and policy developments, and wide statistical information related to international trade and the international bodies facilitating international trade transactions.
- To provide a forum for discussion on the areas relevant for the negotiations in WTO.

The Journal invites research papers covering areas and problems consistent with the objectives as laid down above. It also welcomes papers on policy relevance and operational aspects.

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IN THIS ISSUE

Proliferation of PTAs in Asia and the Pacific

By *Mia Mikić*, Economic Affairs Officer, Trade Policy Section, Trade and Investment Division, UNESCAP, Bangkok (Thailand).

Currently, 89 trade agreements are being implemented and at least another 100 are under consideration and negotiation. This is a small fraction of the possible 1,891 bilaterals that can be formed among the 62 ESCAP members and associate members. However, despite these distant theoretical limits, there is a growing feeling that the capacity of the region to accommodate more of similar agreements is diminishing. A quick visual test of the “noodle bowl” confirms that the bowl is already overflowing.

Dairy Exports from India to Asian Countries:

Current Trends and Forecasts

By *Pralay Hazra*, Consultant, Symphony Services, Bangalore, and
Smita Sirohi, Senior Scientist, National Dairy Research Institute, Karnal (Haryana).

The Asian countries are the major destinations for the Indian dairy exports. The buoyancy in import demand of dairy products in Asian countries due to growing size of their markets resulting from population growth and changing food preferences, offers opportunities for Indian dairy industry to increase their exports. This paper examines export trends of India’s dairy products in Asian markets, analyzes the import demand and relative price elasticity of the Indian dairy exports and presents short-term export forecast in select Asian destinations. The analysis is based on HS 4- and 8-digit level data of the India’s export to 40 Asian countries during 1991-2004. The results indicate that although presently India is a minor player in Asian markets and exports are moderately to highly instable in most of the destinations, the potential exports can increase substantially.

Why Foreign Institutional Investors are Investing in India?

By *S.S.S. Kumar*, Associate Professor, Indian Institute of Management Kozhikode, Calicut (Kerala).

This paper examines whether the surge in FII inflows to India is consistent with the standard models of international portfolio choice. Our analysis shows that the FIIs are investing in India primarily due to the high returns that may be earned by investing in India and not because of the diversification benefits that accrue to a foreign portfolio investor by choosing to invest in an emerging market like India. Therefore, any attempts by the policymakers to use the forex reserves for financing any real assets have to be very carefully weighed because substantial part of the Indian forex reserves are built from the portfolio flows.

IIFT STUDY

Technology Intensive Exports: Perspectives and Prospects

GUIDELINES FOR AUTHORS CONTRIBUTING ARTICLES TO FOREIGN TRADE REVIEW (FTR)

Manuscripts submitted for publication must be in English. Electronic manuscript (floppy/CD) will be accepted provided it comes with a hard copy. All manuscripts should be typed in double space, in MS-WORD format with tables, diagrams, graphs, charts, etc., in Excel in black colour only on one side of the paper, with a wide margin (minimum one inch) on either side.

They are accepted for publication on the understanding that they contain unpublished work not submitted for publication elsewhere. Any special feature relating to the paper such as its presentation in a seminar/conference must be clearly indicated at the bottom of the first page.

The first page should contain the title of the article, author or authors' designation, name of the institution and full address.

Footnotes should be listed consecutively in the text with superscript Arabic numerals. All footnotes typed serially in double space should be given separately at the end of the text. If there are bibliographical references and footnotes, references should follow the footnotes in a separate sheet.

The following format should be used for referring books, articles in journals, etc. in the reference:

- (a) Williamson, John (1985), *The Exchange Rate System*, Institute for International Economics, Washington, D.C.
- (b) Coes, Donald V. (1981), "The Crawling Peg and Exchange Rate Uncertainty", in John Williamson (ed.), *Exchange Rate Rules: The Theory, Performance and Prospects of the Crawling Peg*, St. Martin's Press, New York, pp. 113-116.
- (c) Ware, Roger and Ralph Winter (1988), "Forward Markets, Currency Options and the Hedging of Foreign Exchange Risk", *Journal of International Economics*, Vol. 25 (November), pp. 291-302.

All tables must be consecutively numbered using Arabic numerals and appropriately titled. All notes to tables should be given at the bottom of the respective table. The position of tables should be clearly marked in the text at the appropriate place.

If mathematical equations/formulae are used, they should be typewritten or handwritten clearly. Use notations, exponents, etc., which are simple to reproduce. The full mathematical workings necessary for justifying each step of the arguments should accompany all the articles of a mathematical character. This is meant to assist the referees. These workings will not be published.

All manuscripts must be addressed to The Editor, *Foreign Trade Review*, Indian Institute of Foreign Trade, B-21 Qutab Institutional Area, New Delhi-110016, India. (E-mail: akanungo@iift.ac.in)

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