



## Towards an Asian Economic Community: International Conference on Building a New Asia

RIS organized the International Conference on "Building a New Asia: Towards an Asian Economic Community" on 10-11 March 2003 in New Delhi. The Conference was organized in collaboration with the Malaysian Institute of Economic Research (MIER) and the Centre for Strategic and International Studies (CSIS), Jakarta, with the support of the Sasakawa Peace Foundation of Japan.

Shri K.C. Pant, Deputy Chairman, Planning Commission and Chairman, RIS delivered the inaugural address at the Conference. Hon'ble Mr. Koichi Kato, former Secretary General of the Liberal Democratic Party of Japan delivered the keynote address. Hon'ble Shri I.K. Gujral, the former Prime Minister of India, delivered the valedictory address. Ambassador S.T. Devare, Vice-Chairman, RIS and Dr Nagesh Kumar, Director General also addressed the inaugural session. A delegation of the distinguished conference participants also called on Hon'ble Shri Yashwant Sinha, External Affairs Minister of India at his office.

The Conference had the participation of about 120 including senior scholars, experts and policy makers from China, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Thailand besides India, representing leading policy think-tanks of the region.

The first session on "The Relevance of the Asian Economic Community" was chaired by Hon'ble Mr Koichi Kato at which Dr Nagesh Kumar presented the theme paper on the Relevance of the Asian Economic Community. This presentation was followed by observations by four distinguished panelists, viz. Ambassador Pang Eng Fong (Singapore), Dr. K. Govindan (of PM's Department Malaysia), Dr. Yoon Jong Wang (KIEP, Korea) and Ambassador A.N. Ram (India).

Ambassador Shashank, Secretary, Ministry of External Affairs, India chaired the second session on "Asian Identity and the Sub-regional Perspectives". Beginning with a historical perspective on regional cooperation in Asia, the session also discussed the global financial architecture and Japan's role in and



From left: Shri K.C. Pant, Deputy Chairman, Planning Commission and Chairman, RIS; Dr Nagesh Kumar, Director General, RIS; Hon'ble Mr. Koichi Kato, former Secretary General of the Liberal Democratic Party of Japan; and Ambassador S.T. Devare, Vice-Chairman, RIS at the inaugural session of the Conference.

the perspectives of ASEAN and China on the regional cooperation. It also discussed the relevance of India for the Asian economic community.

Professor Muchkund Dubey, Chairman, Council for Social Development, chaired the third session which had a panel discussion on regional cooperation in multilateral arrangements especially in agriculture, labour and environment.

The fourth session, chaired by Ambassador K. Kesavapany, Director, Institute of Southeast Asian Studies, Singapore, addressed the theme of regional cooperation in finance and monetary policy. Presentations in this session reviewed the ongoing attempts at financial and monetary cooperation in Asia, debated the relevance of Asian Bonds, and presented further proposals of more ambitious regional cooperation conducted in the framework of a new regional institution, viz. Asian Reserve Bank.

The fifth session on regional cooperation in trade, investment, technology and skills was chaired by Dr Mohammad Ariff, Executive Director, MIER. In this session, besides presentations on economics of East Asian FTA and relevance of an FTA between India and China, estimates of gains from regional

economic integration in Asia in the framework of CGE models (by Shri S.K. Mohanty, RIS), complementarities and potential of intra-regional transfers of investments, technology and skills in Asia (by Shri Saikat Sinha Roy, until recently on RIS faculty) were also presented.

Professor S.L. Rao, former Chairman, Central Electricity Regulatory Authority, India chaired the sixth session on corporate governance and financial restructuring in Asia. The session had presentations on governance of ASEAN corporations after the crisis, political reforms, governance and privatization in Indonesia, lessons from the banking crisis in Japan and its implication for enhancing cooperation in Asia, and financial restructuring in Korea after the crisis.

At the concluding session, chaired by Ambassador S.T. Devare, a general discussion on the way forward took place. A Delhi Consensus, summarizing the general agreement at the Conference as well as follow-up action points, was also adopted (see Box on page 2). RIS is planning to bring out the proceedings of the Conference in a book form. Follow-up action, as mandated by the Conference, will be taken up soon. Contact for further details, [nkumar@ris.org.in](mailto:nkumar@ris.org.in).

