



## India's "Look East" Policy Seeks to Deepen Economic Integration with Asia

Dr. Manmohan Singh, Hon'ble Prime Minister of India

### Feature Article

India's "Look East" policy, when it was initiated a decade and a half ago, marked a strategic shift in our perspective. It coincided with the beginning of our economic reform process and provided an opportunity for significantly enlarging our economic engagement. At the same time, it was also a renewal of time-tested linkages with our neighbours in South East and East Asia. Our zeal and determination to pursue this renewal and reach our goal of Economic Community, remains unshaken.

This is amply demonstrated by the intensification of political dialogue and the steadily enlarging people-to-people contact encompassing all the countries of the region. Our bilateral cooperation with the countries of ASEAN has myriad facets and covers cooperation in diverse areas such as agriculture, fisheries, health, information technology, space technology, energy, defence and combating international terrorism.

The results of India's "Look East" policy are also amply demonstrated in our growing economic interaction with the region. India's trade with ASEAN has risen from US\$ 2.4 billion in 1990, to US\$ 23 billion in 2005. Our trade with the countries of the East Asia Summit has, similarly, risen from US\$ 8 billion in 1990, to US\$ 67.6 billion in 2005. This accounts for nearly 30 per cent of our external trade. At the same time, the period has also seen an increase in FDI flows, both from India to the region and from the region into India.

Today, India is a vibrant market-place. Our entrepreneurs are aggressively investing overseas. India has also emerged as a productive and profitable investment destination. We have a US\$ 700 billion economy that is growing at 7-8 per cent every year. In the first half of the current year, economic growth reached 9.1 per cent. We have actively pursued external liberalization by cutting down customs duty rates. The current peak rate, at about 12.5 per cent is quite close to ASEAN levels. We

have a policy objective of aligning our duty rates with ASEAN levels.

While India has seen many changes, so has the region. The most significant has been the process of ASEAN economic integration, and a similar process for deepening economic integration between ASEAN and its dialogue partners. The convening of the East Asia Summit last year was a historic development. We acknowledge ASEAN's valuable contribution in being the driving force for this positive development and for inviting India to be there at the start.

In the present phase of our "Look East" policy, we in India seek to deepen our economic integration by entering into Free Trade or CEPA, both with ASEAN as a whole and with individual countries of the region. Such agreements are already under different stages of discussion or implementation with Singapore, Thailand, Malaysia and Indonesia. This web of mutually beneficial partnerships can be brought together in a Pan Asian FTA that could light up the future of this region.

India-ASEAN trade recorded an impressive growth of 30 per cent in 2006 and I believe that the India-ASEAN FTA will impart even further momentum to this growth in trade. We are strongly committed to its early conclusion and implementation.

Greater connectivity is also central to the idea of regional economic integration. The initiative taken in 2003 to liberalize air services has led to a significant increase in flight connections between India and ASEAN, with concomitant benefits in trade and people-to-people contact. I recall, at our last Summit, the Prime Minister of Singapore had proposed that we now look at an open skies policy. We have examined this proposal and I am happy to announce that we would be willing to engage ASEAN authorities in a discussion on such a policy.

Science and technology is an area in which cooperation between India and ASEAN has added much substance to our relationship. The Technology Summit jointly organized by India and ASEAN, in New Delhi in 2006 has been an important milestone in this cooperation. It shows that we can pool our knowledge, and together add to it, to create wealth and improve the well being of our peoples.

I would also like to use this opportunity to reiterate that India remains committed to continuing its support for the initiative for ASEAN Integration. We are happy, in this context, that the India-Cambodia and India-Vietnam Entrepreneurship Development Centres became operational last year. The India-Laos Centre has been operational since November 2004. We also have a wide ranging programme of cooperation with Myanmar, which is our gateway to ASEAN.

Human resource development is central to bridging the development gap and cooperation in this area has also proceeded well. We are particularly gratified with the positive response to the first training course for ASEAN diplomats, that was organized by the Foreign Service Institute in New Delhi recently. I propose that such cooperation be institutionalized on an annual basis.

The age-old India-ASEAN linkages have been about our peoples mingling and interacting with each other. This dimension has been given a renewed thrust with the impressive growth of connectivity and the ever-increasing flows of tourism between India and ASEAN. This should, I believe, remain a priority area of cooperation and, in fact, be given even further impetus. We would, in this context, be launching special tourism campaigns in ASEAN countries during the course of this year. We would also be happy to facilitate similar campaigns in India from ASEAN countries.

(Excerpted from the Prime Minister's Address delivered at the 5<sup>th</sup> India-ASEAN Summit Cebu, Philippines, 14 January, 2007). ■



## RIS-UNESCAP High-Level Policy Dialogue on Regional Cooperation for Infrastructure Development

In an era of globalization and regional integration, the process of regional cooperation for infrastructure development and financing in Asian and Pacific region got strengthened in a two-day high level Policy Dialogue jointly organized by RIS and UNESCAP in New Delhi on 21-22 March 2007.

On the occasion, Dr. Kim Hak-Su, Under-secretary General of the United Nations and Executive Secretary of UNESCAP, in his inaugural address, stated that the present meeting was a step further to enhance regional cooperation in infrastructure development in follow-up of the Jakarta Declaration on Enhancing Regional Cooperation in Infrastructure Development, adopted at the ESCAP Commission. Hon'ble Minister of Finance, Mr. P Chidambaram, while releasing the RIS' Study on *Regional Cooperation for Infrastructure Development in Asia: Towards a Regional Mechanism for Public-Private Partnership*, said that the idea that the foreign exchange reserves must be put to use in order to promote investment in infrastructure has been gradually popularizing. Hon'ble Minister of State for Commerce and Industry, Mr. Jairam Ramesh, in his special address said he had asked RIS to prepare a study as an Indian contribution to the ongoing debate on regional cooperation for infrastructure financing. Mr Shivshankar Menon, Foreign Secretary, MEA, highlighted that the cross-border connectivity was a part of the larger vision that Indian Prime Minister has of an Asia that is connected with itself and with the rest of the world. Dr. Arjun Sengupta, Chairman, RIS, in his opening remarks referred to the RIS

Study which has advanced a proposal drawing upon some Indian experiences in fostering public-private partnership for infrastructure financing. Dr Nagesh Kumar, Director-General, RIS, while thanking the august speakers, mentioned that the RIS study has proposed a regional mechanism for providing institutional intermediation between region's growing foreign exchange savings and widening infrastructure deficits.

The conference had participation of senior high level government officials, eminent scholars, academicians and private sector CEOs from more than twenty countries including Australia, China, Indonesia, Japan, Republic of Korea, Malaysia, Nepal, The Philippines, Singapore, Sri Lanka, Thailand and India along with the several prominent regional development institutions. The conference touched upon various wide ranging issues on the selected themes. The main themes of the conference were the Regional Cooperation for Infrastructure Financing in Asia; Financing Infrastructure in Asia and the Pacific: Role of Revenue Bonds; Financing Infrastructure Investment: Lessons from Asia-Pacific Experiences; Experiences in Infrastructure Financing in Asia-Pacific; Issues and Challenges of New Mechanisms for Infrastructure Financing; and Innovative Regional Mechanisms for Financing Infrastructure Investment.

In order to address the issue of lack of adequate investment in infrastructure development, the conference unanimously stated that the time has come to find solutions from academic analysis to political decision-making. A proposal was put forward to set up a Committee

of Senior Officials to review the options and make suitable recommendations to a Ministerial Committee through a resolution to the forthcoming 63<sup>rd</sup> session of the UNESCAP Commission to be held in May 2007, in Kazakhstan. In addition to that, an Expert Group comprising well known economists, central bankers and investment bankers would also be set up to provide technical support to the Committee of Senior Officials.

