



'Broader Asia' at the Confluence of Indian and Pacific Oceans

Mr. Shinzo Abe, Former Prime Minister of Japan

Feature Article

The Pacific and the Indian Oceans are now bringing about a dynamic coupling as seas of freedom and of prosperity. A 'broader Asia' that broke away geographical boundaries is now beginning to take on a distinct form. Our two countries have the ability and the responsibility to ensure that it broadens yet further and to nurture and enrich these seas to become seas of clearest transparency.

The Japanese people have started showing interest in India and are now trying to catch up to the reality of this 'broader Asia.' Japan has undergone '*The Discovery of India*,' by which we have rediscovered India as a partner that shares the same values and interests and also as a friend that would work alongside us to enrich the seas of freedom and prosperity, which will be open and transparent to all.

Among many contributions that India can make to the world history, there is first of all its spirit of tolerance and the enormous challenge that it faces today. Today, the Japanese people are eager to work together with the Indian people so that this spirit of tolerance becomes the leading principle of this century. Further, the real challenge that India faces today is the way that India is trying to fight poverty that still persists today and to overcome social issues that are symbolic of demographic movement while consistently upholding democracy and striving to achieve high economic growth.

Japan and India have come of late to be of the same intent to form a 'Strategic Global Partnership,' in which the two countries are going to expand and fortify their relations. This partnership is an association in which we share fundamental values such as freedom, democracy and the respect for basic human rights as well as strategic interests. Japanese diplomacy is now promoting various concepts in a host of different areas so that a region called 'the Arc of Freedom and Prosperity' will be formed along the outer rim of the Eurasian continent. The

Strategic Global Partnership of Japan and India is pivotal for such pursuits to be successful.

By Japan and India coming together 'broader Asia' will evolve into an immense network spanning the entirety of the Pacific Ocean, incorporating the United States of America and Australia. Open and transparent, this network will allow people, goods, capital and knowledge to flow freely. In addition, as maritime states, both India and Japan have vital interests in the security of sea lanes that are the most critical for the world economy.

Japanese ODA has been operating in the states of Tripura, Gujarat, Karnataka and Tamil Nadu in conjunction with the local people to conserve the forest and to assist in reforestation so that people can make a living without cutting down trees of the forest. In addition, sewerage facilities have been constructed and repaired to clean up Mother Ganges, and purification of the water in Hussain Sagar Lake in the middle of Hyderabad have all been undertaken by means of Japan's strong hope for India to be blessed with pure water. However, the Japanese are also aware that the people of India have an acute sensitivity through which they perceive life in every tree and every blade of grass and read spirituality into all of creation. With Japanese and Indians both holding the natural world in such great reverence, it is impossible not to believe that the people of our nations share something in common.

To address global warming, India and Japan should work together towards an initiative entitled 'Cool Earth,' which proposed to cut global emission of greenhouse gases by fifty per cent from the current level by the year 2050. There is no nation on earth for whom leading the fight against climate change would be so

entirely fitting, because no people has had a harmonious co-existence with nature so central to their philosophy throughout history as the people of India. I urge the Japanese negotiators to work to conclude promptly a comprehensive and high-quality economic partnership agreement between Japan and India. The amount of trade between our two countries will be increasing dramatically in the immediate future, and we can expect it to reach about 20 billion US dollars.

Prime Minister of India has demonstrated great enthusiasm in executing plans to connect Mumbai, Delhi and Kolkata with a freight corridor totalling 2,800 kilometres in length, with average speed to be 100 km per hour. Furthermore, Japan and India are now engaged in a wide-ranging discussion upon the Delhi-Mumbai Industrial Corridor, for which the Dedicated Freight Corridor will serve as its backbone. Japan should closely cooperate with the Indian side particularly toward the establishment of a dedicated fund that should help bring about the Industrial Corridor.

Now, as this new 'broader Asia' takes shape at the confluence of the two seas of the Indian and Pacific Oceans, it is imperative that the democratic nations located at opposite edges of these seas deepen the friendship among their citizens at every possible level. Further, we will welcome to Japan 500 Indian youth per year, out of which about 100 will be allocated for those studying Japanese or teaching Japanese. This is precisely an investment towards future generations and also for the future of this new 'broader Asia.' It is an attempt to bring about freedom and prosperity in the world as well as 'co-existence' between different peoples, as Vivekananda preached. The friendship that unites India and Japan will touch the deepest soul of the people of our two countries.

(Excerpted from the speech delivered at the Parliament of the Republic of India, 22 August 2007). ■

East Asia Economic Think Tank (ERIA) Unveiled in Manila

Mr. Yasutomi Ota, Executive Director, JETRO, unveiled the creation of Economic Research Institute for ASEAN and East Asia, (ERIA), to hasten economic growth and integration of sixteen East Asian countries, with an initial endowment of 1 billion yen from the Japanese government. He said that we have to deepen our regional integration and ERIA is an engine for establishing this kind of economic integration.

Ota also said that the country that will host ERIA and the date of its formal establishment will be made public within the year. He also added that the research

institute will 'contribute to narrowing of development gaps' in Southeast Asia to achieve a European Union-like integration.

Josef Yap, President of the Philippine Institute for Development Studies, the research institute representing the Philippines in ERIA, said experts have agreed that funding must be sourced not only from Japan but from other countries as well 'to assure the credibility of the institute and to promote the sense of ownership among countries involved.'

So far, Indonesia, Malaysia, the Philippines, Singapore and

Thailand have all signaled interest in hosting the research institute. He said the goal is for ERIA to eventually achieve a legal face and status similar to that of the OECD, a grouping of thirty countries set up in 1948, but he acknowledged that it 'will take some time.' As ERIA will 'interact effectively' with policymakers and various governments in setting up the institute's research agenda, its output will be independent and not influenced by policymakers, Yap stated.

Already this year, work has started on six ERIA research projects, including economic

integration, development strategy in former Indochina and energy security issues. Yap also ensured that for ERIA there would not be any problem if some of its research focus overlaps with existing research institutes in the region, including the Tokyo-based ADB Institute, Institute for East Asian Studies, Seoul and ISEAS, Singapore. He also believes that several institutes can work on the same issues and come up with different policy recommendations.

(Excerpted from the *Briart.com*, 17 August 2007).

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ERIA Symposium on "Business Cooperation and Regional Integration in East Asia"

The first ERIA symposium was organized on 'Business Cooperation and Regional Integration in East Asia' in Manila on 23 August 2007 with the support by the Philippine Institute for Development Studies, the ASEAN Secretariat and the Institute of Developing Economies, JETRO (IDE-JETRO).

H.E. President Gloria Macapagal-Arroyo's opening address was delivered by Mr. Armin B. Raquel-Santos, Governor, Board of Investments, Department of Trade and Industry, Republic of the Philippines. In her address, she gracefully acknowledged the support of the participating research institutes and stated that in order to keep region's sustainable growth, it is crucial to enhance the region's competitiveness by economic integration.

Hon'ble Ong Keng Yong, Secretary General of ASEAN, in his opening remarks, agreed to cooperate with ERIA and welcomed the wide range of participation from the academicians, the private sector and the government sector as it provides good opportunity to find the future research agenda for ERIA.

To ensure ERIA's success, Mr. Haruhiko Kuroda, President, ADB, suggested in his keynote address, that it should work closely with the research experts both from within the region and at the global level. He stressed to forge links with the policy processes and

thereby contributing to the process of producing future leaders and policymakers through capacity building and training.