## Call for an Asian Economic Community The Delhi Consensus

The International Conference on 'Building a New Asia: Towards an Asian Economic Community', held in New Delhi on 10-11 March 2003, had participation of eminent scholars, experts and policy makers from China, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, and Thailand. The participants have been affiliated with premier think-tanks of Asia such as the Chinese Academy of International Trade and Economic Cooperation, Korea Institute for International Economic Policy, Centre for Strategic and International Studies, Jakarta, Malaysian Institute of Economic Research, Institute of South East Asian Studies, Singapore, National University of Singapore, Wee Kim Wee Centre Singapore, National Economic Action Council, Malaysia, Chulalongkorn University, Thailand, International Institute for Trade and Development, Bangkok, Reitaku University Japan, Tamagawa University Japan, Japan Centre for International Finance, RIS India, Indian Institute of Foreign Trade, Asian Development Bank, among a number of others. The Conference was inaugurated by Hon'ble Shri K.C. Pant, Deputy Chairman, Planning Commission. Hon'ble Mr Koichi Kato delivered the keynote address and Hon'ble Shri I.K. Gujral, the former Prime Minister of India, delivered the Valedictory Address. Hon'ble Shri Yashwant Sinha, External Affairs Minister of India, received a delegation of participants at the Foreign Office.

This Note represents an agreed summary record of the discussion at the Conference.

There was a general consensus at the Conference that the Asian Economic Community is an idea whose time has come. Voices for more intensive economic cooperation among Asian countries are emanating from different places. It is also evident from the importance that is being attached by different Asian countries to regional economic integration at the bilateral or sub-regional levels. Formation of a broader pan-Asian economic community could enable the region to resume its rapid growth despite the uncertain global economic outlook and emerge as the centre of gravity in the world economy. It could also do away with the need for concluding multiple pairs of bilateral or sub-regional agreements. Regional trade liberalization accompanied by freer movements of investment, technology and skills among the Asian countries would generate substantial efficiency gains by enabling the participating countries to exploit their complementarities to mutual advantage. Furthermore, regional Keynesianism based on cooperation in finance and monetary policy including the Asian bonds has the potential to help the region recover hundreds of billions of dollars of potential output lost due to underutilization of capacity and pull the major economies such as Japan out of prolonged recession besides helping the region in achieving the exchange rate stability. However, an important precondition for the integration to be successful would be a common minimum agenda of reforms undertaken in different economies. Asian countries could also benefit from exchange of experiences with respect to reforms, financial restructuring and corporate governance and strengthen their leverage in international negotiations by greater coordination. In particular, agriculture is an area for a major interest for most of the countries in the region.

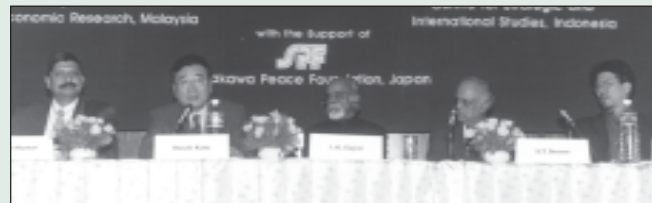
An ambitious programme of Asian economic integration has to be implemented in a gradual or evolutionary manner. First of all, there could be a phasing of the participation of countries, taking cue from the experience of successful groupings of the world. A beginning could be made with a core group combining the major economies that have already made some attempts at regional economic integration such as ASEAN+3 and ASEAN+1. This core group of major economies, viz. Japan, ASEAN, China, India and Korea (JACIK) alone accounts for half of the world's population, a GDP larger than EU's, exports larger than NAFTA's and foreign reserves larger than those of EU's and NAFTA combined. Once the programmes of economic integration have consolidated and have produced some results, other interested countries in Asia could be admitted. Similarly, a phasing of the areas of cooperation could be advisable with cooperation in finance and money taking the lead and trade and investment liberalization following it closely. The sectoral areas of cooperation need to be identified. Some sectors that have a great deal of potential include joint R&D and technology generation in new and high technologies, shipping and maritime cooperation, tourism, among many other sectors. Technology including ICT is a strength of Asian countries which could be a key to successful cooperation. Given the expanding demand of oil and gas in the region, a consideration of cooperation in energy sector was also of paramount importance.

A study of Asian history shows that in the pre-colonial period, a virtual Asian economic community existed as evident by vibrant intra-regional exchanges of goods, cultures and values. One should not underestimate the political, social and institutional challenges to getting an ambitious programme such as this off-the-ground. Political or strategic implications of an Asian Economic Community also need to be studied. The economic logic of cooperation could overcome the challenges posed by reservations, if any, on political or strategic grounds.