At the meeting, newly launched RIS Study shared the similar research findings with the UNESCAP that revealed that the region needs an annual investment of about \$600 billion for transport, energy, water and telecommunications, despite the shortfall of more than \$200 billion annually in the region. The meeting endorsed the RIS study proposal to set up a regional intermediary to channel at least a part of the savings of the region estimated at \$3 trillion dollars into sound and viable infrastructure investment. This could be through an Asian infrastructure investment bank or an Asian infrastructure finance corporation. The new body could be independent or be an affiliate of an existing institution such as the ADB.

The conference recognized the adequate investment for upgrading infrastructure facilities can act as an engine of economic growth and lead to poverty reduction in the region. Cross border infrastructure has assumed an important role in sustaining the high growth rate of the region. Continued dynamic development in the Asia-Pacific would need a continued access to energy supply, transport, telecommunications and water. It was recommended to promote regional cooperation in

implementing several cross-border projects which have not been implemented because of resource constraints and procedural formalities.

To create an appropriate policy environment for attracting private sector investment in infrastructure, the conference recommended that it needs both financial and non-financial support from the public sector. In this regard, public-private partnership (PPP) could be an important mode for infrastructure investment. For mobilization of resources for infrastructure investment in the region, an institutional break through is recommended to meet the resource needs that support cross-border projects, provide non-financial support for infrastructure on large scale and fill financial viability gap in private sector projects.

On the innovative models for infrastructure financing, a regional mechanism was suggested for the countries to benefit from number of innovative models available at the country level. The conference proposed to set up a Regional Special Purpose Vehicle (RSPV), an example of Indian model for infrastructure financing. This would enable the RSPV to borrow a part of foreign exchange reserves of the member countries at 30 year US Treasuries rates besides from the capital market and thereafter use the funds for investing in global equity and for investment in infrastructure projects. To create such effective regional mechanism for infrastructure financing, it was agreed to utilize the experiences of China Development Bank and Eurasian Development Bank.

(Source : Press Release of the Conference available at <http://www.ris.org.in>).

## India Will Join Trans-Asian Rail Project

India has decided to join a Trans-Asian Rail (TAR) project that will connect vast parts of Asia and Europe, seeking to give a boost to trade and tourism. The Indian cabinet at its meeting gave its clearance for signing and ratifying the inter-governmental agreement on TAR which will link various

countries from China in the east to Bulgaria in the west.

The inter-governmental agreement, already signed by 18 countries, including Russia, China, Iran, several Central Asian countries, Turkey, Thailand, Cambodia, Sri Lanka, Vietnam, Nepal, Laos and Mongolia, would

formalise the coordinated development of the TAR.

Indian Railways will set up a 350-km link between Jiribam, India and Moreh, Myanmar, for the proposed link-up. The Myanmar government will share part of the project cost. The project cost for India is estimated at around Rs

1,800 crore and the total cost is expected to be about Rs 3,000 crore. India seeks to attract several tourists from Southeast Asian countries to its Buddhist pilgrimage sites who can use the cheaper rail route.

(Excerpted from *The Daily Star*, 10, March 2007).

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# NEWS

## Second East Asia Summit Seeks to Build Confidence

At the Second East Asia Summit, the Heads of State exchanged productive views on regional and international issues, as well as on issues of strategic importance to the East Asian region.

The member states reaffirmed their commitment to the eradication of poverty in East Asia and resolved that improving the standard of living for our people should remain a central focus of their regional cooperation efforts. They also confirmed their commitment to achieve the target and objectives of the MDGs.

As a priority area for the second East Asia Summit, the leaders convened a special session on energy to achieve their shared goal of ensuring affordable energy sources for development in the region.

To this end, the leaders signed the Cebu Declaration on East Asian Energy Security, which aims to improve the efficiency and environmental performance of fossil fuel use. They expressed

determination to reduce dependence on conventional fuels through intensified energy efficiency and conservation programs, hydropower, expansion of renewable energy systems and bio-fuel production/utilization, and for interested parties, civilian nuclear power. They emphasized to encourage the development of open and competitive regional and international markets geared towards providing affordable energy at all economic levels and mitigate greenhouse gas emission through effective policies and measures, thus contributing to global climate change abatement.

On the education front, the leaders agreed to strengthen regional educational cooperation by tapping the region's centers of excellence in education. In that endeavor, leaders welcomed initiatives such as the revival of the Nalanda University in India, to improve regional understanding and the appreciation of one another's heritage and history. Further, they also expressed

concern over some continuing cases of avian influenza in the region, and reaffirmed their commitment to coordinate efforts and to increase cooperation in addressing this challenge including ensuring the availability of medicine and health personnel protection measures. They also agreed to strengthen cooperation to improve natural disaster response preparedness and mitigation.

The Heads of State recognized that sustaining economic growth and stability in the region will require continued efforts to develop deeper, more diversified and better-integrated financial markets, and to strengthen regional mechanisms to prevent and manage financial crises. They welcomed closer cooperation among EAS participating countries and agreed to task officials to develop proposals to this end for consideration at next Summit.

On the economic development and to deepen regional integration they agreed to launch a Track Two study on a

Comprehensive Economic Partnership in East Asia (CEPEA) among EAS participants. For that, they tasked the ASEAN Secretariat to prepare a time frame for the study and invite all the countries to nominate their respective participants in it. They also welcomed Japan's proposal for an Economic Research Institute for ASEAN and East Asia (ERIA).

In conclusion, the leaders recognized their progress in building confidence among EAS participants and encouraged an open and continuing exchange of views on issues of strategic importance to the region. They expressed their conviction that the EAS should remain outward looking, with ASEAN as the driving force working in close partnership with other participants of the East Asia Summit.

(Excerpted from the Statement delivered by the Chairman, H.E. Gloria Macapagal Arroyo, President of the Republic of the Philippines, at the Second East Asia Summit, Cebu, the Philippines, 15 January 2007).

## East Asian Leaders Endorse Energy Security Pact

On the occasion of the Second East Asia Summit in Cebu, Philippines; Cebu Declaration on East Asian Energy Security was adopted by the leaders of the ten member ASEAN countries along with Japan, China, South Korea, India, Australia and New Zealand. The leaders recognized the limited global reserve of fossil energy, the unstable world prices of fuel oil, and the worsening problems of environment and health, and the urgent need to address global warming and climate change.

Under the agreement, the leaders agreed to conserve energy,

find alternative renewable energies and promote open trade and cooperation in the sector in a bid to offset the adverse impact of soaring oil prices on the economies and peoples in general. The leaders recognized the need to pursue energy policies and strategies best suited to each country's national circumstances, which will lead to sustainable development. In that context they noted that biofuel and hydropower resources are renewable and as such harnessing these resources is an important aspect of their national energy policies.

To work closely together towards their goals, they called to reduce dependence on conventional fuels through intensified energy efficiency and conservation programmes, hydropower, expansion of renewable energy systems and biofuel production/utilisation, and for interested parties, civilian nuclear power. They also called for an open and competitive regional and international markets to provide affordable energy to all. To mitigate the effects of greenhouse gas emission, the leaders stressed the need for effective policies and measures to

check global climate change. They also encouraged private sector investment on energy resource and infrastructure development.

The leaders committed to minimize "greenhouse gas emissions" and invest in infrastructure, such as the ASEAN Power Grid and the Trans ASEAN Gas Pipeline to ensure stable energy supplies. They also agreed to assist less developed countries in enhancing national capacity building in achieving the goals.

