

FEATURE ARTICLE

A Global Crisis Requires Global Solutions for Global Prosperity

Dr. Manmohan Singh
Hon'ble Prime Minister of India

The problems facing the world economy are well known and need no elaboration. The only point to note is that the downturn is much deeper than we thought. This is the worst recession in sixty years and is generating negative expectations which threaten a downward spiral if not corrected. The pain is being felt both in industrialised countries and in developing countries.

A global crisis requires global solutions. In Washington D.C. we pledged to take action to revive the world economy and also to bring about basic reform of the financial sector to reduce the likelihood of similar severe crises in future and to build institutions that can intervene more effectively if we do. We have made considerable progress in several areas, but I believe much more needs to be done.

The world is looking to us to show that we can act cooperatively in a manner commensurate with the scale of the crisis. As we deal with the immediate problems, we must also be careful not to sacrifice the gains of openness of trade, direct investment and immigration. It will be a test of the leadership of the G-20 whether we can craft a strategy that meets all these objectives.

There can be no doubt that restoration of the banking system in the industrialised countries to full functionality is precondition for successful revival of the global economy. This is primarily a task for the Governments of the individual countries concerned, that would require commitment of resources on an unprecedented scale.

I recognise that this is ultimately a political problem that has to be handled by each national government. This Summit can help by sending a clear message that the problem affects many industrialised countries and has to be tackled if we want to bring about an economic revival and tackle unemployment. We have to explain to the public that reviving the banks is important not for the banks, as is sometimes perceived by the public, but for the economy, for employment, and for global prosperity generally.

Active contra-cyclical policy must be a priority item on our agenda and global markets are looking to see if we are united on this issue. We have seen a massive contraction in consumer demand in industrialised countries arising from the wealth effect of the decline in house prices and in stock market values. This is compounded by uncertainty about future employment prospects. The emergence of excess capacity in several sectors is bound to discourage private investment. Some contraction of demand in countries where current account deficits were too high was to be expected. Ideally this should have been offset by expansion in surplus countries. For whatever reason, this orderly adjustment could not be brought about. We are now seeing a contraction that has overshoot and contra-cyclical stimulus is therefore necessary in all countries.

Most industrialised countries, and also developing countries, have responded by using monetary policy fairly aggressively to counter the

downturn. They have also resorted to a fiscal stimulus to varying degrees. I recognise that it is not easy to determine the level of fiscal stimulus that is appropriate for different countries in different circumstances. But we do know that expansionary policies are most effective when they are coordinated.

Let me now turn to the steps needed to ensure the revival of growth in the developing countries. These countries have suffered a double shock, as they have seen a collapse in world trade, with an unprecedented decline of almost 9 per cent in trade volume in 2009. They have also suffered a massive decline of private capital flows estimated by the Institute of International Finance at close to \$700 billion in 2009, with little prospect of a significant revival in 2010. To some extent, financial protectionism, built into the conditions for assisting banks in industrialised countries, may have encouraged this trend, though there are of course many other factors.

We, in India have been fortunate in having weathered the global downturn better than many others. Like other countries, we have made aggressive use of both monetary and fiscal policy, with a total fiscal stimulus or expansion of the fiscal deficit above the planned level of almost 4 percentage points of GDP in 2008-09. We recognise the importance of fiscal sustainability and it is our firm intention to return to a fiscally sustainable path after 2010. Expansionary policy at home in an environment where exports are weak and private capital flows have dried up would normally lead to pressure on the balance of payments. In our case, this has been partly offset by the fall in oil prices, but even so, India's current account deficit in 2009-10, is likely to be about 1.4. per cent of GDP. We expect to be able to finance this without difficulty and in any case our strong foreign exchange reserves position enables us to cope with any shortfall in capital flows we may experience.

While India will be able to manage, many other developing countries may not be in the same position and this is where the international community can help. We must ensure that countries hurt by the massive withdrawal of private capital that has taken place, which is unlikely to be reversed in 2010, are able to rely upon an increased flow of resources from the international financial institutions. This will help these countries to maintain a higher level of demand than would otherwise be possible and thus help global revival.

There are several steps we can take which will demonstrate our willingness to help.

We must declare our resolve to increase the resources available with the IMF substantially, by around \$500 billion over the next two years. We should also agree on a fresh allocation of SDRs of around \$250 billion. This would provide the developing countries with about

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India-ASEAN Trade Likely to Cross \$50 Billion By 2010

With the India-ASEAN FTA likely to be inked in August at the ASEAN Economic Ministers meeting in Thailand, India-ASEAN trade is likely to surpass \$50 billion by 2010.

According to the senior government officials, the FTA would enable member countries to reduce tariffs for more than 4,700 categories from January 2010 onwards.

Diplomats from some members of ASEAN like Vietnam, Malaysia and Indonesia opined that India should reduce the duties on the four products, viz. palm oil, tea, coffee and pepper. The duty ranged between 50 per cent and 60 per cent.

Both India and ASEAN have attained growth in exports at rates higher than the global average over the last two-decades. The trade between the two sides accounted for an average of 9 per cent of India's total trade in the last three years. However, Indo-ASEAN trade, which has been growing at a compounded annual growth rate of 27 per cent since 2000, stood at \$38.37 billion in 2007-08.

Singapore and Malaysia have been India's most prominent trading partners as far as bilateral trade between India and individual ASEAN countries for the entire period is concerned. From 1997 to 2008, the two-way trade between India and ASEAN countries witnessed an approximate seven-fold increase from the level of \$5.9 billion to more than \$38.37 billion in 2007-2008.

Growth in India's exports to ASEAN in

recent years has been impressive as compared to other important destinations. As far as its imports from ASEAN countries are considered, the same is not true. Though it showed some improvement in the last year.

According to FICCI officials, "ASEAN's position in India's total trade relative to EU and North America has improved between 1997-98 and 2006-07. While the share of EU and North America in India's exports has been constantly declining and the share of ASEAN has been on the rise. Similarly, shares of both EU and North America in India's imports have been eroded in the last decade, but that of ASEAN recorded an increase."

However, officials observed that there has not been significant change in the product composition of India's major exports to ASEAN since 1991-92 with exception of electronic goods and sugar as some of the leading export items by 2001-02.

An assessment of shares commanded by India and ASEAN in each other global trade illustrates the asymmetry in market penetration. While ASEAN enjoys a pre-eminent position in India's import market, India's share in ASEAN's global imports has been a bit modest. In particular, while Singapore, Malaysia and Indonesia occupy fairly respectable share in India's total imports, the converse is not true.

(Excerpted from *The Financial Express*, 29 June 2009).

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US Regards India a Hub of Regional Prosperity

Robert O Blake, a former Deputy Chief of Mission at the US embassy in New Delhi, said that India not only provides crucial export opportunities to American companies but has the potential to become the hub of prosperity in Asia. India, with its vibrant democracy and rapidly expanding economy, can be an anchor of stability and opportunity for South and Central Asia.

"With a massive and expanding middle class, and an economy projected to grow at five per cent this year, India can be a hub for regional prosperity," Blake told. Noting that US exports to India increased from US\$ 5 billion in 2003 to almost US\$ 19 billion in 2008, he told the Senate Foreign Relations Committee that India also offered several opportunities where US can enhance its regional integration.

"India has a middle class population, the size of the total US population. It is projected to swell to 580 million people in the next 20 years," he said, underscoring the nation's import in the "region of extraordinary opportunity for the US."