The think-tank community of Asia has a critical role to play in realizing the dream of building a New Asia by showing the way forward to the policy makers with specific proposals for implementation. We agree to keep the informal network of think-tanks created at this Conference alive and active as a springboard for generating new ideas. This Network (or New Asia Network) should conduct research on different aspects of Asian economic integration to follow-up and further refine the ideas generated at this Conference. It should regularly exchange ideas among the participants and others interested in the subject and launch a Newsletter to serve as a forum of exchange of views and research. Having taken the initiative to organize the Conference and assemble these think-tanks under one roof, RIS could serve as a nodal point of the New Asia Network and coordinate its work until alternative arrangements are made.

We strongly urge the Governments of the region to consider the recommendations made by the New Asia Network. We could meet again in fall 2004 at a location in Japan and again in New Delhi in 2005 and make presentations based on our work till then. At these Conferences, participation of representatives of the JACIK Governments would help in taking the ideas generated by the Network to their logical conclusion.

### Snippets of the Conference on New Asia



## Closer Economic Cooperation with Neighbouring Countries

At the request of the Ministry of External Affairs, Government of India, RIS prepared a comprehensive Concept Note on Initiative for Closer Economic Cooperation with Neighbouring Countries in South Asia. The RIS Note makes a number of proposals for strengthening of trade and investment links for consideration of the Task Force set up by the External Affairs Minister to examine these issues. These proposals include FTAs with Bangladesh and Myanmar, fostering industrialization in South Asian countries, mobilization of extra-regional sources of FDI, recycling of trade surpluses for investment, harmonization of customs procedures and documentation, transport and transit facilities, infrastructure development, clearance and payment arrangements and local currency trading, increasing value addition, dealing with emerging SPS measures and TBTs, etc. The Note also has a detailed annexure on potential of intra-regional trade and sectors of cooperation, analysis of experiences with regional cooperation, and infrastructure development. Contact for further details, nkumar@ris.org.in.

## Intra-Regional Trade Liberalization in South Asia – SAPTA and SAFTA

RIS completed a study on a SAARC Preferential Trading Arrangement (SAPTA) prepared at the request of UN-ESCAP as a contribution for its Expert Group Meeting on Regional Trade Agreements in Asia and the Pacific. The study examines the status of trade flows among SAPTA member countries and assesses to what extent the Agreement has contributed to boosting of intra-member trade flows. The study also discusses other agreements, including bilateral trade agreements, to which SAPTA member countries are party to, and the effects of these agreements on intra-SAPTA trade flows. Further, it assesses the potential economic impact of recently offered concessions as well as further trade liberalization between SAPTA member countries. The study was presented at the UNESCAP Expert Group Meeting on Regional Trade Agreements in Asia and the Pacific, held in Bangkok on January 30-31, 2003.

RIS also has another study on trade liberalization in South Asia conducted by Professor I.N. Mukherjee of Jawaharlal Nehru University, that is being finalized. Contact for further details, skmohanty@ris.org.in.

## Study on India-Mauritius Free Trade Agreement

This research study sponsored by Ministry of Commerce aims at understanding the benefits and costs of India's possible bilateral free trading arrangement with Mauritius. Conducted in two phases, the study includes an in-depth analysis of trade patterns of India with Mauritius, reviewing existing bilateral/regional

arrangements of India and Mauritius with other countries, and carrying out an estimate of likely increase in trade flows after the formation of India-Mauritius FTA/PTA. The Phase I report has been submitted to the Ministry of Commerce. Further work on the Desirability of Negotiating a Preferential Trade Agreement between India and Mauritius is under way. A consolidated report is being finalised and will be submitted to the Ministry of Commerce soon. Contact for further details, rajeshmehta@ris.org.in.

## From Doha to Cancun: Studies on Trade and Investment in WTO

RIS continued its work programme on the issue of implications of a possible multilateral framework for trade and investment for developing countries. At the request of the Trade Policy Division of the Ministry of Commerce, a paper on Types of Foreign Investment and Their Developmental Impact was prepared for discussion at the Second meeting of the Expert Group on Trade and Investment. It was discussed at the Meeting of the Expert Group, chaired by the Hon'ble Commerce and Industry Minister Shri Arun Jaitley, held on 17 March 2003. The Ministry of Commerce has also instituted a research and advisory project on trade and investment at RIS.