(Excerpted from the Cebu Declaration on East Asian Energy Security, Cebu, the Philippines, 15 January 2007).

## India-Japan CEPA Negotiations

The negotiations on India-Japan Comprehensive Economic Partnership Agreement (CEPA) were formally launched. Mr. Masaharu Kohno, Deputy Minister for Foreign Affairs, led the Japanese delegation while the Indian side was led by Shri G.K. Pillai, Commerce Secretary, in these negotiations. The

agenda for discussions included the "Framework of the Negotiations," the scope and modalities of the negotiations and other major areas such as trade in goods, trade in services and investment.

Earlier, in India in 2005, the Prime Ministers of the two countries directed that the India-

Japan Joint Study Group (JSG) be launched by June 2005 and submit its report within a year. The JSG had recommended that the two countries launch intergovernmental negotiations to develop CEPA.

India's exports to Japan in 2005-06 were valued at US \$ 2.4

billion while imports stood at US \$ 3.5 billion. Majority of Indian exports are gems and jewellery, iron ore, and marine products while major imports from Japan include machinery, electronic goods, iron and steel etc.

(Excerpted from the [http://commerce.nic.in/Feb07\\_release.htm#1](http://commerce.nic.in/Feb07_release.htm#1)).





## Centre of Economic Gravity Shifting to Asia - Indian Commerce Minister

Participating in a session on 'Does the 21st century belong to Asia' at the CII Partnership Summit 2007 in Bangalore, Commerce and Industry Minister, Kamal Nath observed that while the 20th century witnessed a large number of countries gaining independence from colonial rules, the 21st century would be a century of growing interdependence among nations and would witness the integration of world economies.

He opined that a new global economic architecture is shaping up and agreements harnessing opportunities arising out of synergies in the era of globalization are being inked. He stated that past is not a model for future and the world needed to simulate the future looking at the present. He envisaged greater interdependence as a new

basis of relationship across the world.

He referred to the compelling Asian impact on the global economy and the fact that the centre of economic gravity was shifting steadily to Asia, including in the sphere of research and development. Cooperation and partnership of nations would be the key to future prosperity of the world, he said.

In his address, George Yong-Boon Yeo, Minister of Foreign Affairs, Singapore, said that one should take a modest view of the historical process of globalisation avoiding mistakes. He said economic and cultural relations are vital factors to steer Asia as an economic power.

(Excerpted from the *Financial Express*, 18 January 2007).

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## Roundtable of Top Asian Executives

In order to explore the diversity in the business environment in Asia, top executives of Mercer, one of the top HR consultancy firms from Japan, Korea, China, India and ASEAN participated in a *Economic Times* roundtable discussion. The discussion centered around that the Asian region with 46 countries, over 4 billion people and a buoyant economy that's growing at over 7 per cent, is termed as the Asian century. Asia's cultural, economic and social diversity is best mirrored by India's own. The flying geese economic growth model staggered sequential growth of one nation taking off after another has led to varied stages of growth and very different set of challenges for the Asian countries.

In the roundtable, it was revealed that in China in order to boost consumption, the government has mandated companies in China to give three golden week holiday to fire up consumer spending. At present, the government has been formulating policies to control growth in overheated sectors like iron, steel and real estate. However, due to fast-paced growth, there is a

mismatch of talent demand supply at all levels and the poor language is the biggest barrier.

The status of India's poor infrastructure for ports and roads sector was thoroughly discussed. Though, India has been involved in the process of building large pool of talents and creating a cadre of global leaders are their main priority. At the same time, Japanese government has been shifting their focus from cutting costs, boosting operational efficiency and making incremental improvements to innovation.

On the same platform, it was observed that in Korea, jobseekers are specifically opting for Korean companies, as a result MNCs are concentrating to replicate the best practices from Korean companies. However, with the emergence of talent mobility within the ASEAN region, countries are mainly concerned to deal with the talent migration at a social level. Further, Singapore emerging as the regional headquarter for western MNCs has been blending work cultures.

(Excerpted from the *Economic Times*, 21 February 2007).

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## ADB Calls for 'Pragmatic' Asian Integration Approach

The Asian Development Bank, President, Haruhiko Kuroda, said in his speech at the Asian Business Conference in the Makati business district, that Asian nations should adopt a more realistic approach towards regional integration and should focus on smaller "doable" goals rather than pushing for a European-style union.

He further added that to have a "workable framework" for regional cooperation and integration for the next 10 to 15 years, we should rely on a pragmatic step-by-step, bottom-up approach, rather than on conceiving and implementing a comprehensive pan-Asian 'vision' or grand plan, as was done in Europe.

Kuroda said reaching a broad political and social consensus, as needed to develop a far-reaching pan-Asian grand plan of regional integration, "does not appear feasible at this stage" because of extreme diversity among economies in the region.

He stated that Hong Kong, Japan, Singapore and Taiwan have annual per capita incomes of between \$20,000 and \$40,000, while people in Bangladesh, Cambodia, the Kyrgyzstan, Laos, Mongolia, Myanmar, Nepal and Tajikistan on average earn less than \$500 a year. In that context, he said that Asia and the Pacific should adopt a "multi-speed" approach to cooperation, in which a few countries could start working together on selected common issues while leaving the option for other countries to join later.

The ADB President also made a pitch for what he called "sub-regional cooperation," which he said was the building block of regional integration, given Asia's extreme diversity and sheer size. "Cooperation at the sub-regional level is only logical as a way to move forward," he said.

(Excerpted from the *Asian Journal Online*, 1 March 2007).

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## Asia Seeks to Protect Itself from Rapid Capital Flows

At a symposium to mark the 10th anniversary of the regional currency crisis, Central Bank Governors from the region, agreed that the Asian nations need better protection to prevent "massive" capital inflows from damaging their economies. The Governors noted their success in putting the regional economy on sound footing and strengthening the financial system since the financial crisis.

Toshihiko Fukui, Governor of the Bank of Japan, said that the most difficult task for any monetary authorities to maintain the stability of foreign exchange rates, the free flow of capital and the independence of monetary policy simultaneously. He also added that in order to increase the ability to absorb external shocks from massive capital flows, the priority seem to be to strengthen the function of foreign exchange and financial markets. But with the globalization of the world's financial markets, large capital flows will continue to have a strong impact on open economies, he said.

Tarisa Watanagase, Governor of the Bank of Thailand, said that rapid movements of capital flows have caused exchange rates to be vastly out of line with the underlying economic fundamentals and have negative impacts on the export or the import sectors. He added that the recent surge in capital inflows has caused a one-way appreciation of the baht relative to regional currencies that is detrimental to Thailand's export competitiveness.

However, Governor of Bank Indonesia, Burhanuddin Abdullah said that foreign exchange reserves provide the region with a cushion against the potential damage of capital flows. He also opined that in the aftermath of the Asian crisis, countries in the region are more conscious in protecting their national interests and strengthening their sense of security amid greater global uncertainties.

(Excerpted from *International Herald Tribune*, 22 January 2007).

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## India and the Construction of a New East Asia

S Jayakumar,  
Deputy Prime Minister, Singapore

India will be an essential part of the emerging East Asian pattern and that India's future will be increasingly bound up with that of East Asia. India's participation will not just be economic, rather, economic growth will inevitably give India a central strategic role.

East Asia is on the move. Domestically, East Asian growth has been underpinned by the high priority placed by governments and peoples on economic development and their determination to succeed.