Mr. Blake also commented that India provides vital export opportunities. He said India and US had some key common interests in democracies, in combating terrorism, getting the global economy back on track, addressing the issue of climate change and reinvigorating global trade talks. He also added that with India we will seek an expanded strategic partnership, building on the growing convergence of our interests and values.

(Excerpted from *The Economic Times*, 16 May 2009).

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Inter-governmental Agreement on the Trans-Asian Railway Network Sees Participation from Eight Countries

The Inter-governmental Agreement on the Trans-Asian Railway Network (TAR) came into force at a ceremony that took place at the ESCAP, where Railway Ministers from eight countries, viz. India, Cambodia, Mongolia, Republic of Korea, Russian Federation, Tajikistan, Thailand and China participated.

The agreement provides an important framework for the coordinated development of major rail routes across Asia. Under the terms of the agreement, a working group comprising ESCAP member states would be established to discuss policies and issues relating to rail network's development. As secretariat of the agreement, ESCAP would organise the working group's first meeting in December 2009.

The network comprises 1,14,000 km of rail

routes of international importance linking 28 countries in the region. The aim is to offer efficient rail transport services for the movement of goods and passengers within the region and between Asia and Europe. The network would provide improved access for landlocked countries to major ports.

The Agreement also identifies stations of international importance, most of which are located inland and have similar functions to ports in the coastal areas. These so-called 'dry ports' would act as consolidation / distribution centres in the hinterland, creating new opportunities for growth and help bring the benefits of economic and social development to a wider population. Implementation of the agreement will provide countries with an opportunity to shift from road transport to

more environmentally-friendly rail transport.

At the event, Dr. Noeleen Heyzer, Under-Secretary-General, UN and Executive Secretary of ESCAP, said that modern economies cannot generate long-term growth and employment without highly efficient transport networks that are developed with a high level of integration. The agreement's timing is particularly significant as leaders from our region promote intra-regional trade to stimulate recovery from the economic crisis. It will provide a more cost effective way of doing business and ensure the benefits of trade are more evenly distributed across the region.

(Excerpted from the www.travelbizmonitor.com, 16 June 2009).

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¥10 Trillion Set for Asia

According to the Finance Minister of Japan, Mr. Kaoru Yosano, Japan would be ready to offer support worth ¥10 trillion to Asian countries suffering from the global economic crisis.

He said about ¥6 trillion of the total would be provided from Japan's foreign reserves using a currency swap deal. Under the framework, a crisis-hit Asian country could change the Japanese currency into dollars or other major currencies if necessary.

The Minister said Japan will also commit \$38.4 billion to the Chiang Mai Initiative, a regional currency swap framework formed by ASEAN+3. In addition, the Japan Bank for International Cooperation would start providing a guarantee of up to ¥500 billion, when a country in the region issues yen-denominated samurai bonds.

The ASEAN+3 countries agreed to expand the pool of the multilateral currency swap arrangement to \$120 billion from \$80 billion, with China, Japan and South Korea promising to contribute 80 per cent of the total. China would provide the same amount as Japan to the enlarged swap arrangement and South Korea would offer \$ 19.2 billion.

(Excerpted from the *Japan Times*, 4 May 2009).

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China Announces \$10 Bn Asian Infrastructure Investment

Chinese Premier Wen Jiabao, in his opening remarks at the Boao Forum on Asia, announced a new \$10 billion Asian infrastructure investment fund and said China's stimulus package was already paying off. He also said that the China-ASEAN Fund on Investment Cooperation would support infrastructure development in the region.

He cautioned that world economic recovery could be a "long and torturous process" and that "the basic trend of the world economic recession is not reversed." But Mr. Wen stressed the importance of confidence among world leaders, calling it "more valuable than gold" and said that hope was also important, like a "beacon."

He said his country's economy is running "better than expected" thanks to the government's \$580 billion stimulus plan and attempts to increase domestic demand. He cited a rise in consumer spending, industrial output and investment.

(Excerpted from the *VOA News*, 18 April 2009).

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Arunachal at Forefront of India's Look East Policy

On her maiden visit to Arunachal Pradesh, President of India, Smt. Pratibha Patil, said at the first convocation of the North-Eastern Regional Institute of Science and Technology, (NERIST), that the state had never been far from national consciousness and it could be at the forefront of India's Look East Policy. The President also said that this North East region of the country can be at the vanguard of India's Look East policy to work meaningfully with the South-East Asian countries.

She termed Arunachal Pradesh as the "land of the rising sun" and asked the students at the institute to work on practical uses of technology and overcome the hardships of the difficult terrain in the region for its overall development and favoured better connectivity in the region. It would help in the process of national integration with the North Eastern states benefiting from and also contributing to the national growth.

(Excerpted from the *PTI*, 1 April 2009).

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East Asia Summit Partners Seeks to Restore Financial Stability

At the East Asia Summit (EAS) on the 'Global Economic and Financial Crisis' held in Thailand, the Leaders agreed that the world is facing a global recession of unprecedented dimensions and called for policy responses that focus on restoring financial stability and economic growth and development.

Mindful of Asia's important role as a centre of growth that is open to the world, they understand the need to take appropriate and coordinated measures against the impact of the financial crisis and the downturn of the world's economy as well as to strengthen the region's growth potential and expand demand. They commended the fiscal and monetary stimulus measures and other policy actions undertaken by the EAS participating countries and resolved to take further actions as appropriate to sustain growth and jobs, reduce poverty, restore confidence, and support medium-to-long term macro-economic and financial stability.

They also agreed that further regional economic cooperation, trade facilitation and liberalisation would contribute to making the EAS region a more attractive market and investment destination, and to this end, they noted that CEPEA Initiative could further enhance intra-regional trade.

The leaders recognized the unprecedented

international linkages demonstrated by the global financial turmoil and economic slowdown and the strains on the EAS participating countries. They agreed on the need to further enhance the regional financial cooperation and integration frameworks. They agreed that ASEAN-led consultations with other organizations and fora in Asia and the Asia-Pacific would contribute to safeguarding the region from future regional and global economic and financial crises.

They supported the agreement at the London Summit on 2 April 2009, to restore confidence, growth and jobs, reject protectionism and promote global trade and investment, strengthen financial regulation to rebuild trust, reform international financial institutions to reflect greater voice and representation of emerging and developing countries, and inject an additional US\$ 1.1 trillion to enhance global financial liquidity in particular to support growth in emerging and developing countries.

They agreed to support efforts by export credit agencies (ECAs), international financial institutions and private banks to ensure that adequate finance is available to business, including small and medium-sized enterprises, and to keep trade and investment flowing in the region. They also welcomed ECAs to strengthen

their cooperation in the areas of re-insurance, capacity building and information exchange.

The leaders reaffirmed the importance of regional financial cooperation, in particular on strengthening the financial sector of the EAS participating countries, including financial regulations. They commended the efforts of EAS finance officials to advance this agenda, and noted that the report '*An Assessment of Financial Sector Capacity Building Needs of East Asia Summit Countries*' could serve as the basis for ongoing work on capacity building, which would be reviewed at the 4th EAS in October 2009.

In order to promote sub-regional development, they encouraged the ERIA, ADB and ASEAN Secretariat to work together to prepare as soon as possible a coherent master plan, which would contribute to coordinating, expediting, upgrading and expanding sub-regional initiatives and promoting private sector participation. In addition, they called upon ERIA to provide policy recommendation to stimulate economic growth in the region, deepen regional integration and strengthen partnership in East Asia.

(Excerpted from the Joint Press Statement of the East Asia Summit on the 'Global Economic and Financial Crisis,' 3 June 2009, Bangkok, Thailand). (Source : www.mofa.go.jp).