RIS also launched two more studies on the subject of trade and investment policy in preparation of the forthcoming Cancun Ministerial Conference of WTO. One of this is part of a programme initiated by the Asian Development Bank (ADB), Manila on Trade, TRIMS and Investment. RIS has been assigned by the ADB to prepare a study on foreign direct investment in the context of emerging multilateral framework on investment from the perspective of India. The other countries covered under the ADB programme are China, South Korea, Malaysia, Thailand and Vietnam. As a part of this, RIS was invited to make a presentation at the Workshop organized by the ADB in Bangkok on 20-21 February 2003.

RIS has also been invited by the Hanoi based Asia Trade Initiative of UNDP (UNDP/ATI) to contribute to their programme on trade and investment designed to provide guidance to the developing countries in the Asia-Pacific region for the forthcoming WTO Ministerial conference. As a part of this, RIS was invited to participate in the Meeting on Trade and Investment organized by UNDP/ATI, and the Institute of International Economics, Nankai University, Tianjin, China on April 1-2, 2003. Contact for further details, nkumar@ris.org.in.

## A Strategic Approach to Strengthening the International Competitiveness in Knowledge-based Industries

This project seeks to analyze the relative roles of affiliation with MNEs and FDI, own technological effort and outward investments of national enterprises in promotion of

knowledge intensive exports in India with a view to draw strategic policy lessons. This two-year project was launched in late 2001 with the financial support of the Department of Scientific and Industrial Research (DSIR), Government of India.

As a part of the project, a quantitative analysis of the factors affecting enterprise-level export performance for a panel data set, covering about 4000 Indian enterprises classified in 30 broad industry groups over the 1989-2000, has been completed and reported in RIS Discussion Papers # 42-44 (see page 4) and submitted to DSIR. Preparations are being made for the launch of field studies for five industries to refine the findings of quantitative analysis in the light of observations from the field and to prepare a set of policy recommendations. Contact for further details, jayaprakash@ris.org.in.

## Short-term Forecasting of India's Exports

As a part of this project (see *RIS Diary*, January 2003), a paper analyzing Indian exports by countries and commodities and presenting 2003/04 forecasts was submitted to the Ministry of Commerce. Contact for further details, rajeshmehta@ris.org.in.

## Other Consultations/Policy Papers Prepared

During this period RIS provided following notes/inputs to the Ministries:

- **India-Singapore Joint Study Group:** At the request of the Ministry of Commerce, Government of India, RIS provided inputs on tariffs and other trade policy measures applicable to lists of products being discussed by the JSG. Contact for further details, rajeshmehta@ris.org.

- **Relevance of Asian Bonds:** RIS made comments on the Thai proposal of Asian Bonds at the request of the Ministry of External Affairs. Contact for further details, nkumar@ris.org.in.

- **GM Mustard – Issues and Potential Cost:** Prepared at the request of the Ministry of Commerce and Industry, Government of India. Contact for further details, sachin@ris.org.in.



*A delegation of select distinguished participants of the New Asia Conference led by Hon'ble Mr. Koichi Kato called on the External Affairs Minister of India at his office in the South Block (in the background) on March 10, 2003.*

Photo courtesy: Ambassador Rang Eng Fong.

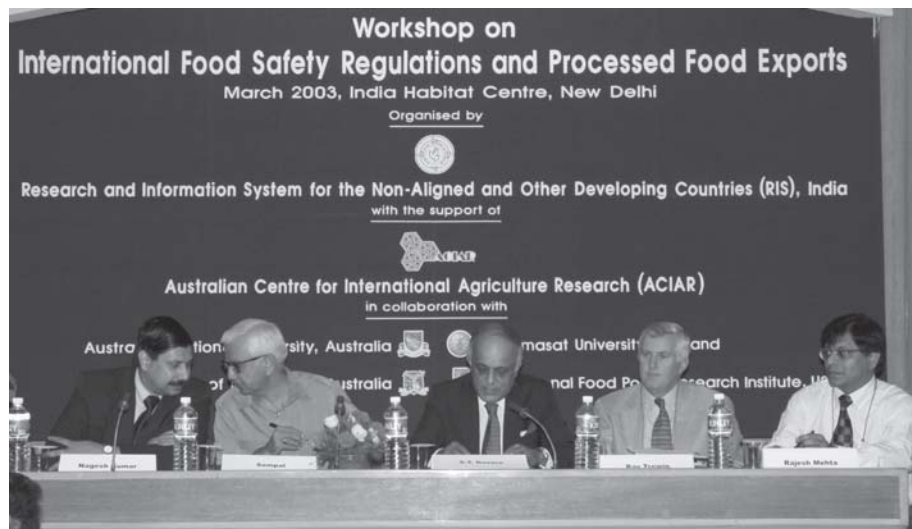
# Workshop on International Food Safety Regulations and Processed Food Exports