The symposium had participation of senior high level government officials, eminent scholars, academicians and policy makers from Japan, Korea, Malaysia and the Philippines and several prominent regional development institutes such as ASEAN, ADB, ILO, Centre for Strategic and International Studies (CSIS), Malaysian Economic Research Institute (MIER), Philippine Institute for Development Studies (PIDS), Philippine Chamber of Commerce and Industry (PCCI), Korean Chamber of Commerce Philippines (KCCP), the Japanese Chamber of Commerce and Industry of the Philippines (JCCIP) and ASEAN Business Advisory Council (ASEAN-BAC).

The conference touched upon various wide ranging issues on the selected themes. The main themes of the conference were the East Asian Economic Integration and the Role of Business and Economic Integration and Business Opportunities for the Philippines.

The symposium began with the brief introduction of ERIA's objectives and activities. It recognized the concept of ERIA as to make an intellectual contribution to regional efforts

towards East Asian economic integration in a wide range of areas, from trade to investment to SMEs, human resource development, infrastructure and energy, etc. It was also agreed that ERIA would provide policy analyses and recommendations to the region's policy makers in partnership with the ASEAN Secretariat and other prominent existing research institutes. At present there are few ongoing research projects covering the themes of deepening integration, narrowing gaps of economic development and sustainable economic growth.

The interim report on the project '*Developing a Roadmap Toward East Asian Economic Integration*,' highlighted on the nature and characteristics of East Asian economy which has achieved remarkable growth over the last few decades. Service link cost is the important concept to understand the development experience in East Asia. In order to enhance regional economic integration, the project report recommended that at present, it is very natural that initially the sixteen countries of EAS members are the preferable choice for bilateral/regional FTAs/EPAs, if necessary it can be expanded later. At the same time, role of business sector as the major participants of economic activities which is playing very pivotal role

in economic integration is very important.

Participation of private sector representatives in the symposium and the key challenges faced by them are appreciated to make ERIA's research studies more relevant and practical. The symposium found an optimism about the different levels of development in the region should not be seen as a liability but as an asset to the region.

The session on Economic Integration and Business Opportunities for the Philippines reiterated that in Philippines there are enormous business opportunities in the field of tourism, medical tourism, food, beverages and restaurants industry, manufacturing industries, especially heavy industries and electronics parts and opportunities in BPO.

The symposium concluded that it is quite encouraging the kind of the support and response given to ERIA. As the market and business activities are the driving forces for regional integration in East Asia, therefore it is quite significant that ERIA's first symposium had wider participation including ASEAN-BAC members. It was also agreed to hold similar kind of seminars in all sixteen member countries.

(Excerpted from the Tentative Summary Report of the Symposium)



Japanese Investment in Infrastructure Development

Shri Kamal Nath, Union Minister of Commerce and Industry, has called upon the Japanese business leaders to benefit from the investment opportunities available in the Indian economy and highlighted the enormous contribution that Japan could make for infrastructure development. He also informed at the India-Japan Business Seminar jointly organised by DIPP, JETRO, FICCI, CII and ASSOCHAM, that there is massive need for infrastructure in India and for that in the next five years, India would need US \$ 384 billion to bridge the infrastructure gap. Shri Kamal Nath highlighted the lead given to Indo-Japan economic engagement through the Delhi-Mumbai Industrial Corridor Project and hoped that apart from benefiting the country's industrial infrastructure development, it would also become a new springboard for the Japanese companies for accessing the US and EU markets.

The Minister also highlighted the tremendous strides made by India on trade front as well as in achieving a record growth in FDI and in propelling the manufacturing revolution in the country. He invited the Japanese business leaders to look at some of the sectors

with high potential in manufacturing such as textiles and apparels, food processing, chemicals and petrochemicals, automobiles, electronics and IT hardware, etc. The Minister also highlighted the resurgence of the manufacturing sector in India which has now become the growth driver of the economy. The resurgence of manufacturing is visible in the sustained interest of overseas companies in establishing production centres in India. Factories for Suzuki, Mitsubishi, Toyota, Honda, Asahi and others are going online rapidly, making a range of products for domestic as well as international sales.

Earlier, the Minister, while addressing the 400-strong Japanese business delegation, said that both India and Japan were engaged to conclude the CEPA at the earliest as the dialogue is on the fast track and we expect to have the agreement in place by the designated time. Mr. Fujio Mitarai, Leader of the Japanese delegation, expressed optimism at the growing Indo-Japan economic relations and looked forward to a fruitful business engagement with Indian counterparts.

(Excerpted from the *PIB Press Release*, 21 and 22 August 2007).

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Delhi Mumbai Industrial Corridor Project to Lure Japan Inc.

It is expected that India could soon become Japan's manufacturing hub. The massive Delhi Mumbai Industrial Corridor (DMIC) project is expected to entice a large number of SMEs from Japan to set up units at each of the six industrial regions that will be spread across the 1,483-km corridor. The corridor will pass through Uttar Pradesh, Haryana, Rajasthan, Madhya Pradesh, Gujarat and Maharashtra with an investment of around \$100 billion on infrastructure. The DMIC project would be launched in 2008 and expected to be completed by 2015.

According to the top government officials, that most of the industrial regions have been selected keeping in mind the strength of Japanese SMEs in automobile and engineering

industries. Work on two world-class automobile testing facilities in Haryana and Maharashtra have already begun. However, the industrial regions should not be seen as 'Japanese industrial hubs,' though Tokyo was very keen to leverage India's abundant supply of skilled labour and expanding markets. For India, the industrial zones are a great opportunity to ratchet up the manufacturing sector's skill-sets to match the demands from Japanese SMEs. These SMEs will be assured world-class infrastructure, besides airport and harbour connectivity. It was also revealed that the JETRO's business support centres in India would facilitate the transfer of the SMEs' manufacturing facilities.

(Excerpted from the *Financial Express*, 22 August 2007).

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India and Japan Sign Currency Swap Deal

India and Japan have agreed to sign a basic bilateral agreement on currency swap that would add to a regional network of such accords designed to provide emergency financial liquidity in times of currency market or other turbulence. The currency swap pact will allow both countries to help in each other in times of balance of payment crisis or to counter any speculative attack on their currency. However, Japan has similar currency swap agreements with South Korea, Malaysia and Thailand.

As India and Japan are celebrating 2007 as the India-Japan Friendship Year, Japanese Prime Minister Shinzo Abe favoured early conclusion of the economic partnership agreement to boost bilateral economic ties and triple trade to \$20 billion in next three years. He also added that this relationship has the 'greatest potential' compared to any other such bilateral ties, and India-Japan relations had the largest potential for development amongst any two nations in the world.

He also stressed on cooperation of private sector of both countries in meeting the challenge of climate change

complementing economic cooperation and reiterated Japanese government's commitment to development of infrastructure facilities in India. Japan attaches tremendous importance to the Delhi Mumbai Industrial Corridor and will continue to extend support the Delhi Metro, Mr Abe assured.

On the same occasion, India's Commerce Minister Mr. Kamal Nath said that the Delhi-Mumbai Corridor was expected to transform India's economic landscape and strengthen business bonds between the two countries.

He also revealed that the project provides investment opportunities worth \$90 billion to investors from India, Japan and other countries. He also said that JETRO had already signed an MoU to strengthen bilateral business engagement, besides setting up an incubation facility for Japanese firms keen on investing in India. The Minister also stated that the most heartening was the confidence of Japanese financial institutions that were investing in Indian capital markets and companies.