ADB President Says Asia Can Start Discussion on Common Currency

ADB President, Haruhiko Kuroda, in a public lecture in Singapore, said that Asia can start discussions on a shared currency to avoid “intra-regional exchange rate complications.” He also added that we can start discussions and seriously discuss this issue, although it may take decades, eventually we may be able to establish a common currency.

Asian governments have been debating the merits of a shared currency since the region’s economies were rocked by a financial crisis a decade ago. ASEAN is proceeding with efforts to create an economic zone modeled after the European Union, without a common currency, by 2015.

According to him, creating a common currency does involve overcoming hurdles. These include the need to have a common market, some harmonization of macro-economic policies, a regional central bank that would require regional countries give up their currencies and independent monetary policies, he said.

ASEAN members agreed with Japan, China and South Korea in May to start a \$120 billion foreign-currency reserve pool by year-end, to be used in times of turmoil as the region sought ways to shield its economies from the worst global recession since the Great Depression. The pool, an expansion of an existing framework of

bilateral currency swaps, widens access to foreign-exchange reserves and will allow nations such as Indonesia and Thailand, recipients of IMF bailouts a decade ago, to defend their currencies.

Kuroda said he was “quite confident” that talks on expanding the so-called Chiang Mai Initiative will be completed by the end of this year. Countries outside ASEAN and the three northern neighbours may participate in the initiative in the future, he said.

Asian countries must increase communication on their foreign exchange policies as currency volatility can affect regional financial systems, Kuroda said, without elaborating. Establishing a mechanism to monitor regional currency movements would benefit the region, he added.

Kuroda doesn’t expect central banks that are large holders of dollar-denominated assets to sell out of those holdings, he said. The central banks are “locked in” because they would incur large losses by selling the dollar assets, he said.

The dollar’s status as the world economy’s sole reserve currency has come into question as leaders of Brazil, Russia, India and China discuss substituting other assets for their dollar holdings amid a ballooning U.S. budget deficit.

(Excerpted from the *Bloomberg*, 22 June 2009).

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Asia Must Take the Lead

Prime Minister of Malaysia Datuk Seri Najib Razak at the 20th ASEAN - Republic of Korea Commemorative Summit, has called for the intensification of East Asian economic and financial cooperation, saying that “it is no longer an option but an imperative.”

He further commented that the current global crisis presents an opportunity for countries in the region to work towards strengthening East Asian economic integration and study the underlying factors contributing to the level of impact of the current crisis. Lessons learnt can contribute to a strong and dynamic East Asian region which will provide economic growth not only for the region but act as a catalyst for global economic growth as well.

“We have to strengthen economic resilience of East Asia and build on the ASEAN +1 cooperation to enhance collaboration among the East Asian countries. Najib said the emergence of other countries, especially in Asia, could complement East Asian economic integration and open up new areas of opportunities. Furthermore, he said, the World Bank and the IMF have forecast that the Asian economies would be the first to recover from the ongoing economic and financial crisis. These institutions have also stated that Asia would be the growth centre of the world, once the global economy recovers. As such, it is in all our interest to ensure an inclusive Asia for the benefit of the global economic and trading environment.

(Excerpted from *The New Strait Times*, 2 June 2009).

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Singapore Must Prepare for Post Crisis World

Singapore’s President S R Nathan speaking at the opening of the second session of the 11th Parliament, said that the world will not be the same as before when the economic storm clears and Singaporeans must be prepared for challenges ahead.

Mr. Nathan also added that the problem of bad banking assets in many countries, especially the United States and Europe, will take several years to unwind, and developing countries will be upgrading their infrastructure and workforce, and acquiring new capabilities. China and India will emerge as stronger competitors, though they will also offer new opportunities.

He said that Singapore as a small state, must understand and influence the country’s environment in order to enlarge the external space. Post crisis, the US will remain the

leading power in the world, and the key to a coherent and stable global system. But in Asia, China and India will play growing roles. He also commented that stable relations between the US and China will be vital to solving many international issues, and to integrating an emerging Asia into the global community.

Nathan said that Singapore’s diplomacy must adjust to the new realities, therefore the country must participate actively at international forums like the UN and the IMF do the modest part in international efforts to further the common interests of nations, and work with partners in the ASEAN, APEC and other regional forums to foster regional cooperation and economic integration.

(Excerpted from the *www.chinaview.cn*, 18 May 2009).

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Indonesia Sees APT/EAS as Instrument to Strengthen Regional Cooperation

Speaking in a seminar on Indonesia-China relations in the framework of National and Regional Interest, Director General for ASEAN Cooperation of the Foreign Ministry, Djauhari Oratmangun said that ASEAN could become a driving force of the two regional cooperation mechanism. The government of Indonesia saw the ASEAN Plus Three and East Asia Summit (APT/EAS) as two processes which mutually strengthen regional cooperation, a senior government official said.

In the seminar organized by the Foreign Ministry, it was said that APT/EAS constituted an important and similar process in bringing integrity in the East Asian region. The establishment of APT cooperation was triggered by the Asian financial crisis in 1997, while

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New Zealand Reaffirms Commitment to ASEAN

During a meeting with ASEAN Secretary-General Dr. Surin Pitsuwan at the ASEAN Secretariat, New Zealand's Foreign Affairs Minister, Murray McCully, said that New Zealand has a strong commitment to ASEAN and would place more effort in enhancing its relations with the region. McCully emphasised the importance of ASEAN especially in economic linkages in view of the recently concluded ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA).

The Secretary-General and the Minister, stressed the importance of the private sector in driving the implementation of the FTA, according to an ASEAN statement. Both sides also spoke about the future direction of the ASEAN-initiated EAS. The Secretary General commented that New Zealand's experience and expertise in HRD, climate change and the environment can be a focus of cooperation in the EAS process.

In their statement, they also said that New Zealand had also agreed to provide support to the ERIA, a new international organisation that supports the ASEAN Secretariat by making policy recommendations at regional governmental meetings, such as the EAS, aimed at furthering East Asia's economic integration. Both parties are now implementing the ASEAN-New Zealand Framework for Cooperation 2006-2010 which aims at promoting and enhancing dialogue relations.

(Excerpted from the *Bernama.com*, 27 June 2009).
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Indonesia Sees APT/EAS...Continued from page 4

EAS was one of open regional forums which surfaced in East Asian region. EAS consists of 10 ASEAN members plus Australia, China, India, Japan, Korea and New Zealand.

Furthermore, Djauhari said in the context of integrity in the East Asian region that Indonesia was of the view that ASEAN should first concentrate on materializing the ASEAN Community by 2015. "Cooperation in the framework of APT or EAS should be directed to help create an ASEAN Community by 2015 which will take place after 2015 at the time when the ASEAN Community could be materialized," he said.

The role of China in the process of integration in the East Asian region, he added that this country was very active in APT cooperation. Some cooperation projects in the framework of APT were already implemented early in 2008.

(Excerpted from the *Antara News*, 20 May 2009).
© *Antara News*.

East Asia Key to New Global Economic Format

Mr. Hadi Soesastro, senior fellow at the Center for Strategic and International Studies, in Indonesia, at a seminar titled "Global Economic Governance and Korea's Role in East Asia," said that Korea should assume an active role in integrating East Asia and advocating the interests of the region on a global stage.

In his Keynote Speech, he said that, East Asia should organize itself as a common community and actively participate in shaping the new global economic governance structure. It can be effectively done by strengthening the region's participation in G20.