For most of this half century or so, India was not at the centre of East Asian development, as India had different national and international priorities. But after the Cold War, East Asia's perceptions of India have changed and likewise, India's perception of East Asia has also evolved. Since early 1990s with its economic reforms, India has increasingly become a part of the East Asian equation, a fact recognised by its admission into the East Asian Summit two years ago. Indian companies are making their presence felt in the world economy. Globalisation and growth have created new patterns of trade, investment and production, bringing India into the mainstream of an integrating East Asia.

The end of the Cold War and decades of rapid economic growth, in particular the rise of China and India, have created an environment of greater strategic complexity in East Asia, particularly in relations among the major powers, Japan, China and now India. However, this complexity has three primary and inter-related dimensions. First of all, traditional great power behaviour in which rivalry is an inevitable but not exclusive element. Secondly, growing economic interdependence with social and cultural interdependence as its corollary; and lastly efforts at elaborating an East Asian architecture; in effect, 'constructing' a new East Asia.

The effort at elaborating a new East Asian architecture both reflects the new complexities as well as the common interest in managing these complexities so as to preserve conditions for stability and growth. It should be open, reflecting the fundamental basis of East Asian growth. It should not be hierarchical but multi-polar, reflecting East Asian conditions.

India has a central role to play in all these aspects, in particular ASEAN. We believe that a strong India and strong India-ASEAN

## India's Links with South East Asia and East Asia to Usher in a New Arc of Prosperity

We are truly committed to work with Singapore and other like-minded countries to strengthen our links with South East Asia and East Asia. Our destinies are truly inter-linked. We are committed therefore to explore all options to foster closer, multi-faceted links with South East Asia and East Asia to usher in a new arc of prosperity in this extended region and extended neighbourhood of India.

— Hon'ble Prime Minister of India, Dr Manmohan Singh's Address at Pravasi Bhartiya Divas, 7 January 2007, New Delhi, India.

relations can only strengthen ASEAN. And a strong ASEAN is crucial to the construction of a new East Asia.

The new strategic complexity of East Asia means that it will no longer be possible to manage issues such as energy security or the security of major sea lanes without India's active participation. It is no longer possible to conceptualise East Asia just in terms of US-China-Japan relations or of ASEAN's relations with only these three major power centres. **Increasingly, Sino-India, India-Japan and US-India relations will move to the centre of the East Asian equation.** Both China and India have professed their belief that Asia is large enough to accommodate the two of them and indicated that they want to concentrate on the challenge of development.

India has already made major intellectual contributions into the ongoing efforts to define a new East Asia. At the ASEAN Summit 2005, Prime Minister Manmohan Singh had outlined a vision of an emerging Asian Economic Community. He also envisioned a Pan Asian Free Trade Agreement as one of the building blocks of the eventual Asian Economic Community.

India has a natural and central place in the emerging East Asian order and has key roles to play to shape the emerging regional architecture. It is in the interests of both India and East Asia that India succeeds in playing these key roles, by staying the course of reform to sustain its economic growth, by accelerating its external links with the rest of Asia and by nurturing its relationships with key players in our region.

(Excerpted from the Speech delivered at the 5th Pravasi Bhartiya Divas in New Delhi, India, 7 January 2007).

## East Asian Economic Outlook and Regional Cooperation and Integration

Haruhiko Kuroda, President,  
Asian Development Bank

East Asia has achieved success in the post-war era in the form of the rapid

reconstruction of Japan and its rise as a major industrial force. Further, the unleashing of the "Asian Tiger" economies, including Republic of Korea and Singapore, since the mid-sixties and the subsequent economic miracles achieved by Malaysia, Thailand, and Indonesia, and the more recent growth acceleration in the Philippines and Vietnam. Above all, the emergence of the People's Republic of China as a regional and global economic giant along with the awakening of another giant India as another rising Asian economic powerhouse and an important link between East Asia and South Asia.

Australia and New Zealand, the two Oceanic industrial neighbours of East Asia have always kept close ties with the region. They have played important roles in East Asia's success and each success story builds a firm foundation for further progress, raising hope for the less developed economies of East Asia that they too could replicate the achievements of their high-performing neighbours.

However, East Asia converted the 1997-1998 financial crisis into an opportunity to address underlying structural weaknesses. And in less than a decade, the region's economies are strong again, and the phenomenal success of East Asian economies has been anchored on two key platforms - national pragmatism and global integration have produced an East Asian economy that is inherently the most dynamic in the world.

From the perspective at ADB, poverty reduction is the foremost ongoing key challenge common to the region that will benefit enormously from Asian countries working more closely together. Second, Asia has huge infrastructure gaps and bottlenecks in electricity, telecommunications, water and sanitation, and transport networks for that it is estimated that Asia needs a total of \$3 trillion for infrastructure over the next ten years. Asia's foreign exchange reserves are now approaching \$3 trillion - or close to two-thirds of global reserves. Yet, these infrastructure needs are not being adequately

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met. Thirdly it is a matter of concern that millions of Asians, especially the poor, are robbed of their lives and livelihoods by air, water, and soil pollution, and often destruction of life-supporting biodiversity. The promotion of energy efficiency and clean energy development is needed to protect the environment. Finally, there are other common threats, like communicable diseases, cross-border crimes, and natural disasters that no single country can manage on its own, instead require collective regional actions. In this context, drawing on the lessons from the 1997-1998 crisis, there is need to bolster financial stability and economic competitiveness that will allow the region to sustain its economic growth.

In order to foster regional cooperation and integration and to sustain its impressive socio-economic performance, East Asia should take better advantage of the sources of dynamism within East Asia, and it is essential to facilitate the cross-border movement of goods, services, capital and people. Trade and investment cooperation is a key element of this evolving regional architecture. To maximize the potential benefits of FTAs, East Asia has to chart a clear road map to establish a region-wide FTA. The existing ASEAN+1 FTAs between ASEAN and each of its dialogue partners could pave the way for the establishment of an East Asian FTA. Moreover, in the area of monetary and financial cooperation, the region would benefit vastly from more effective regional reserve pooling, comprehensive economic surveillance, and greater policy coordination, all of which would secure financial stability and reduce the risks of future crises.

Therefore, it would be desirable for East Asia to take note of these challenges and consider some suitable strategy to effectively tackle them that would help in successfully forging ahead the agenda of regional cooperation and integration.

(Excerpted from the speech delivered at Second East Asia Summit, Cebu, Philippines, 15 January 2007).

## Does the 21st Century Belong to Asia

George Yeo,  
Minister for Foreign Affairs,  
Singapore

There is no doubt that Asia is resurging. With over half the world's population, this resurgence will transform the world in this century. For most of history, China was the world's biggest economy and India the

second because of the large number of people. It is likely that they will resume these positions in the coming decades. With four times the population of the US, China only needs to achieve a per capita income one quarter that of the US for its economy to be equal in size. After 2030, India will have even more people than China.

Between India and China, bilateral relations have entered a new era of cooperation. As Prime Minister Manmohan Singh said, each is too big to be contained by the other, and the world is large enough to accommodate the aspirations of both countries. Bilateral trade is growing rapidly with China becoming India's biggest trading partner. Building a regional architecture which enables problems to be managed and kept within bounds is therefore of the highest priority.

The East Asia Summit is another important initiative. It is an important forum for India and China to engage each other taking into account the interests of the smaller countries in the region. All of us in the EAS share common interests in greater economic integration, better connectivity, energy security, environmental protection and the safety of our air and sea lanes. One long term project being studied is the feasibility of a FTA embracing all the EAS countries. This, together with the proposal for a FTA of the Asia-Pacific, will help ensure that the global trading system stays open under the WTO.