(Excerpted from the *Economic Times*, 26 & 23 August 2007).

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India and Japan Along with China Should Form Regional Troika

Former Policy Adviser to the United Nations, Mr. B.S. Raghavan, while delivering a lecture on 'Indo-Japan Relations: Emerging Relations,' organised by the Indo-Japan Chamber of Commerce and Industry (IJCCI) in Chennai, said that India and Japan along with China should form a regional troika rather than the hypothesised Quadrilateral Axis with the US and Australia. The achievements of such a troika bound by affinities could be mind-boggling and beneficial to the entire human race, he said.

Mr. Raghavan also said that Japan had all the capabilities to emerge as a leader of the region if it showed the determination to come out of the 'tutelage' of the US.

Similarly, it will be mutually beneficial if India looks to East instead of being obsessed with the US or Europe, and Japan pays more attention to what was one of the largest middle class consumer markets here.

On the same platform Mr. K.V. Kesavan, former Professor of Japanese Studies, Jawaharlal Nehru University, and a visiting faculty in Japan, pointed out that Japan's assessment of India and its role in regional dynamics had changed more or less in tune with India's emergence as a successful economy and its proactive participation in various high-level summits.

(Excerpted from the *hinduonnet.com*, 30 September 2007).

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India to Emerge Among Top 3 Economic Powers in 25 Years

Dr Craig Barrett, Chairman, Intel, announced an alliance of sixteen companies under its 'World Ahead Program' to apply technology in health, education and rural empowerment in the country. He exuded confidence that India would emerge among the top three economic powers in the next 20-25 years. Though the country had been a bit slow in bringing out semiconductor policy, thereby missing the window on Intel's manufacturing facility for now, India is still rated high on its list for future capacity building. He also stated that new broadband and wireless technologies can improve connectivity for countries such as India and therefore countries need to make sure that they take a technology-neutral approach and not protect legacy technologies.

He further asserted that India would become a strong economic powerhouse in the coming years. If India continues to grow at over 8 per cent, one can do the maths and see how long it takes for India to come in the top three economies worldwide. Countries like India and China will have faster rate of growth than the developed nations.

Meanwhile, the 16 Indian companies which are a part of World Ahead Alliance include Apollo, NIIT Ltd, Comat Technologies, Digital Empowerment Foundation, Educomp Solutions, eGovServices, Fortis Healthcare, Karishma Software, Manipal University, Sankara Nethralaya, SN Informatics, SREI SAHAJ e-Village and TCS.

Many of these companies have played a key role in helping Intel develop and deploy technology and training solutions in the areas of e-government, e-health, rural empowerment and education, the company said. Intel India signed an agreement with New Delhi affiliate of the UNESCO to create a partnership focused on advancing Intel's education initiatives. The MoU calls for UNESCO and Intel to work jointly in the areas such as teacher professional development, developing policies for innovative use of technology in curriculum and promoting scientific research in education.

(Excerpted from the *Hindu Business Line*, 6 September 2007).

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Integration of Capital Markets in Asian Region

Finance Minister of India, Mr. P Chidambaram set the agenda for integration of capital markets in the region for facilitating greater capital flow among eight neighbouring nations and forging a South Asian Economic Union. While addressing the SAARC Finance Minister's conference in New Delhi, Minister enlisted the steps to be taken to facilitate a barrier-free flow of goods, services and capital among the nations. He said that financial market regulators in the region need to cooperate with one another, exchange information and set up bodies to remove barriers to capital market integration in the region.

He also said that the international community is aware that securities markets, particularly in emerging economies are sensitive to cross-

border financial flows. Harmonisation of laws, accounting and governance standards and evolving a framework for enforcement, investor protection and information sharing are essential. This would help in preempting financial crises and prevent regulatory failures. The idea is to forge a South Asian Economic Union, he said.

Towards this, member nations of the SAARC will set up an expert group on development of capital markets in the region. But, at the moment, we are trying to see whether capital market regulators can work together, share information and cooperate with each other through MoUs, he said.

(Excerpted from the *Economic Times*, 16 September 2007).

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Chinese IT Majors Woo India

Chinese information technology majors are looking up to their well established counterparts in India for technical and training support to give a boost to their IT and IT-enabled services (ITeS) industry.

They not only want Indian companies to share technical expertise with them but also help set up IT education centres and train their executives on BPO, in which India is the world leader.

Chinese companies are so keen to join hands with Indian companies that in the recently concluded Northeast Asia Hi-Tech Fair at Shenyang in China, nine cooperation agreements and MoUs were signed between Chinese and Indian IT companies.

According to the CEO of India-China Alliance Centre's (ICAC), the event turned about to be successful for Indian IT and ITeS companies. He stated that IT education and training is one area where India is all set to play a major role in China. Chinese universities and other institutions are keen to

join hands with Indian firms. For instance, NIIT China (Shanghai) Ltd. alone signed three MoUs, while other companies such as Toonz Animation and Deep Blue 3D Animation Company would also play an important role soon. Similarly, the agreement between Technopark (Thiruvananthapuram) and InfoPark (Kochi) with the Shenyang Information Industry Bureau envisaged collaboration in the areas of BPO, software export, software outsourcing training and animation outsourcing, the ICAC, CEO said.

'Till now we were looking towards the U.S. and Europe, but now IT companies have started to realise that China and the Asia Pacific region have much more potential. India is the leader in software and the Chinese are ahead in hardware business, and a combination of the two can be a win-win situation for both nations,' ICAC, CEO stated.

(Excerpted from *The Hindu*, 26 September 2007).

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Costlier Loans Not to Deter Asian Nations From Energy Projects

Funding for energy infrastructure projects in Asia will get more expensive as banks tighten credit lines, but it is unlikely to stop Asian countries from pursuing expansion plans, according to a senior banker. A snowballing credit crisis has crumpled major financial markets in recent weeks as defaults on US subprime mortgages choked demand for risky, high-yield loan derivatives. This plunged some hedge funds into deep financial trouble and prompted banks to tighten loan standards, threatening economic growth.

'Many banks, funds and institutions, which are not directly impacted by the US credit problems and are still looking to lend and invest in the Asian infrastructure sectors, will be more selective and look for higher return on investments,' said Ridwan Rusli, Managing Director of Credit Suisse's Asia Energy and Natural Resources Group. He also added that it is not a question of whether financing will be available, but

mainly that funding might become somewhat more expensive, but demand from Asian countries will not be deterred by this, Rusli added.

Rusli further said that the demand for infrastructure is too important for Asian economies, thus potentially higher funding costs in the near term will not stop Asian companies and governments from continuing to promote and implement critical infrastructure projects. In mid-2006, the International Energy Agency (IEA) estimated that Asia would need about \$5 trillion (Rs 206 trillion) in energy infrastructure investments over the next 15 years.

Japan, China and India are the key players involved in infrastructure investments in Asia, such as port projects, power plants and petrochemicals development as well as in the steel industries, he added.

(Excerpted from the *livemint.com*, 22 August 2007).

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Asian Economies to Withstand US Consumption Slowdown

Jonathan Anderson, Hong Kong-based economist in his report, said that Asia's economies are in a 'better position' to withstand global economic shocks including a slowdown in US consumer spending as domestic consumption contributes more to growth. Demand from Europe and Japan remains resilient, and will counter an expected easing in US consumption, Asia is unlikely to experience an export slump similar to the 'massive' one five years ago when shipments dropped 15 per cent, he wrote.