Mr. Soesastro also said that Asia's fourth largest economy can also play a mediator role, suggesting it to promote relations with ASEAN economies for stronger regional economic cooperation and help Japan and China mend fences for the benefit of all of East Asia.

"Additionally, East Asia needs to participate in the APEC forum and should play a greater role in forming a new global economic governance structure. APEC links East Asia to the United States, the key to achieving not only economic, but also military and political stability in the region," he stressed.

Another keynote speaker Yoshiji Nogami, Chairman of the Japan National Committee for

Pacific Economic Cooperation echoed Soesastro's view that the U.S. is important to East Asia, calling on the region to actively engage with the world's largest economy.

In response, Deputy Strategy and Finance Minister, Shin Je-yoon said that the nation will continue making efforts to facilitate the agenda adopted at the previous G20 summit and push for a speedier integration of East Asian economies.

"Following the global financial crisis, G20 has largely replaced G7 as the main venue for the discussion of important international economic issues. Korea is a co-chair country of the gathering along with Britain and Brazil. We will play a key role in overcoming the ongoing economic downturn and reforming global economic governance," Shin said. Early this month, Korea, China, Japan and 10 ASEAN nations agreed to establish a \$120-billion Asia Joint Fund under the Chiang Mai Initiative (CMI), boosting financial cooperation in the region. The fund is a bilateral currency swap scheme created to help prevent a disaster similar to the one generated by the 1997-98 Asian financial crisis.

(Excerpted from *The Korea Times*, 25 May 2009).
© *The Korea Times*.

Asia Should Speed Up Integration

Mr. Sakakibara, former Vice Minister of Finance for International Affairs in Japan, said in his speech titled "Worldwide Recession and the Impact on Asia," as part of ADB's seminar series on regional economic integration, that Asia has made huge strides in linking its economies through trade and manufacturing networks over the past few decades, but it has lagged on financial integration and building permanent institutions to represent its interests, along the lines of those created in Europe.

He also commented that institutional building within this region is vastly lacking as compared to the European case. For that we need to have more permanent entities to engage in regular consultations and now the time has come for greater integration of nation states.

Ten years ago, when Mr. Sakakibara was Vice Minister, he proposed the creation of an Asian Monetary Fund (AMF) in response to the 1997/98 financial crisis. The proposal was rejected, Mr. Sakakibara said, because of a strong opposition from the United States, as well as a lack of consultation by the Japanese government with its Asian neighbours – especially China. But now the situation has evolved and Asia is in a stronger position to create an AMF, he said.

The agreement by the ASEAN along with China, Japan and the Republic of Korea to expand and multilateralize the currency swap network known as the Chiang Mai Initiative – reached recently in Bali - is a positive step forward but more needs to be done, said Mr. Sakakibara.

As the largest economies in the region, China, Japan and Korea should strengthen ties to drive forward the integration agenda, with support from ASEAN countries and also India. Mr. Sakakibara said the ASEAN+3 group could be expanded in the future to include India.

Turning to the global economic crisis, Mr. Sakakibara warned that some recent upbeat economic indicators were not a sign that the worst was over, with corporate performance still extremely weak and earnings forecasts still dismal.

"The current signs of recovery are like a bear market rally, and no way is this rise sustainable. At the same time, a rebound in some of Asia's key economies such as China and India, could pave the way for a broader global recovery.

(Excerpted from the *indiaonline.com*, 15 May 2009).
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Overcoming the Economic Crisis to Rekindle a Rapidly Developing Asia

H.E. Mr. Taro Aso, Prime Minister of Japan

We are now in the midst of an economic and financial crisis. Unfortunately, Asia has been no exception to this. While the economies of Asia boasted an average rate of growth of 8 per cent annually over the last five years, it has been forecast that this figure will drop dramatically this year.

Asia is said to be the “center of the world’s economic growth for the 21st century, open to the world.” East Asia alone is home to approximately half the global population at some 3.2 billion people, with population growth over the past four years of 130 million people, an increase equivalent to the entire population of Japan. Over the past decade, the combined nominal GDP of ASEAN, India and China has tripled.

It is extremely important now for each country to move in coordination towards an expansion of domestic demand. I believe that the stability and development of Asia’s financial markets will be absolutely essential not only for the region but also for the stability of the global economy.

Consequently, the critical issues are, first, the further enhancement of intra-regional trade and capital transactions within Asia. Second, in order to advance regional financial cooperation still further, there is a need to promote the use of local currencies for intra-regional trade and capital transactions. Third, in the context of this globalized world, I believe, it will also be necessary for our Asian regional cooperation to be regional cooperation that is definitively “open to the world.”

As the second major area, as I announced earlier, is a “Growth Initiative” that aims to double the current scale of Asia’s economy by 2020. This initiative is aimed at transitioning Asia’s economy to an

economy led by domestic demand rather than one driven by exports, as it has been until now, through encouraging region-wide development and expanded consumption.

In this context, there is a need to make a “comprehensive Asian development plan,” which would help facilitate Public-Private Partnership. To this end, I have already proposed that ERIA, ADB, and ASEAN Secretariat, in cooperation with related countries, would work together to make such a plan. Next is the expansion of Asia’s domestic demand. To achieve this, it would be necessary for each country to develop “safety nets” such as social security systems so that Asia’s middle class will increase their consumption with peace of mind. In addition, the middle class itself must be expanded through enhancing education.

The third major area is that of cross-border issues. In concrete terms, there is a need for cooperation to address issues that cross national borders and cannot be solved by any single country acting alone, including the fields of health, sanitation, environment and also terrorism.

In conclusion, I hold the concept of “Peace and Happiness through Economic Prosperity and Democracy” as my political conviction. There is a saying, “Light comes from the East.” Would it not be fitting for us today to take this word “East” and replace it with “Asia” — “Light comes from Asia.” Asia will first restore its vitality and then spread that “light” to the rest of the world.

(Excerpted from the Speech Delivered on the Occasion of the 15th International Conference on ‘The Future of Asia,’ 21 May 2009, Tokyo, Japan).

Asia and the Climate Crisis

Haruhiko Kuroda, President, Asian Development Bank

The latest round of negotiations on a new global climate change agreement that recently concluded in Bonn showed promising signs that governments everywhere realize the urgency of cooperative action to address this global challenge.

It is crucial that industrialized countries commit to significant cuts in their current greenhouse-gas emissions, and developing countries — especially those who can influence global emissions — also must take appropriate measures to put their economic development onto low-carbon paths. There are only six months left to conclude a global deal in Copenhagen, which must also address how to finance these developing country actions as well as measures to adapt to climate change impacts.

The extraordinary economic growth in Asia and the Pacific over the past two decades has successfully lifted hundreds of millions out of poverty, but the development pattern followed has not been environmentally sustainable — either locally or globally.

Developing Asia already accounts for about one-third of global greenhouse-gas emissions. Unless urgent measures are taken to alter the pathway to development, the region’s share could easily increase to 40 per cent or higher by 2030. With large emission reductions expected in industrialized countries, this would make Asia the main driver of global warming.

The consequences of climate change are already becoming apparent in the region, and more can be expected in the form of increased coastal flooding from rising sea levels, decreased agricultural production from greater rainfall variation, and higher health risks from heat waves and the spread of vector-borne diseases.

A recent ADB report, for example, warned that these impacts are

threatening the livelihoods of millions of people in the region. According to “A Regional Review of the Economics of Climate Change in Southeast Asia,” the cost of adverse impacts will continue to rise — drawing away between 6 and 7 per cent of Southeast Asia’s income each year by the end of the century unless steps are taken to counter these trends. Similar costs can be expected elsewhere in the region.