India has a chance now to achieve double-digit growth and its economic development should in the end pull the whole of South Asia along. With India's growing links to ASEAN and Northeast Asia, all this will lead to a more organically integrated Asia.

Rapid development in Asia has pushed up the prices of oil and gas resulting in windfall gains to the hydrocarbon-rich countries of West and Central Asia. The countries around the Gulf and the Caspian are all benefiting greatly from the energy boom. Most of Asia is therefore on the move. Education is a key factor and it is the only way for them to climb out of the hole. We need massive investment in basic education, healthcare and other social amenities.

21st Century Asia will not be homogeneous, as it will remain diverse with bright spots and not-so-bright ones. There will be competition and cooperation at the

same time. The different economies will become increasingly interdependent and inseparable from the global system. Capital and talent will flow freely to where they are most welcome. Good ideas will be quickly copied and improved upon. Cities will try to leapfrog one another. Out of all this, a new Asian maritime civilization will evolve embracing all the coastal communities from Japan down the China coast through Southeast Asia to South and West Asia.

(Excerpted from the speech delivered at the CII Partnership Summit, Bangalore, India, 18 January 2007).

## Rising India: Prospects and Challenges for Australasia

Ambassador K Kesavapany, Director,  
Institute of Southeast Asian Studies,  
Singapore

The rise of China, followed by India, has brought about further changes in the economic and political landscape of Australasia. New Zealanders are called upon to engage the growing markets and growing power of these two Asian giants.

India's Look East Policy and its participation in regional institutions, such as ASEAN and the ASEAN Regional Forum, "bring India increasingly into a region in which New Zealand has a close interest. New Zealand's links with India as part of an emerging regional architecture that is collapsing the strategic boundaries of South Asia and Southeast Asia into a single security domain. New Zealand's economic reforms have been at the cutting edge of a wider desire to engage emerging Asian nations.

India embraced economic liberalization in the 1990s to take the advantage of the opportunities opening up in the global market place. Although, India's Look East Policy has witnessed a substantial transformation of its global relations, including with the rest of Australasia. This shift has occurred primarily because of the recognition of India's increasing capacity to address its developmental challenges, and the potential of its soon-to-be US\$1000-billion economy to provide substantial commercial opportunities.

India plays a crucial role in the making of the new Australasia. By adding the Indian market to the already large Chinese, Japanese, Korean and ASEAN markets, three billion people attract global attention and FDI. India adds a healthy and constructive element to the reform processes underway in Asia, and thus inspires laggards to take heed and join the competition or be left





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behind. The Asian boom has attracted investment, trade and tourism interest in the oil-rich Gulf States, and India is part of this Asian story. India is beginning to transit from being focused on South Asia and the West to looking east more, and thus is emerging as a more active regional player, interacting more with China, Japan and ASEAN. India is also well positioned to reap the benefits of favourable demographics, including an “urbanization bonus”, and a further rise in capital accumulation, in part from an upsurge in foreign direct investment.

The EAS is an important platform of India’s engagement of Australasia. India’s presence is not meant to contain China’s influence but to include China and incorporate its legitimate interests in an organization that reflects the normative and practical goals of Australasian multilateralism. India is being courted by great powers such as China, Russia, Japan, the European Union and the United States. But mainly all these countries have common economic imperatives to improve relations with India. However, there are speculations regarding the possibility for India to act as bridge-builder between China and Japan or to create a New Australasian Order that has room for all powers.

The answer will turn at least partly on the way that two recent developments, firstly the recent Indo-Japanese meeting set out the roadmap for a new geopolitical alignment in Asia with Japan’s vision of an “arc of freedom and prosperity” that really fitted with India’s vision of an “arc of advantage and prosperity.” Secondly, the joint declaration signed by Australia and Japan, that is the Tokyo’s first security agreement outside its alliance with Washington. In this scenario, New Zealand policy-makers will have to figure out how they are going to fit into this evolving geo-strategic scenario in Australasia.

India’s economic rise is important on its own and will have significant implications for Australasia will undoubtedly bring new opportunities for New Zealand exporters. Opportunities for bilateral economic cooperation will also increase significantly in the area of trade in services, education, tourism remains Australasia’s largest service export, and the tourism sector is also set to benefit from rising Indian incomes, albeit with the growth coming off a fairly low base. Other service sectors such as finance, telecommunications, health, energy, environmental services and the media would

## Pan Asian FTA – Future of Asia

Today we are linking India into a web of partnerships with the countries of the region and beyond through free trade and economic cooperation agreements. We have concluded a FTA with Singapore and are in the process of negotiating with ASEAN. We are exploring similar arrangements with other Asian economies. This web of engagements may herald an eventual free trade area in Asia, covering all major Asian economies and possibly extending to Australia and New Zealand. This Pan Asian FTA could be the future of Asia and will, I am certain, open new growth avenues for our economies. It is therefore important that we assess South Asian economic cooperation in the larger Asian context.

— Excerpted from the Speech delivered by the External Affairs Minister of India, Shri Pranab Mukherjee at the RIS/SACEPS Conference on “Economic Cooperation in SAARC: SAFTA and Beyond” on 19 March 2007, New Delhi, India.

also benefit from opportunities that open up with the growth of the Indian market.

There is great goodwill towards India in this region. There is enough space and enough work for all Asian states, big or small. Indian talent can be usefully tapped to build the East Asian Community. India’s long tradition of leadership in forums such as the NAM, the Commonwealth and the G-77 is only one among many advantages that it possesses as it takes its rightful place in Australasia.

(Excerpted from the Keynote Address delivered at a seminar on ‘India-New Zealand Relations’, New Zealand Institute of International Affairs, Wellington, 29 March 2007).

## Momentum for Building an East Asian Community

Bennett Richardson, *Asia Times*

The second East Asia Summit offered the promise of the politically fractious but economically powerful Asian mega-region one day coalescing into a single meaningful unit. However, many Asian academic and policymaking circles after the Second Summit suggest that East Asian Community building is a concept whose time may have come. The momentum has been helped by improving relations between Japan and its neighbours, as well as continuing efforts to create regional free trade agreements and liberalize markets.

The number of FTAs has skyrocketed over the past three years. At last count, there were 18 major trade agreements in place in East Asia, and at least another 32 under negotiation. The possibility of one day a massive multilateral trade pact covering the entire East Asia superseding bilateral agreements was discussed at the summit, resulting in a plan that China had previously blocked that includes Australia, New Zealand and India.

To be sure, debate on the concept of an East Asian community is not new. According to the analysts, Sino-Japanese rivalry is a

compelling factor behind the revival of the East Asian community concept. Japan is concerned that the ASEAN+3 process would be dominated by China and wants to bring other major players into the process. ASEAN countries are also hedging against possible Chinese dominance to varying degrees.

Mohamed Jawhar Hassan, Chairman of the Institute of Strategic and International Studies in Malaysia was of the opinion that Thailand and Malaysia see engagement with Beijing on a bilateral basis and through regional processes as sufficient to balance China. But countries like Vietnam and Indonesia seem to nurse greater apprehensions, and seek to hedge against Chinese dominance by opting for a stronger EAS. Although rivalries have emerged more clearly in the region, underlying cultural and social links are quietly flourishing. The number of tourists from ASEAN countries visiting other ASEAN countries has doubled since 1991 and now makes up almost half of all visitor arrivals. More exchange students are choosing to study within East Asia, and indirect cultural exposure through media such as television dramas, movies, and *manga* comic books is booming. In fact, Japanese *anime* cartoons had become so popular among Chinese children that recently Beijing banned them from being broadcast during prime-time viewing hours. Such sensitivity is also reflected in the lack of consensus on what the cultural basis of an East Asian community should be. Questions over regional identity underscore the vast social disparities that exist within the region.