An interim Workshop on “International Food Safety Regulations and Processed Food Exports” was organized by RIS in New Delhi on March 27, 2003 along with the collaborating partner institutions: the Australian National University and the University of Melbourne from Australia; the University of Thammasat, Bangkok, Thailand; and the International Food Policy Research Institute (IFPRI), Washington, DC. Hon’ble Shri Sompal, Member, Planning Commission, Government of India, inaugurated the workshop. Ambassador S.T. Devare, Vice-Chairman, RIS chaired the inaugural session. Dr Nagesh Kumar, Director General, RIS; Dr Ray Trewin, Research Programme Manager, ACIAR and Dr Rajesh Mehta, Senior Fellow, RIS also addressed the inaugural session.

On the eve of the interim workshop, Dr Joachim von Braun, Director General, IFPRI, Washington DC, delivered a talk on “From food security to food safety” at the Dinner hosted by Ambassador S.T. Devare, Vice-Chairman, RIS.

More than 60 participants from Australia, Thailand, the USA, and India, representing academia, research institutions, business and industry circles, government agencies and media took part in the deliberations.

The inaugural session was followed by three thematic technical sessions. The first technical session addressed the theme of “Food Safety Regulation Concerns: Some Perspectives” and was chaired by Dr Ray Trewin, Research Programme Manager, ACIAR. The session discussed the research agenda of the project. This was followed by presentation of governmental and industry perspectives on the food safety regulations. The session also covered a discussion on food



From left: Dr Nagesh Kumar, Director General, RIS; Shri Sompal, Member, Planning Commission, Government of India; Ambassador S.T. Devare, Vice-Chairman, RIS; Dr Ray Trewin, Research Programme Manager, ACIAR; and Dr Rajesh Mehta, Senior Fellow, RIS at the inaugural session of the Workshop.

processing industry's response to international food safety measures.

Prof. V.R. Panchamukhi, Chairman, ICSSR, chaired the second Technical Session on “Food Processing Industries: Preparedness to Meet Challenges”. Presentations in the session included economics of technical barriers to trade in processed food products, oligarchic conglomerates in food processing, role of FDI and non-FDI foreign links in the expansion of processed food exports from Thailand.

The third technical session entitled “Pathways and Paradoxes of Institutional Framework” which was chaired by Prof. Prema-chandra Athukorala of Australian National University, had presentations of the

Thailand and Indian experiences. The contrasting set-ups in both countries came out very sharply. The product specific experiences of Thailand and India were the main learning points of this last session of the day.

The workshop was followed by a smaller discussion meeting of the members of Australian, Indian and Thai teams chaired by Dr Sisira Jayasuriya, Director, Asian Economic Centre, University of Melbourne, Australia. The meeting enabled the project teams to sharpen the research questions, hypotheses and analytical framework and refine the questionnaires to be used in the field survey. Most of the presentations are available at [www.ris.org.in](http://www.ris.org.in). Contact for further details, [rajeshmehta@ris.org](mailto:rajeshmehta@ris.org).

## Seminar on Biotechnology Statistics in India

A half-day seminar on “Biotechnology Statistics in India” was held on January 18, 2003 in RIS. Dr A.P. Kulshreshtha, Director, Centre for Science & Technology of Non-aligned and Other Developing Countries, New Delhi chaired the meeting. Dr Nagesh Kumar, Director General, RIS welcomed the participants and initiated the discussion. Dr S.R. Rao, Director, Department of Biotechnology (DBT) and Dr. Sachin Chaturvedi, Research Associate, RIS, made key presentations. A large number of experts from research institutes, concerned government departments, NGOs and industry representatives took part in the discussion on the issues raised in the RIS background paper circulated among the participants.

It was observed that biotechnology industry is highly skill and R&D intensive. The start-up small companies, which later become successful, get eventually taken over by the MNCs. The potential of biotechnology has begun to affect daily life of common man, like use of recombinant DNA vaccines, etc. But there is utter dearth of reliable statistics for this industry, which is roughly estimated to be worth more than \$2.5 billion. The problem concerns both India and the world.

There was consensus to adopt the OECD definition of biotechnology with necessary changes for Indian context. There should be harmonization among different international agreements such as Codex, SPS, TRIPs, and other WTO agreements, Cartagena, PCT, etc. The definition of biotechnology should be widely circulated for comments before the DBT makes the official announcement. Further there is a need for a networking approach for collecting biotechnology statistics on certain possible set of indicators. The authentication of data and importance of using an inter-disciplinary approach for collecting such data was also emphasized. This exercise should be done in a specific time frame. Contact for further details, [sachin@ris.org.in](mailto:sachin@ris.org.in).