With this level of predicted economic damage, the countries of Asia have a strong incentive to help solve the global climate change crisis. Through the introduction of new technologies and policy incentives, Asian and Pacific countries can produce and use energy much more efficiently and lower their reliance on conventional fuels. Investing in low-carbon, climate-resilient economic growth need not entail a sacrifice of competitiveness; rather, it should represent an investment in long-term economic efficiency, it can generate local as well as global environmental gains, and it also can contribute to improved energy security. ADB is supporting this transition, we have decided to increase the annual target to \$2 billion from 2013 to push ourselves even harder. ADB is working with China and India to develop wind power, and is supporting a wide range of energy efficiency improvements. ADB is also supporting the expansion of mass transit systems to reduce reliance on cars and exploring ways to use new carbon market options to conserve Asia’s forests.

None of this will be easy, but the impetus for action lies in the knowledge that any further delay will only increase the chance of devastating consequences from climate change that would threaten continued prosperity improvements in the Asia and the Pacific region.

(Excerpted from *The Japan Times*, 29 June 2009).

© *The Japan Times*.

Global Financial Crisis, Future of the Dollar and the Choice of Asia

Masahiro Kawai, Dean, Asian Development Bank Institute

The present financial crisis is global, affecting almost all countries in the world, not just a few, and its impact so devastating. The epicenter of this crisis is not a peripheral country but the US, which is the largest and central economy in the world, and home to the most dominant global key currency — the dollar—and the world's most sophisticated and developed financial system.

So, it is not surprising to see that the crisis has generated many important debates and posed several major challenges for the world economy and Asia. Let me point out five of these.

First, this crisis has raised the questions whether the US will be able to remain the central economic power in the post-crisis period and whether emerging Asia, with China, India, and ASEAN at its core would play a much bigger role in the world economy. The world seems headed toward a truly multi-polar world, where not only the US and Europe but also Asia will increasingly influence the developments of the world economy and finance. In this sense, the recent shift of the global focus away from the G7/G8 to the G20 is a natural and healthy development.

Second, the crisis has cast doubt about the future role of the US dollar as the most dominant key currency. Despite the fact that the global financial crisis originated in the US, the value of the dollar is high because of the high global demand for dollar liquidity—due to the presence of counterparty risk, repatriation of the dollar back home following the “deleveraging” by US financial institutions, the increased need for dollar liquidity globally on the part of both financial institutions and non-financial firms conducting international businesses, and “safe-haven” demand for dollars.

Third, the crisis has raised the question whether the US consumption decline is a permanent or a temporary phenomenon. The ongoing crisis is forcing adjustment of current account imbalances in both the US and Asia through the reduction in US consumption. If this is a permanent or

semi-permanent process, it has significant implications for Asia's growth paradigm. Asian countries can no longer rely on US consumers as their growth engines and must find their own sources of growth by changing their development paradigm from an excessively export dependent one to a domestic and regional demand-led model. Essentially Asia must increase consumption and investment on a permanent basis, and transform the supply side of the economy from tradable toward non-tradable activity. Sustained expansion of consumption requires structural reforms to strengthen social sector protection. Infrastructure investment as well as improvement in the investment climate is needed to stimulate investment in countries where investment has been inadequate or stagnant. Productivity of the services sector needs to be upgraded as this sector is the major component of non-tradable activity and has been relatively weak in Asia—except in India.

Fourth, the crisis has raised the question whether emerging Asia should rely on the IMF or a regional reserve-pooling arrangement for crisis prevention and resolution. The G20 meeting in London agreed to increase the financial resources of the IMF from US\$ 250 billion to US\$ 750 billion, and the IMF introduced a new financial instrument, called the Flexible Credit Line (FCL).

Finally, the US dollar may not be strong forever. Asia needs to be prepared for eventual dollar depreciation, beginning with a serious discussion about regional exchange rate policy coordination. Asian countries need to discuss how Asian cross rates can remain relatively stable in the event of a sharp, rapid depreciation of the US dollar vis-à-vis the Asian currencies. I believe that these discussions and debates can identify key policy measures to be taken by Asian governments to achieve stable, sustainable economic growth for all.

(Excerpted from the Congratulatory Address Delivered at the Conference on 'Global Financial Crisis, Future of the Dollar, and the Choice of Asia,' organized by ADBI and NEAR Foundation, Seoul, Republic of Korea, 1 June 2009).

East Asia Stands United in Battling Crisis

The Nation

The joint press statement of the EAS on the global economic and financial crisis issued was self-evident. East Asia is going through a testing time once again. When the economic tsunami hit Asia in 1997, the region was in ruins. Then East Asian leaders came together and worked together and everything seemed to improve. They took up painful reforms. Most importantly, they kept their markets free and avoided protectionism.

Last November, the world faced a similar but more severe crisis that impacted on all countries. To restore global confidence and prevent a prolonged economic slump, East Asia must work in tandem with the rest of the world. However, at the G-20 Summit, the leaders of China, Japan, South Korea, India, Indonesia and Thailand, as the ASEAN chair, mentioned their determination to tackle the global economic and financial crisis together. Furthermore, they would restore confidence, growth and jobs, and promote global trade and investment.

In the recent months, East Asian leaders have responded to the global economic meltdown by reaffirming their determination to ensure the free flow of goods, services and investments. In the statement, they reiterated that they would stand firm against protectionist and distorting measures and refrain from raising new barriers. They called for a prompt, ambitious and balanced conclusion to the WTO Doha Development Agenda. Negotiations, based on progress achieved to date, is necessary and will inject confidence and assist in the global economic recovery. Further regional economic cooperation, trade facilitation and liberalisation will also contribute to making the EAS

region a more attractive market and investment destination.

This time, the countries are acting promptly and agreeing with remedial measures, knowing full well that a further decline in global demand would severely affect their economies. East Asia is ensuring that investment continues to flow into the region. To do that, the global financial system must be healthy. In London, the East Asian leaders together called for a bold and urgent reform of the international financial system, which includes the interests of developing countries. They want to see a more comprehensive, equitable and inclusive system that will enhance partnership between the developed and developing countries.

As we look into the future, both the short- and long-term responses must be discerned. East Asia is determined to strengthen the region's growth potential and expand demand, including through accelerating basic infrastructure improvement, policies and measures for expanding domestic demand, assistance to the private sector, in particular SMEs. In addition, human-resource development as well as advancing regional cooperation efforts, including ASEAN integration, will help to ameliorate the economic hardship. Towards this end, it is important that the countries in the region make use of various international organisations and regional think-tanks, such as the World Bank, the ADB and ERIA. Their research and contribution will help the region to attain sustainable growth and development in years to come.

(Excerpted from *The Nation*, 5 June 2009).

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Can an Asian Monetary Fund Accomplish What the IMF Can't?

Barry Eichengreen, Professor, University of California, Berkeley

There has never been a question about the ultimate purpose of the Chiang Mai Initiative (CMI), the system of Asian financial supports created in 2000 in that Thai city. The purpose, of course, is to create an Asian Monetary Fund, a regional alternative to the IMF — whose tender ministrations during the 1997-1998 financial crisis have not been forgotten or forgiven.

So far, however, the CMI has been all horse and no saddle. Its credits and swaps have never been activated. Now, ASEAN+3 have made another breakthrough: the so-called Chiang Mai Initiative Multilateralization (CMIM), aimed at turning its bilateral swaps and credits into a regional reserve pool. The goal was set in 2005 and in May ASEAN+3 finance ministers negotiated details. They specified contributions to their US\$120 billion pool, set down borrowing entitlements and allocated voting shares.