He was of the opinion that Asian economies are unlikely to be derailed by the US consumer. The European and Japanese economies have held up very well in the face of the US slowdown to date. Even if the US consumer does go into recession, the overall impact on Asian exports should still be much lower than the last time around.

The region's developing nations are almost twice as reliant on exports as the rest of the world, with 60 per cent of their sales

abroad ultimately destined for the US, Europe and Japan.

Rising incomes are spurring consumer spending in Asia, helping governments reduce dependence on exports and making economic growth more self-sustaining. Even for smaller Asian economies, the domestic growth fundamentals look far better today than they did earlier then.

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

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India's Presence Imperative for APEC

Deva Mohammed Ridzam, former Malaysian diplomat, said that India should be among the nations admitted to the Asia Pacific Economic Cooperation (APEC) to make the regional grouping truly inclusive. He was also of the opinion that APEC Leaders' Summit in Sydney should also admit Cambodia, Laos and others through a selective process to synergise cooperation among the nations of the Asian region.

Seven out of eleven members of the regional grouping have recommended India's inclusion.

Ridzam has observed that the basic agenda of APEC, of debating regional issues and removing trade barriers, has been 'hijacked' by the US and its allies, particularly Australia, and it is time to re-emphasise its original goals. He also said that it is time to abandon old thinking and it would be probably

wiser for the US to be part of the ongoing integration process, and not rely on its allies in the region to skew developments in East Asia. He also endorsed the Malaysian initiative of hosting the December 2005 Summit of Asean-plus three (APT), where India was invited along with Australia and New Zealand.

(Excerpted from the *Economic Times*, 7 September 2007).

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East Asians Have An Eye For India

According to the Indian travel and tourism industry there has been an upsurge with more and more international tourists coming to the country compared to the last year. Foreign exchange earnings from the sector rose 14 per cent to US \$3,589 million from US \$3,037 million last year.

The biggest growth in tourist arrivals has been from East Asia comprising China, Japan and Korea at 26.6 per cent followed by Europe with a growth of 18 per cent last year. France and Germany has shown a growth in the tourist arrival to India. Also, from South Asian countries the visitors growth in 2006 has been significant. Latin American countries in particular Brazil, Argentina and Mexico have shown a huge upsurge in interests. On the whole, with more and more international tourist traveling to India and this has helped both the tourism industry and to a large extent the country foreign exchange earnings.

(Excerpted from the *Economic Times*, 15 July 2007).

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India Needs Education Push to Stay

Kiran Karnik, President, Nasscom, warned that India must make a huge push in education and infrastructure to ensure it is not overtaken by China as a global outsourcing destination. China has come a long way in establishing itself as a destination for information technology sourcing with government and industry working towards increasing the talent pool and improving the regulatory environment, he said.

On the other hand, India continues to be the most favoured destination by far for global business process outsourcing. Therefore there is need to maintain this position in the years to come. For that India would require a favourable policy and tax environment, a huge thrust in education and human resources and vastly better infrastructure, Karnik said.

India which has the largest pool of English-speaking graduates has become a world leader in IT

outsourcing as Western firms have sought to cut costs by moving many of their operations overseas. Outsourcing has been vital in helping drive India's economic boom.

As China is moving ahead very rapidly because of its systematic and planned approach to rapidly developing key sectors of its economy, its substantial domestic market and sizeable educated workforce, their learning of English, the government in Beijing is extremely keen on promoting IT and business process outsourcing.

Karnik said the two Asian giants could learn from the experiences of the other, with infrastructure development strong in China and standardisation of quality a key asset in India. Even if China catches up significantly, Karnik said he believed it would not hurt India in a major way.

(Excerpted from the *Sydney Morning Herald*, 22 August 2007).

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Nalanda Mentor Group to Submit Report by 2008

The first meeting of the Nalanda Mentor Group headed by Nobel laureate Amartya Sen, was held in Singapore on 13-14 July. Three more meetings will be held in Tokyo, Beijing and New Delhi. The Group that is overseeing the opening of an international university in Nalanda in Bihar include Singapore Foreign Minister George Yeo, government officials from China and Japan, Lord Meghnad Desai, Sugata Bose, a grand nephew of Netaji Subhas Chandra Bose of Harvard University and some well known experts on Buddhism.

According to N.K.Singh, a member of the group, all the remaining three meetings of the group will be completed by the year end and it will submit its final report to the External Affairs Ministry by early next year. During the meeting, the group discussed the proposal for support from Singapore, Japan and other countries and the course curriculum of the proposed

university at its first meeting. Singapore, China and Japan are expected to fund the university. The group also decided to appoint an Advisory Council of scholars drawn from Thailand, Sri Lanka, Cambodia, Korea, China and India to suggest on matters related to curriculum and academic structure. The group also urged the UNESCO to initiate early action for declaring Nalanda a World Heritage Site.

The proposed university will be fully residential, like the ancient Nalanda seat of learning. In the first phase, it is expected that seven schools with forty six foreign faculty members and over 400 Indian academics will be established. The university will have courses in science, philosophy and spiritualism along with other subjects. A renowned international scholar will be its Chancellor.

(Excerpted from the *Economic Times*, 25 July 2007).

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OPINIONS

An East Asia Community To Strengthen Asian Economy, Security and Prosperity

Gloria Macapagal-Arroyo,
President of the Philippines

Building the ASEAN community is a long-term endeavor. We are determined and will persevere to build a community that will provide a more secure, stable and prosperous life for all people. Our collective desire to bring social justice, economic opportunity and integrated security to the region is our common ground. The Declaration on the ASEAN Charter is testament to our commitment to become one, single united front.

An ASEAN community is clearly going to be anchored, first and foremost, on economic integration with a focus on social justice and raising the standard of living of the poor in the region. To that end, developing ASEAN is more than creating a regional community and it is about creating a dynamic force in Asia to maximize the benefits of globalization. We are actively strengthening our economic linkages not only within the region, but also with our Dialogue Partners including Japan, China, South Korea, India, Australia and New Zealand.

For ASEAN to become a true expanding union, it must continue to nurture its relations especially with key partners China, Japan and South Korea. Deepening integration on this level would mean completing and eventually forging the individual free trade agreements. ASEAN is currently working out with these "plus three" countries. The rise of China and India as major economic powers provides us with fresh competition as well as cooperation.

At a time of uncertainty in the world, it is essential that new vital alliances will be forged to keep the world stable and strong. Some sort of East Asia community will be a bold step in that direction. I believe that each member nation and the entire region would benefit and further an East Asia community would strengthen our economy, security and prosperity.

There is general consensus that the idea of an East Asian community has a more political, rather than geographic definition. In the process of establishing the East Asia community, we look to the engagement of all the parties that have a stake in East Asia. Community building is a long process. **Our diversity is a strength and not a barrier to an East Asian union.**

India's Look East Policy

The essential philosophy of our "Look East" strategy, which is now well established, is that India must find its destiny by linking itself more and more with its Asian partners and the rest of the world. We believe that India's future and our own best economic interests are served by greater integration with East Asia. This may seem unusual to the young generations in our countries who grew up when India and the countries of East Asia walked down different paths during the Cold War, but to those of my generation and for the youngest generation in our countries, this will be a rediscovery by Asian countries of their common Asian heritage. It is my belief that this shift that is taking place and the kind of interaction that is emerging amongst Asian countries has deep historical and cultural roots and, therefore, can be a very powerful force for future peace and stability on our continent.