A huge range of political systems, religious beliefs, gender values, social mores and patterns of economic activity exist across Asia. Although Australia, New Zealand and India have so far been included in EAS discussions, the issue of membership on cultural grounds is far from settled. The desire

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to keep the community-building process a primarily Asian initiative is perhaps understandable in a region that was under Western colonial control until sixty years ago.

(Excerpted from the *Asia Times Online*, 19 January 2007).

© *Asia Times Online*.

## Looking East Pays Off Well for India

Mahendra Ved, *The New Strait Times*

At the Ninth Asian Security Conference organised by the Institute of Defence Studies and Analysis, a premier think-tank focused on Security Dynamics in Southeast Asia: Emerging Threats and Perceptions. The conference was all about India and Southeast Asia, in fact, the participation was larger from the ASEAN region, China, Taiwan, Japan, the United States, United Kingdom and Norway. Taking a pan-Asian view, the conference noted that the world was undergoing monumental shift. Environment in Southeast Asia is happily placed and has never been better for greater integration in the absence of big power rivalry. This has allowed progress in regional cooperation among ASEAN-plus countries. This resurgence can help other parts of Asia as well. There is great potential due to the untapped human potential and huge availability of natural resources.

India's bilateral defence ties, especially with Singapore, came in for some mention. Singapore, like Vietnam, is an example of India learning from the ASEAN region about how to deal with China. ASEAN countries have had longer experience of dealing with China, following the policy of "congame"- containment plus engagement. However, New Delhi would not like to project its presence in ASEAN as a counterpoint to Beijing. Scholars stressed that India and China need not compete rather they can complement each other to mutual and the Asian region's good. As Prime Minister Manmohan Singh recently said, there is enough space for both India and China. When it began looking eastwards, India was certainly daunted by the Chinese presence. But with their current economic pace, Indians appear less and less daunted by China. India's 'Look East Policy' is comprehensive in that it covers Southeast and East Asia, with China and Japan on one end and Australia and New Zealand on the other. Besides trade, there is a deeper and broader process comprising an international division of labour and integrated production

and service chains. The knowledge-intensive part of the value-chain being built is evident in the form of software development, R&D, engineering and designing.

Even a layman cannot miss the rush of famous brand names into India and from India into the region. Samsung is a household name for home appliances. Hyundai uses India as a sourcing base for compact cars. China's Huawei Technologies does its chip design and embedded software in Bangalore. Canon has invested in India, not from Japan but from its Singapore subsidiary.

Production networks are also being developed by Indian enterprises. Daewoo trucks have linked up with Tata Motors. TCS, the leading Indian IT firm, invested in China via Singapore, partly because it plans to work from China into the Japanese market. Sony, Daikin and others are exporting their products from Thailand to India. The emergence of India-East Asia and Southeast Asia synergies in production is already evident.

Although the LEP means less dependence on the West, India is wooing the West, too, making its presence felt there as never before. This is eminently clear from Mittal's acquisition of Arcelor, Tata bagging Corus and the Aditya Birla Group purchasing the US-based aluminium major Novelis Inc. These and many more deals are in the pipeline.

(Excerpted from *The New Strait Times*, 20 February 2007).

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## Developing a Community Feeling

Darson Chiu

Taiwan Institute of Economic Research

The concept of a community is related to the sharing of a common identity, culture, ideas, or beliefs. In this sense, there is at present no East Asian community, since East Asia is characterized by great cultural, ethnic and political diversity, unresolved conflicts and different visions of the future.

In that sense, Europe is more culturally homogeneous than Asia, the challenges facing East Asia in the development of a regional community are greater than those faced by Europe in the post-war era. The fact that, even after half a century of integration, Europe still faces many challenges would indicate that the road ahead for East Asia to go forward with building a community is a long and difficult one.

The chain reaction in a regional scale is faster than that in the global scale because of the geographical factor. Therefore, a specific

East Asian awareness motivated by the multilateral economic structure has emerged. The East Asian awareness is too significant to be ignored, and it has served as a driving force and paved the way for potentially constructing a future East Asian community. The East Asian awareness shall lead to the concept of a voluntary East Asian community. Though its emergence has been observed with respect to the development and deepening of regional integration efforts in Europe and the Americas, which have led to fears that East Asia may be excluded from these traditional markets. These fears indeed helped promote the idea of consolidating a market of its own.

One can view that the growing economic integration and interdependence within the region, which have resulted in shared vulnerabilities to economic crisis, as demonstrated during the 1997 financial crisis. The crisis also served to promote the perception within the region that East Asia may not be able to rely on global institutions and outside countries to effectively assist them in difficult times.

Another important factor is the consolidation of Southeast Asia under the umbrella of ASEAN, for the benefit of their own security and economic interests, in pursuing regional stability through community-building, through the ASEAN FTA, the ASEAN Regional Forum, the Asia-Europe Meeting and finally through a potential ASEAN Plus Three (China, Japan and South Korea). Last but not least is the emerging competition between Japan and China for leadership in this region. This has resulted from the rise of China as a major economic player, which has prompted both countries to seek opportunities of economic cooperation with ASEAN.

An East Asian community playing a responsible role in the world would be desirable, as it would ensure peace and stability in the region, which in turn would help ensure continued economic development. It would also promote the competitiveness of Asian enterprises through the development of more efficient production networks and financial markets in the region. The formation of an East Asian community as a result should be defined in a broader sense. The East Asian community ought to function as a building block or phase one for constructing a potential Asia-Pacific community.

Lacking common ethnic and cultural roots, an East Asian community can only emerge if East Asians come to share a





common vision of the future and are satisfied with their respective roles within that common vision. The present situation is such that East Asia is still far from achieving such a vision. Moreover, sustainable economic development is the ultimate guideline defining the role of the East Asian community. Furthermore, locating the common vision via economic incentives should be the key to the eventual establishment of the East Asian community.

Seeking the common vision for East Asian integration through economic channels and harmonizing the tension between East Asia and Asia-Pacific perspectives would be a feasible mean of creating a win-win situation. In this scenario, Taiwan should take part in and help build both communities. Community building is a sound paradigm to resolve present anomalies; however, non-exclusivity is the way to ensure successful community building.

(Excerpted from the *Taipei Times*, 30 January 2007).

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## India May Play Key Role in East Asian Economy

Lim Hua Sing, Professor,  
Graduate School of Asia-Pacific  
Studies, Waseda University

India has made remarkable economic advances in industries like information technology, automotive manufacturing, medicine, steel and electronics that have contributed to India's economic growth in recent years. While we must refrain from overestimating its economic strength, India may become a key player in the integration of an East Asian economic community. However, it has been observed that in economic advancement, India is lagging behind China by about 20 years and is at least 60 years behind Japan, although some analysts have predicted optimistically that India's GDP will exceed Japan in the year 2030.

India's booming economy is most likely why the nation, together with Australia and New Zealand, was admitted as a regular member of the recent East Asian summits. In fact, the idea of "ASEAN 10-plus-three-plus-three" was mentioned in the "comprehensive economic cooperation" initiative by then Prime Minister Junichiro Koizumi in 2002. It was also included in the "East Asia Economic Partnership Agreement" proposed by then Minister of Economy, Trade and Industry Toshihiro Nikai at a meeting of Trade Ministers in

Malaysia, 2006. However, China and Malaysia were less enthusiastic, attempting to limit East Asian economic integration to ASEAN 10-plus-three only. But recently these two countries have changed their approach and welcomed the participation of India and Oceania. As China strengthened its economic ties with India and Australia therefore, it may be unwise for China to exclude them. The United States intends to advance ASEAN 10-plus-three to ASEAN 10-plus-three-plus-three-plus-one by strongly backing up India and Australia. Thus, it is likely that plans for East Asian economic integration would from now on advance under the framework of ASEAN 10-plus-three-plus-three.