The agreement on contributions is significant, it is said, because China and Japan will both contribute 32 per cent. In previous regional agreements, like capital subscriptions to the ADB, China had always been treated as a second-rate power and asked to contribute less. Indeed, China had shunned Japan's 1997 proposal to create an Asian Monetary Fund precisely because it worried that it would play second fiddle. That China is now acknowledged as a co-equal means that it will not stand in the way of further cooperation.

Also significant, is the agreement to make decisions by simple majority, with countries' votes to be roughly in proportion to their contributions. This means that no single country can block action, in contrast to the IMF executive board, which makes decisions by consensus, giving large countries like the US de facto veto power.

But do these new rules really matter? Disbursing more than 20 per cent of the credits available to a country still requires that it first reach

an agreement with the IMF and 20 per cent of a country's entitlement is actually less than it contributes to the pool. This would appear to nullify the very purpose of the arrangement, which is to free Asia from the IMF. While there is a plan to raise and then eliminate the 20 per cent threshold, this is left to some future, unspecified date.

The reason for the contradiction is straight forward. Countries putting money on the barrelhead want assurances that their resources will not be used frivolously, and they want to know that they will be repaid.

Delinking the CMIM from the IMF will require Asian countries to undertake hard-hitting reviews of one another's policies and to demand difficult policy adjustments. Here, ASEAN+3 talks the talk. Its agreement last month included a commitment to establish a regional surveillance unit. But there is no agreement on where to situate it or how to staff it. It could be placed within ASEAN's Secretariat in Jakarta or inside the ADB in Manila.

These dilemmas can be handled with finesse by giving both surveillance responsibilities and the actual power to disburse funds to an independent board insulated from national politics. Its members, with statutory independence and long terms in office, could function like the monetary policy committee of a central bank.

The IMF could then be shown the door. This scheme wouldn't solve all of Asia's problems. But it would at least head off one danger, namely the urge to accumulate even more reserves. Pooling regional reserves as a way of making them go further is a better alternative. But making this vision a reality requires further bold thinking.

(Excerpted from *The Taipei Times*, 27 June 2009).

© *The Taipei Times*.

Lessons from Europe on Regional Monetary Integration

Mohammed Ariff, Executive Director, Malaysian Institute of Economic Research

Of course, no one can be absolutely sure how European countries would have responded to or been impacted by the crisis in the absence of the Eurozone. One can only speculate on this, but it is still possible to make some fairly reliable inferences by looking at countries that had opted not to join the Eurozone.

There is a general consensus that the United States is the centre of the current global economic crisis. If this is indeed so, it is not difficult to conclude that the crisis had spread from the US to the Europe through financial and trade channels, as it has spread to the rest of the world.

This line of reasoning suggests that the impact should have been less severe in Europe than it has been for East Asia, given the latter's huge exposure to the US economy both financially and commercially. But it has turned out to be otherwise, with Europe feeling the heat more than East Asia.

One must not, however, jump to the conclusion that regional economic and monetary integration has not protected Europe from the global crisis. It is not difficult to explain why the Eurozone has been hit harder than East Asia. It is incorrect to assume that the crisis there is purely external, unlike East Asia's. It is partly home-grown: there have been fault lines within Europe that led to a premature implosion triggered by the crisis emanating from the US. There are important differences between the US and the Eurozone economies, yet the differences in severity of the crisis in these two areas appear to be surprisingly small.

What is even more surprising is that the real sector of the Eurozone has contracted more sharply than that of the US, despite the Eurozone being a relatively closed economy and that its financial sector has fared a little better than that of the US.

It is too early to see if these economies perform better than those that have adhered to the fiscal ceiling. Be that as it may, the euro currency has been quite stable in the foreign exchange market in comparison with other European currencies, which have exhibited greater volatility and experienced sharper depreciation. This apparently speaks well of regional monetary integration.

There may be some lessons here for East Asia, which has thus far treated the idea of a common currency as outlandish. Perhaps the time has come for East Asia to rethink this matter. All this notwithstanding, one still wonders if those European countries that did not join the Eurozone were actually better off, in that they have an additional macro-economic instrument in the form of exchange rate adjustments. It will be interesting to see if the EU members outside the Eurozone recover faster than the Eurozone members.

It is not sure how long it will take for the Eurozone to bounce back into the growth trajectory. However, it is not difficult to argue that the Eurozone will be the last to recover after East Asia and the US, given the rigidities of close-knit economic and monetary regional integration.

(Excerpted from *The New Strait Times*, 6 May 2009).

© *The New Strait Times*.

Strengthen Confidence and Deepen Cooperation for Win-Win Progress

Premier Wen Jiabao, The People's Republic of China

Economic globalization has linked us closely together. No country can stay immune from the international financial crisis or overcome its impact on one's own. Asia is one of the most dynamic and promising regions in the world economy. Together, we take up 60 per cent of the world's population, a quarter of the global economy and a third of global trade. Countries in this region have different national conditions, but we share the common goal of safeguarding sovereignty, accelerating economic growth, upholding equity and justice, and improving people's livelihood. We face similar challenges in tackling the international financial crisis, fighting terrorism and transnational crimes and curbing the spread of diseases and environmental degradation. And we have the same commitment to bilateral and multilateral cooperation for mutual benefit and win-win progress. We have put in place a variety of regional cooperation mechanisms, which have carried out effective work. To counter the financial crisis, Asian countries should not only each run their own affairs well, but also step up cooperation and pull together like passengers in the same boat to promote win-win development and make Asia a key engine in reigniting world economic growth.

China has taken an active part in building Asian cooperation. We follow a policy of making friends and partners in the surrounding areas and fostering an amicable, stable and prosperous neighbourhood. In recent years, in particular, we have concluded several bilateral and multilateral FTAs with other countries and regions in Asia, which have served to promote trade and investment. In the face of the spreading financial crisis, China will continue to work with other Asian countries to actively tackle challenges and advance all-round cooperation with a view to enriching and energizing our cooperation and promoting peace and prosperity in the region. To achieve this, I wish to propose the following:

First, engage in closer economic cooperation and trade, and firmly oppose trade protectionism. We should make greater efforts to promote free trade and expand intra-regional trade. We should adopt effective measures concerning customs, quarantine, logistics and interflow of business people, take concrete steps to lower trade barriers and refrain from setting up new obstacles to trade. We should vigorously advance the building of free trade areas, make full use of multilateral and bilateral free trade arrangements and bring into play our economic complementarities.

Second, strengthen financial cooperation and maintain regional financial stability. We should take full advantage of the bilateral currency swap agreements and study the possibility of expanding the swap size and number of participating countries. The 10+3 countries decided to set up a US\$ 80 billion foreign exchange reserve pool last year and recently agreed to expand it to US\$ 120 billion. This underlines the urgent need and our strong desire to strengthen regional financial cooperation. We hope the multilateralization process of the CMI will speed up. We should establish a regional reserve pool as early as possible to better protect our region from financial risks. We should promote development of the Asian Bond Market and better utilize available regional funds to promote economic growth in Asia.

Third, deepen investment cooperation to drive regional economic growth. We should accelerate the development of regional and sub-regional transportation, power and communication infrastructure to gradually achieve inter-connectivity and form a network. All countries should follow an open approach when expanding investment and allow equal participation of enterprises from other countries. We should

India's Initiatives

In India, we have launched a number of fiscal stimulus packages including additional public spending, amounting to over 3% of our GDP. Our monetary policy initiatives have been targeted towards maintaining a comfortable liquidity position and ensuring that credit delivery remains on track. Our banking system remains well regulated, capitalized and profitable.