— *Shri Pranab Mukherjee, External Affairs Minister of India's Address at Institute of Foreign Affairs and National Security, Seoul, Republic of Korea, 17 September 2007.*

Asia has the brightest potential for progressing economically. The rise of China and India, the two most populated countries in the world, as global economic powerhouse has opened a lot of opportunities and challenges for all the countries in the region. Moreover, Japan remains to be the second largest economy in the world and would also significantly influence the course of development in Asia.

If we are to turn this century as an Asian century, we must be able to capitalize on opportunities and strengths of Asia. It must allow other countries that have substantial stake in the region to participate in its development. Therefore, our six dialogue partners, viz. India, Australia, New Zealand included in the concept of a larger East Asia. It is, therefore, in our interest to sustain their momentum, nurture them and widen their areas of cooperation. We must, however, complement these processes with a regional security framework that will allow us to pursue our regional economic agenda.

(Excerpted from the speech delivered during the Opening Ceremony of the 40th ASEAN Ministerial Meeting, Manila, 30 July 2007).

ASEAN Must Integrate to Survive

Lee Hsien Loong,
Prime Minister of Singapore

The year 2007 is a special year for ASEAN as we are celebrating 40 years of unity. ASEAN has come a long way since the Bangkok Declaration in 1967. Against the backdrop of the Cold War, ASEAN began with the modest aim of keeping the peace in Southeast Asia.

Politically, ASEAN is an organisation of the ten member countries encompassing geographical Southeast Asia. Not only are we at peace with one another, but we are

also linked up to all the major powers through forums like the ASEAN Plus Three, the ASEAN Regional Forum (ARF) and the East Asia Summit (EAS). These forums have also provided a platform for the major powers to engage one another and helped to keep ASEAN relevant.

Economically, ASEAN progressively integrated its economies through initiatives like the ASEAN Free Trade Area (AFTA) and the ASEAN Investment Area (AIA). We are also linking up to other major economies, in Asia and the world. ASEAN is at various stages of negotiating FTAs with other regional countries, including China, Japan, and South Korea in Northeast Asia, India in South Asia, and Australia and New Zealand in the South. Culturally, we have built up people-to-people linkages through cultural exchanges and regional community projects.

Compared to more established groupings like the EU, ASEAN is still a long way from becoming a fully integrated community. There are no choices for ASEAN. Therefore it is a reality that we must make greater efforts to pool our resources and deepen regional integration to survive. The rise of China and India has transformed the strategic landscape and created new dynamics within Asia. Companies and investors around the world are paying attention to what is happening in Asia, but they are focusing their energies on these two emerging giants.

To stay in the game, ASEAN must take decisive action to become a strong and effective grouping and must be able to partner China and India effectively. If ASEAN's integration stagnates while the rest of Asia forges ahead, we will be left behind and become irrelevant.

Asia has become a new focus for the great game of international relations. It is prosperous and brimming with



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opportunities, and more countries are entering the fray. Both regional and extra-regional players are keen to engage, yet at the same time, are wary of one another. Moreover, the presence of multiple players in the region, and their complex power relations make the shape of the new Asia both critically important and difficult to settle.

At this juncture, ASEAN has an opportunity to play a constructive role, for now, it has gained some relevance, because of the success of forums like the ASEAN+3, ARF and EAS.

ASEAN under Singapore's chairmanship will focus on strengthening ASEAN internally. We will deepen our community building efforts to create an ASEAN that is embraced by its people. We will continue with efforts to build an East Asian community, so as to maintain ASEAN's role in the evolving strategic environment.

(Excerpted from the speech delivered at the ASEAN Day Lecture, 7 August 2007).

India's Look East Policy: Implications for Thailand and South East Asia Pranab Mukherjee, External Affairs Minister, India

India's perspectives for the future of the South East Asian region have been outlined in our vision of an Asian Economic Community. Our Prime Minister has spoken of an integrated market, spanning the distance from the Himalayas to the Pacific Ocean, linked by efficient road, rail, air and shipping services. To quote him: *"This community of nations would constitute an 'arc of advantage' across which there would be large-scale movement of peoples, ideas and connectivity."*

The East Asia Summit (EAS) provides a forum for taking forward this vision. As a consequence of India's increasing economic engagement and integration with the Southeast Asian and East Asian region, the share of East Asia Summit countries in India's total trade increased from 18 per cent to 26 per cent between 1991 and 2006. The coming together in this framework of increasingly inter-dependent countries that have transformed the region into the engine of the world economy, has the potential of redrawing equations, both within Asia and of Asia vis-à-vis the rest of the world.

Rising Asia

Asia has progressed, and become more developed and dynamic. China and India are powering ahead, and Japan's economy has revived. Southeast Asia is not without problems, but on the whole, it has regained its balance. High energy prices are benefiting energy-exporters like Malaysia and Indonesia, and the region is moving forward again. While the global financial markets have been choppy the last few days, the medium term fundamentals for Asia remain strong.

— Mr Lee Hsien Loong, Prime Minister of Singapore, at National Day, 8 August 2007.

At the first EAS, India proposed the establishment of a robust institutional architecture that would form the basis for regional cooperation and action, and lead to engagement on a scale not seen in Asia in the past. We suggested that a Pan-Asian FTA could be the first building block for such a community. We are, indeed, gratified, that this suggestion has found acceptance. At the Second EAS, held in Cebu, this year, it was agreed to launch a Track II study on a Comprehensive Economic Partnership in East Asia among all EAS countries.

I had noted that shared history and geography make Thailand and India natural partners. Indeed, India's 'Look East' policy has found a perfect complement in Thailand's 'Look West' Policy. As a result of these new approaches, India's relations with Thailand have moved beyond the traditional areas of culture and commercial interaction to cooperation in security, defence, science and technology as well as free trade. Thailand is our fourth largest trading partner in the ASEAN.

As India's largest neighbour and a key emerging player in the international arena, China remains an important priority of our foreign policy and a key component of our 'Look East' policy. The rapidly growing trade and economic exchanges between the two countries are pointers to the fact that India and China are now constantly engaged in mutually rewarding pursuits on the basis of a wide array of complementarities.

We also attach high priority to strengthening our relations with Japan. There has been a visible transformation in the political ambience of the relationship on both sides and Japan is increasingly looking at its relations with India from a strategic perspective.

Much more needs to be done in the field of transportation linkages. For India, it would mean road connectivity with all of ASEAN. For Thailand, it would mean road connectivity with a market of more than a billion people. For both countries, the

trilateral highway would be a highway to greater prosperity. The eight North Eastern States of India are often described as land locked. They are joined to the rest of India by a narrow land corridor that skirts the north of Bangladesh. This land corridor is only 21 to 40 kms in width and is known as the Chicken's Neck. This has been a serious impediment for the development of the region, which has lagged behind the rest of the country in terms of infrastructure and industrial development. In recent months, Thailand has taken some important steps to forge a closer relationship with this region of India and we in India are committed to cooperate with Thailand in this endeavour.

All of Thailand knows India, particularly as the land of Lord Buddha. We hope that soon all of Thailand will also get to know North East India, and that our 'Look East' policy, the India-Thailand relationship and the trilateral highway project will change the North East of India from being land-locked to being land-linked. While this is a long-term vision, it is also one that drives forward our bilateral relationship. By working together, we can contribute to making the 21st century truly an Asian Century.

(Excerpted from the speech delivered at Chulalongkorn University, Thailand, 14 September 2007).

