

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

Regional Economic Cooperation in Asia: A Feasibility Study

By *Dr. Rajiv Ranjan*, Director, *Dr. Rajeev Jain*, Assistant Adviser; and *Arti Mukherjee* Assistant Adviser, Department of Economic Analysis and Policy, Reserve Bank of India, Mumbai.

ABSTRACT

The process of regional economic cooperation among emerging Asian economies has gathered pace especially after the East Asian crisis. Although efforts at various levels are underway, it is important to know whether economies of the region behave synchronically. Thus, the paper attempts to examine business cycle convergence among the select emerging economies of the Asian region. It is found that the biggest economies of the emerging Asian region, viz. China and India are one of the least synchronized economies. Empirical analysis also indicates that export baskets are less similar than the import basket of the emerging Asian economies. These have implications for current efforts being pursued in the direction of monetary integration in the region.

India's Trade Linkage with ASEAN: An Econometric Study

By *Dr. Amal Sarkar*, Head, Department of Economics, Narasinha Dutt College, Howrah, West Bengal.

ABSTRACT

India has put an emphasis on enhancing trade relations with ASEAN region in early 1990s. As a result, India's export to ASEAN has significantly increased in recent years. However, the ASEAN financial crisis had left negative impact on India's export to ASEAN region. From the modelling exercise of the paper, the price and import elasticities of export flows attracts a great deal of attention because of its significant implications on India's export earnings from ASEAN. As the time series data involves non-stationary on their level, the Phillips-Hansen's Fully Modified (FM) method has been applied to get the estimated values of elasticity. The result suggests that India's export is significantly influenced by ASEAN economic growth. Further, it is very much price competitive in the ASEAN market. In other words, the devaluation of India rupee will be helpful for expanding India's export to this region.

An Analysis of Cross-Cultural Negotiations in Textile and Clothing Exporting Units

By **Harpreet Kaur**, Manager, HDFC Bank, Ludhiana, Punjab;

Dr. Y.P. Sachdeva, Professor and Head; and **Babita Kumar**, Assistant Professor
Department of Business Management, Punjab Agricultural University, Ludhiana, Punjab.

ABSTRACT

Cross-Cultural Negotiations take place among individuals of different countries possessing different cultural values over business issues. Companies engaged in overseas transactions have to necessarily engage in Cross-Cultural Negotiations. It involves looking at all the factors that can influence the proceedings. It takes into account aspects that are usually unimportant in domestic negotiations. If cross-cultural differences are recognized, clearly communicated, and understood by the negotiator, they can be the basis for framing win-win agreements. Precisely for this reason corporates have to tread cautiously with regard to cross-cultural negotiations. In this paper, an attempt has been made to study the awareness and various aspects of negotiation process of cross cultural negotiations in textile and clothing exporting units of Ludhiana. 40 exporters (5 large scale and 35 small scale) were contacted for the Study. The Study reveals that as compared to small scale units, large-scale units were more aware, organized in their approach to negotiation and understood the importance of negotiation styles. On the whole, textile and clothing exporters do not have adequate knowledge about cross-cultural negotiations and they are unable to realize the importance and potential of this concept in today's business world.

BOOK REVIEWS

Bruce C.N. Greenwald and Judd Kahn, *Globalization: n. the irrational fear that someone in China will take your job*, Wiley, November 2008, pp. 186, \$29.95.

By **Tara Iyer**, Student of Economics, Duke University, North Carolina, USA.

Saman Kelegama (Ed.), *Trade in Services in South Asia: Opportunities and Risks of Liberalization*, Sage, 2009, pp. xiv+306, Rs 750.

Gerard Roland (Ed.), *Privatization: Successes and Failures*, Columbia University Press, 2008, pp: xix+231, Price: not mentioned.

By **Anil K. Kanungo**, Editor, Indian Institute of Foreign Trade, New Delhi.

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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.

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- (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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