— Prime Minister of India, Dr. Manmohan Singh's
Opening Remarks at the Plenary Session of the BRIC Summit,
16 June 2009, Yekaterinburg, Russia.

encourage mutual investment among businesses within the region, strengthen labour services cooperation and avoid large-scale repatriation of foreign workers.

Fourth, advance "green" cooperation and promote sustainable economic growth in Asia. We should actively and effectively coordinate policies and actions to enhance cooperation in energy conservation, environmental protection and development and utilization of new and renewable energies, and foster new growth areas in the Asian economy.

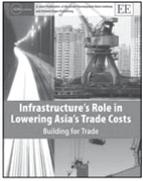
Fifth, enhance collaboration and coordination in international affairs and promote world peace, stability and prosperity. We, in Asia should strengthen cooperation with other regions through such platforms as Asia Pacific Economic Cooperation (APEC), Asia-Europe Meeting (ASEM), Forum for East Asia-Latin America Cooperation (FEALAC) and Asia-Middle East Dialogue (AMED), and improve the efficiency and effectiveness of such cooperation. We should implement the consensus reached at the G20 Financial Summit in London and strengthen macro-economic policy coordination. We should advance reform of the international financial system, increase the representation and voice of emerging markets and developing countries, strengthen surveillance of the macro-economic policies of major reserve currency issuing economies and develop a more diversified international monetary system.

I wish to stress here that the business community should play an active part in tackling the international financial crisis and promoting Asia's development. Entrepreneurs need to bear in mind their social responsibilities and properly manage risks and potential problems. They should seize the opportunities offered by world economic readjustments, take bold and pioneering steps, and explore new development opportunities. Asia is a region with enormous development potential.

As I said before, confidence is more important than gold and currency. Today, I want to add one more thing, that is, hope is an everlasting beacon that will light up the way forward for countries, businesses and people around the world. Let us strengthen confidence, join hands and work together with strong hope for an even brighter future for Asia.

(Excerpted from the Speech Delivered at the Opening Plenary of 'The Boao Forum for Asia' Annual Conference 2009, 18 April 2009).

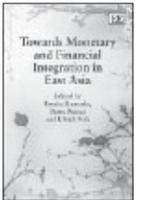
Infrastructure's Role in Lowering Asia's Trade Costs: Building for Trade



Editors: Douglas H. Brooks and David Hummels
ADB Institute and Edward Elgar Publishing Ltd., 2009
ISBN: 978-1-84844-162-0

Infrastructure is shown to be a cost-effective means of lowering trade costs and thereby promoting regional growth and integration. This book combines thematic and country studies, while breaking new ground in quantifying infrastructure's impact on Asia's trade costs. The contributors add to empirical estimates of Asia's trade costs and infrastructure's influence on those costs while also contributing to a better understanding of the region's logistics challenges. The book includes interesting case studies of rapid growth and congestion (in PRC), inland transportation challenges (India), port competition in an archipelago (Indonesia) and transportation modal switching as value-added rises (Malaysia) that are policy- and project-relevant in their own right.

Towards Monetary and Financial Integration in East Asia

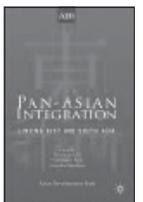


Editors: Koichi Hamada, Beate Reszat and Ulrich Volz
Edward Elgar Publishing, 2009

ISBN-10: 1848443633
ISBN-13: 978-1848443631

This book provides a comprehensive analysis of monetary and financial integration in East Asia. It assesses the steps already taken toward financial integration and brings forward different proposals for future exchange rate arrangements in what has now become the world's most dynamic region. It evaluates the economic and politico-economic arguments and conditions for monetary and financial integration in East Asia. It explores how and to what extent the countries of the region can integrate despite their heterogeneity and their underlying political tensions. Drawing on the European experiences, this book analyzes the economic logic of monetary and financial integration in East Asia and its political feasibility.

Pan-Asian Integration: Linking East and South Asia



Editors: Joseph F. Francois, Ganeshan Wignaraja and Pradumna Bickram Rana
Palgrave Macmillan, 2009

ISBN-10: 0230221785
ISBN-13: 978-0230221789

This book examines the economic, political and institutional dimensions of pan-Asian integration. With little progress made in the Doha Round, there is heightened interest in deeper regional integration in Asia. The book explores regional patterns of trade and investment and the potential for deeper integration.

The Asian Economy and Asian Money



Manoranjan Dutta
Emerald Group Publishing Limited, 2009

ISBN-10: 1848552602
ISBN-13: 978-1848552609

This is a new volume in the successful and long-running "CEA Series." The Asian Economy with one common Asian Money is a frontier topic of study in supranational

macroeconomics. If the Europeanization of Europe has become a historic reality, the Asianization of Asia cannot be far behind. The paradigm of the EU has become a learning model for other continents, especially Asia. The book examines the prospects of, the justification for, and the implications of the development of a common Asian currency.

National Strategies for Regional Integration: South and East Asian Case Studies



Editors: Joseph Francois, Pradumna Rana and Ganeshan Wignaraja

Anthem Press, 2009

ISBN-10: 1843317893

ISBN-13: 978-1843317890

This study examines the diverse experience of regional integration of South and East Asian economies during the last two decades and offers lessons for latecomers. The global economic crisis is expected to merely dampen rather than halt the pace of Asian integration. Global recovery will give renewed impetus to Asian integration. East and South Asia include the world's largest and most dynamic open economies alongside several least developed countries. Using a set of country cases based on a similar framework, the study addresses an important policy question: how can each country's integration with its neighbours and more distant regional economies be improved?

Globalisation and the Changing Face of Port Infrastructure: The Indian Perspective



Prabir De

Peter Lang Publishing Group, 2009

ISBN 978-3-0343-0005-6

Inefficient ports can stall a country's trade growth and also increase the costs of transportation. Rising inefficiencies in ports have therefore forced the governments all over the world to deregulate the port system. In India, awareness towards the impact of port infrastructure on economic development in general and international trade in particular has increased in recent years partly as a result of rising trade transportation costs. One of the objectives of this book is therefore to understand the role the port plays in India's economic development. The main emphasis of the book is on performance evaluation, technological change, total factor productivity growth, market concentration, and competitiveness of Indian ports for the last two and a half decades.

Bilateral and Regional Trade Agreements: Commentary and Analysis



Editors: Simon Lester and Bryan Mercurio
Cambridge University Press, 2009

ISBN-10: 0521878276

ISBN-13: 978-0521878272

This book provides a comprehensive study of recent bilateral and RTAs. There are two main aspects, first, it surveys the most important recent agreements in relation to each substantive topic covered (e.g. intellectual property, investment, services and social policy) and provides an overview of the law being created in these areas. Second, the bilateral and RTAs are explained in the context of economics, international law and international relations.

Pacific Currents: The Responses of U.S. Allies and Security Partners in East Asia to China's Rise



Evan S. Medeiros
RAND Corporation, 2008
ISBN-10: 0833044648
ISBN-13: 978-0833044648

China's importance in the Asia-Pacific has been on the rise, raising concerns about competition from the United States. The authors examined the reactions of six U.S. allies and partners to China's rise. All six see China as an economic opportunity. They want it to be engaged productively in regional affairs, but without becoming dominant. They want the US to remain deeply engaged in the region.