But the prospects for the East Asian economic integration initiative are by no means rosy. To begin with, ASEAN, which forms the foundation of the initiative, has reached a turning point and is seeking a new direction. It lacks a competent leader who can display strong leadership over member

nations. With a lack of centripetal force, ASEAN appears to be at a loss to present concrete plans to realize East Asian economic integration. It is true that China has become economically stronger and played greater role in the second East Asia summit in the Philippines. Under such circumstances, the trend is centered on ASEAN 10-plus-three-plus-three. Economic cooperation between Japan, China and South Korea provides a solid foundation for East Asian economic integration. But political and historical factors continually have a negative effect on Japan-China and Japan-South Korea relations, making them weaker. This is where India is expected to play an increasingly positive role and urged to maintain close economic ties with China as the world's two major developing nations in order to make a positive contribution to realizing East Asian economic integration.

(Excerpted from the *Asahi.com* 7 February 2007).

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# RESOURCES

## *The East Asian Development Experience: The Miracle, the Crisis and the Future*

Ha-Joon Chang  
Third World Network and  
Zed Books, 2006  
ISBN: 983-2729-72-6



Today East Asia is the richest part of the world outside the old industrial centers of Western Europe and North America. The region's human development indicators in terms of improved infant mortality, life expectancy, enrolment ratios and rapid rise in income growth have been truly spectacular and appreciated worldwide despite some inherent political and civil rights violations, and corruption problems which the region had gone through. The present book provides a fresh analysis of this spectacular growth and revealed that instead of emulating the so-called Washington Consensus policies, the region pursued interventionist trade and industrial policies with the help of pro-investment macroeconomic policy.

The present book is a collection of reprint of selected essays that gave some fresh perspectives on experiences of economic development of East Asian countries. The book has four parts. The first part starts with a detailed overview of the debate on East Asian development experience covering the analysis of the East Asian model of economic policy in comparative perspective. In this regard, three distinct economic policies, viz. investment policy, trade policy and industrial policy have been thoroughly examined. It also explores the possibilities of replicating the East Asian model in other countries. The second part presents the interpretation of the East Asian miracle in which the second chapter mainly discusses the Korean model, followed by the explanation of how the East Asian economies are full of rigidities in the short run at the micro level, but exhibit a surprising degree of flexibility in the long run at the national level in the third chapter. The fourth chapter discusses the initial conditions for economic development which analyze that during the initial period of economic development in East Asia, factors like natural resource endowments, human capital stock and physical and social infrastructure plays a dominant role in their subsequent growth path in comparison with the Sub-Saharan African countries. It underlines that relevant policies along with the conscious human actions are more determined factors in determining the

## RIS Launches *Mekong-Ganga Policy Brief*

RIS launched a new publication *Mekong-Ganga Policy Brief* to promote the cause of deeper cooperation between India and Mekong countries. RIS in its most recent initiative has undertaken a project entitled "Building Capacity through South-South Cooperation : Case of Mekong-India Cooperation" with the support by the Swiss Agency for Development and Cooperation (SDC). The main objective of the project has been to strengthen trade and investment related capacity of Mekong countries through information sharing, dissemination of knowledge and experiences, networking and transfer of skills. *Mekong-Ganga Policy Brief* has been launched within the framework of this project. It seeks to disseminate the policy-related research, news, viewpoints and information about resources among the policy circles and think-tanks to promote the process of India-Mekong economic cooperation.



developmental success of any country rather than its inherent historical and structurally determined initial conditions.

The third part discusses the Asian financial crisis and its implications in the next two chapters. The unique title 'The Hazard of the Moral Hazard – Untangling the Asian Crisis' criticizes various mainstream explanations of the recent Asian crisis that put emphasis on the political and institutional deficiencies that are supposed to have created 'moral hazard' for the investors by over-protecting them. The sixth chapter critically examines the three most contentious issues like financial liberalization, industrial policy and corporate governance regarding the origins of and the solutions to the 1997 Korean crisis.

The fourth part of the book looks forward to the future of East Asia in the subsequent chapters. The seventh chapter critically examines the roles of industrial policy in East Asia and starts with a critical review of the World Bank's *East Asian Miracle* report and it also examines the popular view that industrial policy was behind the downfall of the East Asian model and exposes the weaknesses of this belief. The eighth chapter argues that the Asian financial crisis of 1997 and its related reforms.

## *Achieving Industrialization in East Asia*

Editor : Helen Hughes  
Cambridge University Press,  
2006  
ISBN -13: 978-0521351294



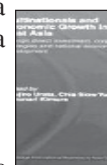
This book examines the economic success of the newly industrializing and near-industrializing economies of East Asia. The distinguished

group of authors covers a range of topics in a comparative perspective, and identifies lessons of concern to economic, political, and social questions throughout the developing world.

## *Multinationals and Economic Growth in East Asia: Foreign Direct Investment, Corporate Strategies and National Economic Development*

(Routledge International Business in Asia Series)

Editors : Shujiro Urata, Chia Siow Yue and Fukunari Kimura  
Routledge, 2006  
ISBN-10: 0415382718  
ISBN-13: 978-0415382717



This is a comprehensive examination of the role of foreign direct investment in East Asia before and after the financial crisis of mid-1997. Developing countries in East Asia recorded remarkable economic growth until the Asian financial crisis erupted in mid-1997. Sound macroeconomic management, export-oriented policies, the availability of skilled and low-wage labour and especially the role played by foreign direct investment by multinational companies are among the factors that contributed to the rapid economic growth before the crisis and the recovery thereafter. The present book identifies the factors that contributed to the expansion of FDI inflows in East Asia and the factors that enabled recipient countries to utilize FDI effectively. It discusses the strategies of the multinationals companies making the investments, and also the impact on the countries affected.





## ***East Asia's De Facto Economic Integration***

Editor : Daisake Hiratsuka  
Palgrave Macmillan, 2007  
ISBN-10: 0230007821



It is often claimed that de facto economic integration has proceeded in East Asia, yet this is only true in part. Few studies have been conducted on the extent of the integration and what sort of integration has been accomplished. Currently economic integration in East Asia has not reached the level of that in the European Union with East Asia's trajectory seeming to be different from the path on which Europe once advanced. The nature and characteristics of de facto economic integration are also crucially important and this book presents a deeper understanding of the on-going de facto economic integration in East Asia.

## ***Succeeding Like Success: The Affluent Consumers of Asia***

Yuwa Hedrick-Wong  
John Wiley & Sons, 2007  
ISBN: 978-0-470-82210-4



Covering 12 Asian markets – Japan, China, India, Australia, Korea, Taiwan, Hong Kong, Singapore, Malaysia, Thailand, India and the Philippines – the affluent consumer market is in turn analyzed in terms of two segments; the mass affluent and the rich. Their respective sizes, purchasing power and key consumption trends today and in 10 years' time are systematically described in the book.

## ***Regionalism and Globalization in East Asia: Politics, Security and Economic Development***

Mark Beeson  
Palgrave Macmillan, 2007  
ISBN-10: 0230000339  
ISBN-13: 978-0230000339



This book examines the distinctive character and evolution of political systems, economic structures, and security relationships of East Asia, a dynamic region that will profoundly influence global developments in the twenty-first century. Mark Beeson places East Asian development in the unique historical circumstances that have underpinned its remarkable rise to prominence over the last few decades. This multi-dimensional analysis provides the basis

for an assessment of current efforts to develop a unified East Asian region.