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An Enabling Environment for Economic Cooperation and Integration Haruhiko Kuroda, President, Asian Development Bank

Ten years after the 1997/98 Asian financial crisis, ASEAN and emerging East Asia in general have regained economic buoyancy and dynamism and took the crisis as an opportunity to collectively bite the bullet on needed restructuring and reforms at a pace appropriate to specific economic conditions. By and large, the region's financial systems have been successfully

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restructured, with banking systems consolidated, new lines of business opened and greater prudential oversight enforced. Regulatory reforms have led to the gradual liberalization of restrictions on exchange rate movements and capital flows, setting the stage for increased cross-border investment, and the significant current account surpluses that led to large foreign exchange reserve accumulation. Driven by the private sector, market-led regional economic integration deepened as production networks grew while East Asia's governments embraced economic cooperation through the various informal dialogues and more formal ministerial processes.

Thus, it has become clearer that the complementarities and synergies drawn between market-led integration and policy-induced cooperation have helped East Asian region to return to the forefront of global economic growth and vibrancy.

As we all know, timelines for the ASEAN Economic Community have been set and accelerated while discussions of an East Asian Community have moved forward. ASEAN as well as ADB has come to accept a pragmatic, step-by-step, bottom-up approach to regionalism, rather than a comprehensive pan-Asian 'vision' as in Europe. A 'multi-speed,' 'multi-track' approach to integration has largely been adopted. Our experience tells us that the only logical way to move forward is to use this subregional cooperation as the building block of an eventual wider and more broad-based regional integration expanding outside of ASEAN.

We have seen this in the various permutations of ASEAN's relationships around the region whether ASEAN+1 arrangements with China, Japan and Korea individually; the more inclusive and formalized ASEAN+3; or the possibility of an ASEAN+6 including Australia, India and New Zealand. This process seems appropriate given the extreme diversity and sheer size of Asia and the Pacific.

At this stage of ASEAN's evolution and with the goal of an ASEAN Economic Community by 2015 the challenges of the future make it natural to emphasize the development of policy research capacity. Since late last year, ADB has been supporting these efforts as part of a group of experts from sixteen of the region's research institutions and the ASEAN Secretariat, working with JETRO-IDE as partners in helping plan the Economic Research

Institute for ASEAN and East Asia (ERIA). Like the process of economic integration itself, ERIA is designed to operate initially as a relatively loose network of think tanks, eventually to grow into a more permanent and well-structured institution. ERIA is envisioned as an organization that can work both as a think tank and as an institution that builds capacity for policy formulation.

ERIA should work with the best experts both from the region and internationally to obtain the widest experience and produce cutting-edge knowledge products. It should forge links with the ASEAN and East Asian policy processes to produce research that is the most relevant and timely for policymakers and also through capacity building and training and contribute to the process of producing future leaders and policymakers. These are some ways by which ERIA itself can become an integral part of the process of economic cooperation and integration within ASEAN and East Asia.

In conclusion, within ASEAN and East Asia it is essential that we maximize the complementarities and synergies that drive regional economic cooperation and integration. They can be better met by the types of initiatives that ERIA represents as research and capacity building go hand in hand.

(Excerpted from the Keynote Lecture delivered at the Symposium on "Economic Research Institute for ASEAN and East Asia" (ERIA), The Peninsula Manila, 23 August 2007).

Energy Efficiency and Conservation – Important Aspect of Collaborative Relationship

Montek Singh Ahluwalia,
Deputy Chairman,
Planning Commission

Our dialogue is an essential part of the broader comprehensive economic engagement between India and Japan. Indian Government attaches a great deal of importance to the Delhi-Mumbai Industrial Corridor Project, as a visible symbol of our new strategic partnership. Successful implementation of the project will also require an increase in energy availability, since we would like to see the Corridor becoming a manufacturing base for Japanese industry in India.

Five Working Groups formed as part of the dialogue have become operational and they have made progress in advancing our

mutual understanding and have also identified several important areas in which collaboration may be possible.

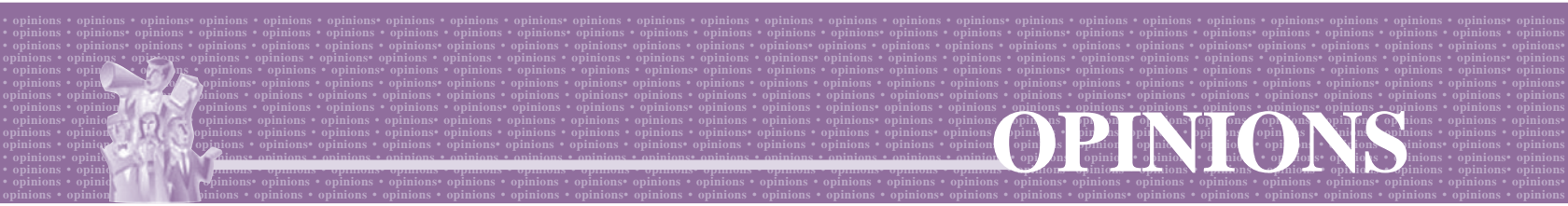
One area to which we attach importance is Japanese investment in the power generation sector. In the recent initiatives by Indian Government in developing ultra mega projects, i.e., power projects of 4000 MW using super critical technology, we hope that Japanese companies would bid for these projects which are open for international cooperation.

Energy efficiency and conservation is a very important aspect of our collaborative relationship. Both our countries have joined in the Cebu Declaration on East Asian Energy Security, and we are ready to take concrete action towards improving efficiency and conservation both domestically and through international cooperation. We would also like to expand our cooperation so that best practices in Japan can be utilized for formulation and implementation of policies and projects in India. This cooperation could be realized through activities such as training-of-trainers in India, introduction of top-runner programme, capacity building of Energy Service Companies (ESCOs), and information dissemination and demonstration of new energy-efficient technologies. These activities could be implemented through regional centres of excellence which we are planning to set up in five geographical regions of India.

Cooperation in the area of clean coal technologies is also very important from the environmental point of view. In this regard, we welcome the understanding we have reached on commencing a feasibility study on a model project for coal preparation and the initiative of training for Indian experts. Further, cooperation in strengthening safety features in Indian coal mines would also be very helpful.

New and renewable sources of energy, including bio-fuels are already an important aspect of our national energy policy. I propose that our two countries undertake joint research, design and development in specific areas such as MW scale biomass integrated gasification, combined cycle power generation systems, and solar photovoltaics and solar thermal technologies, so that we can share mutual benefit while also addressing global environmental concerns. Sharing of experiences in standards setting and policy formulation is also important.

In this context, Japan and India can bilaterally show the way in which we can



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cooperate through practical projects and through joint research and development. We can jointly develop and promote projects and technologies to address the problems of global warming. Our two sides should work together towards this objective through the India-Japan High Level Energy Dialogue Forum, as well as through multilateral efforts such as the East Asian Summit.

(Excerpted from the Opening Statement delivered at the India-Japan High Level Energy Dialogue, 2 July 2007).

East Asian Energy Market Integration Masayoshi Hamada Vice Minister for Foreign Affairs of Japan

In East Asian region, there is a great potential for the future cooperation in the field of energy market integration. In East Asian region, there exists a great potential for future cooperation in these fields. Transit issues including security of energy transportation routes are of great significance in enhancing regional energy security. In particular, securing safety navigation through the Straits of Malacca and Singapore, a main artery for energy transportation is of vital interest also for Japan. In addition, it is also important for the East Asia Summit (EAS) member countries to identify the potential risks such as terrorist attacks, piracy and natural disaster, as well as to study safety measures and emergency response to such threats. I am convinced that we, East Asian countries, should play a greater role in this field in the years to come.

