INDICE

Foreword	V
Summary	1
Chapter 1: economic integration	4
I. South Asia's economic performance in International perspective	5
II. South Asia and the global economy	
Measures of integration	6
Trade policy: 1996-97	8
Trade openness	9
Price comparisons	10
III. Economics structure and integration	
Export and import structure	11
Product composition of exports	12
Growth of textile and clothing in South Asia	13
Specialization	14
Level of technology	
IV. Export performance	15
The 1996 Slowdown	17
Chapter 2: financial integration	19
I. Financial integration: measures, benefits and risks	20
II. Trends in South Asia's financial integration	22
Foreign direct investment is increasing but slowly	22
Portfolio flows	26
Impact of capital flows on the domestic economy	28
Market creditworthiness	29
III. Toward sustained flows and enhanced productivity	30
Chapter 3: regional integration	20
I. Intraregional trade in South Asia	32
Intraregional trade: tiny but increasing	
Unofficial trade has flourished	22
Has trade been fostered by regional arrangements? Toward a free trade area?	33
Would the region gain substantially from a free trade area?	35
II. Simulation of the benefits from preferential liberalization	36
Chapter 4: the integration economic environment	30
I. Global environment	38
The external environmental and south Asia	39
II. Outlook for South Asia	40
III. Current account vulnerabilities	41
Chapter 5: prospects for South Asian exports	 ''
Emphasizing textiles and clothing	44
I. Multi-fibre arrangement. Benefits from abolition	45
II. Simulation s of export growth and changes in export structure	47
Changes in export structure	48
III. Welfare gains from MFA abolition	50
IV. Productivity improvements in the apparel sector	53
V. Impact of trade liberalization	55
Conclusions	57

Bibliography	59
Annex I.I Trade indicators	65
Annex I.II Adjusting the trade to GDP ratios	75
Annex II.I Private capital flows	80
Annex II.II Evolution if investment and regulatory regimes in South	
Asia	92
Annex II.III Foreign direct investment in SOUTH Asian countries	94
Annex III Intraregional trade	94
Annex IV.I The importance of textile ands clothing exports to south	
Asian countries	104
Annex IV.II The baseline simulations: assumptions and	
methodology	113