## ***Economic Integration, Democratization and National Security in East Asia***

Editor : Peter C.Y.Chow  
Edward Elgar Publisher, 2007  
ISBN-10: 1845429788  
ISBN-13: 978-1845429782



The US policy of supporting a democratic Taiwan while simultaneously engaging China is a delicate and complex balance, with outcomes critical to economic, security and strategic interests in Asia. At the same time, rising Taiwanese identity amid the emerging power of China continues to change the paradigm. The contributors to this volume explore the political and economic dimensions of this complicated and pressing issue.

Whether the US-China relationship evolves as one of 'strategic partners' or 'strategic competitors' will significantly affect power relations between Washington, Beijing and Taipei. More generally, it will set the tone for peace, stability and prosperity in the Asia Pacific. Peter Chow examines the potential crisis, as well as mitigating influences, by investigating political, economic and security considerations affecting cross-Taiwan Strait relations. He presents broad coverage of recent changes of policy in Taiwan, China and the US, with special emphasis on the adjustments of American policy on Taiwanese identity amid its democratization. An overall evaluation of current US policies toward China based on 'realism' and 'idealism' illustrates the shifting US-China-Taiwan relations.

## ***Africa's Silk Road: China and India's New Economic Frontier***

Harry G. Broadman  
World Bank, 2007  
ISBN-10: 0821368354  
ISBN-13: 978-0821368350



China and India's new-found interest in trade and investment with Africa presents a significant opportunity for growth and integration of the Sub-Saharan continent into the global economy. Africa's Silk Road finds that China and India's South-South commerce with Africa is about far more than natural resources, opening the way for Africa to become a processor of commodities and a

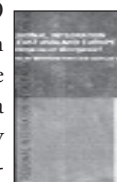
competitive supplier of goods and services to these countries. A growing number of Chinese and Indian businesses active in Africa operate on a global scale, work with world-class technologies, produce products and services according to the most demanding standards, and foster the integration of African businesses into advanced markets. There are significant imbalances, however, in these emerging commercial relationships. These can be addressed through a series of reforms in all countries:

The author surveyed 450 firms, including Chinese and Indian companies, operating in four African countries - South Africa, Tanzania, Ghana, and Senegal, and developed in-depth business case studies in the field of additional 16 Chinese and Indian firms in Africa. *Africa's Silk Road* offers original firm-level data on the African continent of Chinese and Indian firms operating there.

## ***Regional Integration in Europe and East Asia: Convergence and Divergence?***

Editors : Douglas Webber and Bertrand Fort  
Routledge, 2006

ISBN-10: 0415367476  
ISBN-13: 978-0415367479



Regional organizations in Europe and East Asia are currently grappling with a striking number of essentially similar challenges. The long-term future, role and impact of organizations such as the EU and ASEAN may depend heavily on how well or badly they deal with complex and conflict-laden issues in the next few years.

This volume analyzes the historical development, current state and prospective future evolution of political integration in these two regions. The authors identify key variables that account for the contrasting political integration levels, demonstrating and explaining why the rhythm or pace of integration in both regions has varied. With contributions from both Asian and European scholars on each topic, the book explores the changing international economic and geopolitical context of regional integration since the end of the Cold War and monetary cooperation and integration. It also discusses the regional and international security crises.



# RESOURCES

## Post-Industrial East Asian Cities

Shahid Yusuf

World Bank Publications, 2006

ISBN-10: 0821356224

ISBN-13: 978-0821356227

Throughout East Asia, the growth process and its sources are changing in a number of important respects, especially for middle- and high-income economies. Growth is increasingly coming from the strength of innovative activities in these economies rather than from factor accumulation as in the past. Such innovative activities especially in producer services and the creative industries are concentrated in high-tech clusters in globally linked cities.

Drawing on a wide range of literature and on interviews with firms, this book explores these issues with a focus on six East Asian cities: Bangkok, Beijing, Seoul, Shanghai, Singapore, and Tokyo. It suggests how policies and institutions can induce and furnish an urban environment that supports innovative activities. A valuable resource for researchers, urban planners, urban geographers, and policy makers interested in East Asia, *Post-Industrial East Asian Cities* presents the latest findings on creative industries in East Asia and their effect on economic growth.

## Addressing Global Growth Asymmetries through Regional Trade Integration: Some Explorations

Ram Upendra Das and Ramaa Sambamurty

Globalization process has entailed trade openness, greater emphasis on foreign direct investment, stabilization policies, redefining the role of the state, among others. Given that another major global trend observed is one of regional trade integration, the paper explores whether due to this trend there has been any concrete relationship with the growth convergence/divergence outcomes. Tests of Beta-convergence under different model specifications suggest that over time developed and developing countries have not converged in terms of their real per capita GDP though they have converged within their own groups of developed and developing countries. Thus, it is concluded that regional trade integration leads to

growth convergence regionally and both openness to global trade and regional trade openness are important. However, the results of the paper need to be interpreted with caution due to the presence of non-stationarity, though the problem is not uniform across variables, tests and regional groupings. A policy inference that can be drawn is that at the global level 'economic

cooperation for economic growth convergence' needs to be flagged and appropriate institutional mechanisms created to intensify the processes of trade and FDI integration. Broadly, the results are in consonance with the predictions of the New Growth Theories.

(RIS Discussion Paper No.116, 2006).

## New Asia Forum

RIS has been supporting the process of regional economic integration in Asia with its studies and research. Besides its pioneering contribution to the process of economic integration in South Asia, it has been supporting the ASEAN-India economic partnership. It has been developing proposals of a broader pan-Asian economic integration as a part of a research programme supported by the Sasakawa Peace Foundation. As its most recent initiative, the RIS has set up a New Asia Forum as a dedicated network of think-tanks in Asia devoted to assist this process of regional integration and thus help in building a New Asia with ideas. The Forum has a dedicated website [www.newasiaforum.org](http://www.newasiaforum.org) as the melting pot for all the relevant information and resources on the subject.



Feedback and contributions are invited from all concerned. Interested readers may join the forum and send relevant material for publications.

### RIS

RIS is an autonomous policy think-tank, based in New Delhi, and specialised in trade and development issues. Its work programme focuses on multilateral trade negotiations, regional economic integration in Asia, new technologies and development, and South-South cooperation in general, among other issues. The work of RIS is published in the form of research Reports, books, discussion papers and journals. For more information about RIS and its work programme, please visit its website: [www.ris.org.in](http://www.ris.org.in).

*The New Asia Monitor* is a quarterly of the New Asia Forum launched by RIS. It seeks to disseminate the news, viewpoints and information about resources among the policy circles and think-tanks to promote the cause of regional economic integration. The information contained has been compiled from various sources, as cited, purely for educational and dissemination, and not commercial, purposes. The copyrights of the material included remain with the original sources. The *New Asia Monitor* is available free from RIS or can be downloaded from [www.newasiaforum.org](http://www.newasiaforum.org).



**RIS**  
Research and Information System  
for Developing Countries

Core IV-B, Fourth Floor,  
India Habitat Centre  
Lodhi Road, New Delhi-110 003, India.  
Ph. 91-11-24682177-80  
Fax: 91-11-24682173-74  
Email: [dgoffice@ris.org.in](mailto:dgoffice@ris.org.in)  
Websites: <http://www.ris.org.in>  
<http://newasiaforum.org>

Associate Editor: Beena Pandey