In promoting East Asian energy market integration in phases, the Energy Charter Treaty would be a good example to be referred to. Russia, most of European countries, Japan and Australia have already joined the Energy Charter framework, and it has greatly contributed to comprehensive facilitation of free and open trade, transit and investment in tandem. In this regard, it is very encouraging that the Philippines began its process of joining the Treaty.

After second EAS this year, Japan announced four energy cooperation initiatives, one of which stated that Japan provides energy related ODA approximately to 2 billion US dollars over three years to eradicate energy poverty. Though Japan has already decided to provide approximately 960 million US dollar-worth grant and yen-loan assistance for construction of power

plants and grids in India, Vietnam, Indonesia, Cambodia and the Philippines.

Japan's new proposal on climate change, namely the 'Cool Earth 50' would extend wide-range support for the efforts against global warming to those developing countries with high aspirations, that means, countries which support the proposal and work hard to reduce greenhouse gas emissions and to achieve economic growth in a compatible way. The EAS members should cooperate in the steady follow-up of the Cebu Declaration which will lead to the enhancement of energy security and the resolution of climate change issues.

I believe that environment, climate change and sustainable development as well as energy security will be among major themes of the Third East Asia Summit to be held in Singapore in November. This sort of practice will eventually lead to stronger foundation of the EAS as a regional cooperation framework, and this in turn provides clearer vision for further prosperity and stability of the region.

(Excerpted from the Statement delivered at the First East Asia Summit Energy Ministers' Meeting, Singapore, 23 August 2007).

The Asian Crisis, Ten Years After

Joseph E Stiglitz,
Nobel Laureate in Economics

This July marks the tenth anniversary of East Asia's financial crisis. In July 1997, the Thai Baht plummeted. Soon after, financial panic spread to Indonesia and Korea, then to Malaysia. In a little more than a year, the Asian financial crisis became a global financial crisis, with the crash of Russia's rouble and Brazil's real.

However, as each crisis carries its own lessons, there is a curiosity to know as what are the lessons the world learned or could such a crisis recur in the future? Though some similarities exist between the situations then and today, before the 1997 crisis, there had been rapid increases in capital flows from developed to developing countries a six-fold increase in six years. Afterward, capital flows to developing countries stagnated.

Before the crisis, some thought risk premia for developing countries were irrationally low. These observers proved right: the crisis was marked by soaring risk premia. Today, the global surfeit of liquidity has once again resulted in comparably low risk premia and a resurgence of capital flows, despite a

broad consensus that the world faces enormous risks.

But there are some big differences between then and now. Most developing countries have accumulated massive foreign currency reserves. They learned the hard way what happens to countries otherwise, as the IMF and US treasury marched in, took away economic sovereignty and demanded policies intended to enhance repayment to western creditors, which plunged their economies into deep recessions and depressions.

Reserves are costly, for the money could have been spent on development projects that would enhance growth. Nevertheless, the benefits in reducing the likelihood of another crisis and another loss of economic independence far outweigh the costs. This growth in reserves, while providing insurance to developing countries, created a new source of global volatility. During the last few years, developing countries have also increasingly borrowed in their own currencies, thus reducing their foreign exchange exposure. For those developing countries that remain heavily indebted abroad, an increase in risk premia would almost certainly bring economic turmoil, if not crisis. But the fact that so many countries hold large reserves means that the likelihood of the problem spreading into a global financial crisis is greatly reduced.

In the midst of the 1997 crisis, on the one hand a consensus developed that there was a need for a change in the global financial architecture, on the other hand, US treasury and the IMF realised that the likely reforms, as desirable as they were for the world, were not in their interest.

Indeed, the two most important lessons of the crisis have not been absorbed. The first is that capital market liberalization, opening up developing countries' financial markets to surges in short-term 'hot' money is dangerous. It was not an accident that the only two major developing countries to be spared a crisis were India and China. Both had resisted capital market liberalisation. Yet today, both are under pressure to liberalise. The second lesson is that in a highly integrated world, there is a need for a credible international financial institution to design the rules of the road in ways that enhance global stability and promote economic growth in developing countries.

(Excerpted from the *Economic Times*, 16 July 2007).

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The India-China Equation

Rohit Pandit,
Joint Secretary, PHDCCI, India

China's economic growth continues unabated, and India needs to seize the opportunities and take concerted action to prevent its competitive advantage from taking a hit in some areas. India must gear up to meet the challenges that China poses, both in domestic and international markets, and at the same time identify the areas where we can take advantage of the large Chinese market.

China is the fourth largest economy in the world with a GDP of \$2,234 billion, while India is the tenth at \$806 billion. While China's GDP has grown at about 10 per cent per annum in the last two decades, India's has grown by about 6.5 per cent. Both India and China have huge domestic markets, are top emerging markets and attractive foreign investment destinations. Bilateral trade has grown over 70 times in the last 15 years. It is expected that in a few years time, China will overtake US as India's topmost trading partner.

While Indian industry faces growing competition from China, it also offers opportunities. First, India needs to imbibe lessons from China's economic miracle, which have been built upon high productivity, low cost of production, huge capacities, world-class infrastructure, attractive tax incentives, export-led growth focus and wooing of FDI.

Further, China has drawn investments from overseas Chinese, while India still struggles to lure NRI funds for business. China's SEZs are profit-earning centres, where only a certain percentage of the revenue is given to the Central or State government, the rest is retained for further development of the SEZ.

To keep pace with China, India needs to get its infrastructure in place as projects in India are delayed for some reason or the other, leading to cost escalations. In China, there are no procedural/bureaucratic delays, with decisions decentralized, as against high procedural costs in India. China is well aware of India's achievement in the IT sector and development of the number of hi-tech parks. However, it would not be a surprise if it proves to be a worthy competitor for India in the IT sector as well as they are bent upon to promote the learning of English. The India-China equation today is increasingly getting clichéd, it is not India or China any more, but India and China.

And if the two come together, the global economy will see a tectonic shift.

(Excerpted from the *Financial Express*, 14 July 2007).

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The Role of the Rich in Asia's Financial Crisis

Victor Mallet
Financial Times

Ten years after the Asian financial crisis, there has been much debate about the macro-economic causes, including open capital accounts, current account deficits and over-investment in unproductive assets. Not enough has been said about the magnates who contributed to it. South-east Asia's secretive billionaires played a crucial, if disputed, role in the postwar economic "miracle," the market meltdowns of 1997-98 and the subsequent recovery.

According to the IMF's Asia-Pacific Director, the roots of the crisis lay 'in financial and corporate sector weaknesses not fully apparent at the time.' On the other hand, it was argued that greed, corruption and excess were partly responsible for the crisis and that Asia's tycoons have long been beneficiaries rather than instigators of economic growth. For all the differences of tone, most analyses of the Asian financial crisis reach similar conclusions. South-east Asia's economic success until 1997 and its recovery after 1998 were driven by competitive export industries.

To avoid another financial meltdown, to satisfy the expectations of citizens accustomed to consistent economic growth and to compete effectively against China and India, Southeast Asia needs to improve corporate and national governance, which in this region means ending the symbiotic relationship between politicians and tycoons.

(Excerpted from the *Financial Times*, 11 July 2007).