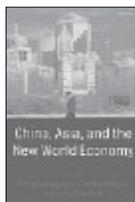
Governance and Regionalism in Asia



Editor: Nicholas Thomas
Routledge, 2009
ISBN-10: 0415456991
ISBN-13: 978-0415456999

This book explores the pressures currently influencing East Asian regionalist policy debates, analysing the trend towards deeper integration and the emergence of a governance model for managing regional processes. The book highlights the policy challenges confronting regionalism and governance in East Asia, including key issues such as the rule of law, financial cooperation and a case study on disaster management.

China, Asia, and the New World Economy



Editors: Barry Eichengreen, Yung Chul Park and Charles Wyplosz
Oxford University Press, 2008
ISBN-10: 0199235899
ISBN-13: 978-0199235896

The rise of Asia, and China specifically, is the single most important force reshaping the world economy at the beginning of the 21st century. Asia's growing weight in the world economy is elevating it to a central position in global economic and financial affairs. The potential global impact of this astonishing growth is far reaching, from oil markets and the environment to a reshaping of trade relations in the current multilateral system dominated by the WTO. The book explores the likely impact of the rapid growth in the East Asian economies, and in particular China, on the world economy in the coming decades and the consequent challenges for the development of trade, macro-economic and environmental policy.

Changing Governance and Public Policy in East Asia



Editors: Ka Ho Mok and Ray Forrest
Routledge, 2009
ISBN-10: 0415415969
ISBN-13: 978-0415415965

This book focuses on how selected Asian states have responded to the growing impact of "liberalizing and marketizing trends" in public policy formulation and public management. To what extent is the "state-guided" regime in Asia still relevant to governing public policy/public management? What are the policy implications for a growing number of Asian states which are pursuing more pro-competition policy instruments? The book offers critical analysis of the search for new governance in Asia and compares and contrasts experiences in selected Asian societies

such as China, Japan, Hong Kong, Taiwan, South Korea, Singapore, and other parts of South East Asia.

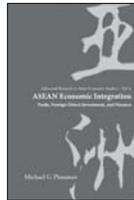
Constructing a Security Community in South East Asia



Amitav Acharya
Routledge, 2009
ISBN-10: 0415414288
ISBN-13: 978-0415414289

This second edition of *Constructing a Security Community in Southeast Asia* brings the excellent framework from Acharya's first edition up-to-date, looking at ASEAN's comprehensive and critical account of the evolution of the ASEAN norms and the viability of the ASEAN way of conflict management.

Asean-economic Development and Integration: Trade, Foreign Direct Investment, and Finance



Michael G. Plummer
World Scientific Publishing Company, 2009
ISBN-10: 9812569103
ISBN-13: 978-9812569103

Given the rapid emergence of regional economic arrangements in Asia, especially in Southeast Asia, it is useful to understand clearly what regionalism implies for the region, as well as to take stock as to the far-reaching and complicated effects of formal economic cooperation and integration. This book allows the reader to better understand the relevant international policies of the Southeast Asian economies, and to appreciate the potential lessons for other developing regions. It also focuses on the regionalism trend with an explicit application to ASEAN, as well as the implications of regionalism in the developed countries. The goal of this book is to survey the economics and political

Further Readings

- South Asia's 'Historic Elections' May Spur Economic Integration. *Bloomberg*. 26 June 2009.
- Emerging Economies Meet in Russia. *The New York Times*. 17 June 2009.
- Asian Highway Open. *The Strait Times*. 12 June 2009.
- Yuan Could Become Asia's Leading Currency. *The Business Times*. 12 June 2009.
- India Seals FTA With Bay Nations. *The Asian Age*. 7 June 2009.
- BOK Wants Pan-Asian Currency Web. *JoongAng Daily*. 29 May 2009.
- East Asia Key to New Global Economic Format. *The Korea Times*. 25 May 2009.
- Asian Commodities Should Deal In Asian Currency, by Teoh Kok Lin. *The Star Online*. 19 May 2009.
- Asia Must Do More To Fight Crisis. *Hindu Business Line*. 4 May 2009.
- Stimulating Regional Demand in Asia, by Prabir De. *Financial Express*. 15 April 2009.
- Asia Must Speak Up At the G-20 Summit. *The Nation*. 2 April 2009.



economy of regionalism in the Asian context from a variety of perspectives and using various techniques, from standard economic analysis of preferential trading arrangements to the political economy analysis of institutions in the historical and comparative contexts. It contains six case studies that support the analyses and facilitate a pedagogical approach to the associated issues.

East Asian Regionalism From a Legal Perspective: Current Features and a Vision for the Future

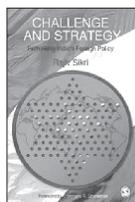


Editor: Tamio Nakamura
Routledge, 2009
ISBN-10: 0415488575
ISBN-13: 978-0415488570

Plenty has been written about the political and economical aspects of regionalism, but the

legal perspective has been neglected. *East Asian Regionalism From a Legal Perspective* is unique in synthesizing legal, economic and political analyses.

Challenge and Strategy: Rethinking India's Foreign Policy



Rajiv Sikri
Sage Publications Pvt. Ltd, 2009
ISBN-10: 8132100808
ISBN-13: 978-8132100805

Challenge and Strategy: Rethinking India's Foreign Policy examines India's foreign policy options in order to ensure that the country retains its space for manoeuvre, to follow an independent foreign policy in the 21st century global scenario.

India's Role in East Asia: Lessons from Cultural and Historical Linkages

Ellen L. Frost

India's presence in the EAS signals not only a victory for New Delhi's "Look East" policy but also an implicit "Look West" policy on the part of India's neighbours to the east. This convergence represents not only a major economic opportunity for India but also a long-term strategic shift in regional order. The purpose of this paper is to demonstrate that for historical, cultural, political as well as for substantial economic reasons, India belongs to the East Asian table. It is time to "re-center" our notions of Asia so that maps and other geographic concepts reflect India's resurgent links with eastern neighbours. India's political role in the Asian integration movement underscores this need.

(RIS Discussion Paper No. 147, January 2009).

Continued from page 1 (Feature Article)

\$80 billion of usable resources at a time when liquidity is exceptionally tight.

We support the sale of a part of the Fund's gold to support concessional lending to low income countries through the Fund's concessional windows.

As an immediate step, we must endorse a 200 per cent increase in the capital of the ADB. The World Bank should also expand its lending in the next two to three years in a manner which helps to fill the gap left by the withdrawal of private capital flows. We must also take concrete steps to revive trade finance which has been badly hit in part because of financial protectionism. Export credit agencies can expand their lending. The IFC pool to support trade finance can be substantially expanded, with bilateral assistance from countries in a position to contribute.

This experience shows that it is not enough to rely on light regulation of the financial system, combined with market enforced discipline and enlightened managements using in house risk management techniques. We have to move to stronger regulation and improved supervision if we are to prevent a repeat of the crisis. We should endorse the recommendations emerging from this work and entrust the recently expanded Financial Stability Forum and the expanded Basel Committee on Banking Supervision to prepare detailed proposals which can then be used by national regulators to align our national regulations with the new global standards.

(Excerpted from the PM's Remarks at the Official Dinner hosted by Prime Minister Gordon Brown on the Occasion of the G-20 Meeting, 1 April 2009, London).

NEW ASIA MONITOR

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RIS
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Core IV-B Fourth Floor, India Habitat Centre, Lodhi Road, New Delhi-110003, India.
Ph. 91-11-24682177-80, Fax: 91-11-24682173-74
Email: publication@ris.org.in, Websites: <http://www.ris.org.in>, <http://newasiaforum.org>

Editor: Beena Pandey