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Multinational Enterprises in Asian Development

Prema-chandra Athukorala
Edward Elgar Publishing, 2007
ISBN-10: 1847201024
ISBN-13: 978-1847201027



This book takes a fresh look at unresolved issues associated with the role of multinational enterprises and foreign direct investment in economic development in light of the experiences of developing countries in Asia. Each chapter presents a self-contained treatment of a specific theme relating to the developmental implications of MNEs, encompassing the current state of the debate, and relevant theory and policy implications.

The key aspects of MNE-development interface covered in the book include expansion of manufacturing exports, global integration through international fragmentation of production, research and development, productivity growth, susceptibility to and recovery from financial crises, macro-economic adjustment and international competitive-ness and economic transition from plan to market.

Asia's New Institutional Architecture: Evolving Structures for Managing Trade, Financial, and Security Relations

Editors : Vinod K. Agarwal
and Min Gyo Koo
Springer, 2007
ISBN-10: 3540723889
ISBN-13: 978-3540723882



Based on an innovative approach to analyzing institutional design, this book provides a rich theoretical and empirical analysis of trends in Northeast, Southeast, and South Asia. In particular, it shows how three major shocks - the end of the Cold War, the 1997 Asian financial crisis, and the 9/11 attacks - have challenged Asia's long-standing trade and security order and generated a new set of institutional structures for coping with regional dynamics. Whereas the original postwar trade and security order revolved around bilateral alliance structures, global economic and security institutions, and long-standing corporate and ethnic networks, the new institutional environment in Asia is manifested by the proliferation of PTAs and security dialogues, formal and informal, bilateral and minilateral.

Multilateralism, Regionalism and Bilateralism in Trade and Investment: 2006 World Report on Regional Integration

(UNU Series on Regionalism)
Editor : Philippe de Lombaerde
Springer, 2007
ISBN-10: 1402059507
ISBN-13: 978-1402059506



This World Report on Regional Integration brings together a well-balanced mix of economic analysis, facts and political perspectives on the topic of regional integration. The most valuable and unique contribution of this volume is the enhanced clarity it brings to the complex picture of trade and investment integration, the entanglement of which points to the need for more effective regional governance as a building block of multilateral governance in this area.

Housing and the New Welfare State: Perspectives from East Asia and Europe

Editors : Richard Groves, Alan Murie and Christopher Watson
Ashgate Publishing, 2007
ISBN-10: 0754644405
ISBN-13: 978-0754644408



This book is about housing and changing nature and significance of housing provision within Welfare States. It argues that housing is becoming critical to asset-based welfare not only in Europe but also in all the six East Asian housing systems that are a major focus of the book. Individual chapters by leading East Asian scholars provide the most up to date current analysis of housing policies in Singapore, Korea, Hong Kong, Japan, China and Taiwan.

Asia in the Making of New Zealand

Editors: Henry Johnson and Brian Moloughney
Auckland University Press, 2007
ISBN-10: 1869403843
ISBN-13: 978-1869403843



In this collection of 10 essays, authors from a range of Asian studies and New Zealand-related disciplines explore how the burgeoning Asian population in New Zealand affects New Zealanders' understanding of Asia and how it alters the way that Asians see their own identity. This book identifies the historical and

contemporary impact of Asia on New Zealand culture, celebrates cultural diversity, and offers a practical understanding of the Asian diaspora. Historical links between many Asian countries and New Zealand are considered as well as Asian aspects of contemporary "kiwi" culture, including the Indonesian gamelan, identity in India, Muslim traditions, and Chinese and Korean use of the media.

Critical Security in the Asia-Pacific

Editors: Anthony Burke and Matt McDonald
Manchester University Press, 2007
ISBN-10: 0719073057
ISBN-13: 978-0719073052



In the wake of 9/11, the Asian crisis and the 2004 Tsunami, traditional analytical frameworks appear increasingly unable to explain the ways in which individuals and communities are rendered insecure, or to advance individual, global or environmental security.

This innovative new book challenges these limitations and addresses the missing problems, people and vulnerabilities of the Asia-Pacific region, while also turning a new, critical eye on traditional inter-state strategic dynamics.

The Dragon and the Elephant: China, India and the New World Order

David Smith
Profile Books Ltd, 2007
ISBN-10: 1861978154
ISBN-13: 978-1861978158



The rise of China and India will be the outstanding development of the 21st century, raising fundamental questions about both the structure of the world economy and the balance of global geopolitical power. Will China still be a repressive and undemocratic regime, embracing free market economics but only when it suits? How aggressive a superpower will it be? And what about India, whose huge and growing population and economic prospects appear to guarantee prosperity?

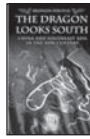
David Smith analyses the ways in which the world is tilting rapidly Eastwards, and examines all the implications of the shift in global power to Beijing, Delhi and Washington - a shift that will creep up on us before we know it.

RESOURCES



The Dragon Looks South: China and Southeast Asia in the New Century

Bronson Percival
Praeger Security International,
2007
ISBN-10: 0275994260
ISBN-13: 978-0275994266



The *Dragon Looks South* analyzes the role and relative importance of all the components of China's comprehensive strategy for Southeast Asia, including the political, economic and "soft power" dimensions of China's multifaceted relationships both with individual states and the region as a whole. The book also clarifies and prioritizes current American interests in Southeast Asia, an essential first in assessing the implications for the United States of China's new role in Southeast Asia. It is a comprehensive work that reviews all aspects of China's relations with all Southeast Asian states. Percival also distinguishes between China's goals in mainland and maritime Southeast Asia, deals with all of the major external players in Southeast Asia, not just China and the United States, and contends that various international relations 'schools of thought' may or may not be relevant to Chinese-Southeast Asian relationships.

The New Asian Power Dynamic

Editor: Maharajkrishna Rasgotra
Sage, 2007
ISBN: 9780761935728



The volume examines the unfolding relationships among the five great powers in Asia—the United States, China, India, Japan and Russia. It explores recent bilateral relations between these states, and draws attention to the emergence of a new power dynamic in the region in the post-Cold War era. The central focus is on China, whose relations with the other four powers are believed to define peace and stability in Asia.

Multiregionalism and Multilateralism: Asian-European Relations in a Global Context

Editors : Paul van der Velde,
Sebastian Bersick and Wim Stokk
Amsterdam University Press, 2007
ISBN-10: 9053569294
ISBN-13: 978-9053569290



The Asia-Europe Meeting is an inter-regional forum which consists of the members of the EU and the ASEAN and

China, Japan and South Korea. The main components of the ASEM process include political dialogue, economy, education and culture. The book focuses on the institutionalisation of intra-regional and inter-regional cooperation in the international system with emphasis on the changing relationship between the EU, China and India.

Regional Economic Integration, Foreign Direct Investment and Efficiency-Seeking Industrial Restructuring in Asia: The Case of India

Nagesh Kumar
This paper examines the India's RTAs policy in Asia and the emerging patterns of

efficiency-seeking industrial restructuring unleashed by it. It provides a discussion of the analytical relationship between RTAs, patterns of trade, FDI resulting from the industrial restructuring. It also summarizes some examples of industrial restructuring of the type the EU's Single Market Plan has led to.

It summarizes the India's RTA policy in Asia and indicators of its growing economic integration with East Asian countries and highlights the emerging patterns of industrial restructuring resulting from India's RTA's policy. It is concluded with a few remarks on the importance of a broader framework for regional economic integration.

(RIS Discussion Paper No. 123, June 2007).

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 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.

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