# RIS at XIII NAM Summit



RIS was invited to participate in the XIII Summit of Non-Aligned countries which took place in Kuala Lumpur, Malaysia, on February 20-25, 2003. RIS participated in the Summit as a Guest Observer Institution for the first time along with a number of international organizations such as Commonwealth Secretariat, Group of 77, Group of 8, UNCTAD, UNIDO, WHO. RIS was represented at the Summit by Shri S.T. Devare,

Vice-Chairman and Dr Nagesh Kumar, Director General, RIS.

RIS had brought out a report - *Globalization and the Non-Aligned Movement: An Economic Agenda for Action*, as a background document for the Summit (see Box). NAM Secretariat circulated the RIS Report among the delegations and representatives of media from different countries at the Summit.

RIS also participated in the NAM Business Forum held in conjunction with the Summit. A small exhibition of RIS publications was also organized at the venue of the NAM Business Forum.

The Malaysian National TV Channel RTM 1, interviewed the DG-RIS on the priorities and the agenda for NAM in a detailed prime time telecast on the eve of the meeting of the Heads of States/Governments on 23 February. The RIS Report on the NAM Economic Agenda was also shown and discussed at the programme.



Hon'ble Prime Minister of India Shri Atal Bihari Vajpayee browsing through the RIS Report after he was presented a copy by Vice-Chairman, RIS, at a Meeting with the Indian Delegation at the NAM Summit in Kuala Lumpur. Also seen in the picture are Shri Yashwant Sinha, Hon'ble Minister for External Affairs and Shri Brajesh Mishra, National Security Advisor.

Photo courtesy: Dr. Manjiv Kumar Prakash.

## Globalization and the Non-Aligned Movement: An Economic Agenda for Action

RIS report provides a development analysis of the experience of developing world an era of globalization and in that light presents an inventory of the elements of a possible economic agenda for action for consideration by NAM leaders in the context of globalization in the coming years. The report consists of, along with an executive summary, six chapters, viz. *The World Economy: Trends and Prospects; World Trading System and NAM Countries: Setting the Agenda for Cancun; Capital Flows and Reform of International Financial Architecture; Globalization, Growth and Equity: Development Experience of the 1990s and Lessons for Pro-Poor Growth; Potential for South-South Trade; and An Agenda for Action*. It also has an appendix containing statistical profile of NAM in a Comparative Perspective. The full report was published in the form of a CD-ROM along with a hard copy of the Executive Summary.

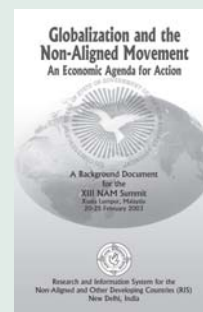
The Report calls for the reform of the international financial architecture for development, including reform of IMF conditionality, cautious approach to capital account convertibility, international regulation of credit rating agencies, reform and a of Brettenwoods institutions.

In the area of world trading system the report calls for levelling of the playing field and coordinated position in WTO negotiations, protection of and benefit sharing from traditional knowledge and genetic resources of developing countries, NAM/G-77 watchdog on implementation of WTO commitments by developed countries, etc. The report advocates a bottomline approach for evolving a coordinated response on WTO issues.

Addressing the specific issues related to revitalization of South-South cooperation the RIS report suggests a concrete plan of action that goes beyond the usual rhetoric. Among the areas suggested for South-South cooperation in the RIS report are establishing a NAM network of Think-Tanks on international economic issues, exchange of experience in moderating the adverse effects of globalization, cooperation in medicines and public health, particularly tropical diseases, mobilizing ICTs for empowering the poor for development, exploiting the potential of biotechnologies for pro-poor growth, enterprise development and cooperation in small and medium enterprises, promoting trade and investment among developing countries, and monetary and financial cooperation by establishing a South Bank. RIS feels that NAM should provide a framework for coordination among the sub-regional groupings to foster inter-regional cooperation.

The RIS study emphasizes that the developing countries can face the challenge thrown by globalization much more effectively with collective action than as a divided lot. As a forum of developing countries, NAM has a major responsibility to assist its Member States in facing the challenge better. It can do so by collectively seeking a reform of emerging North-South asymmetries. NAM can also help its Members to exploit the tremendous potential of mutual cooperation for their development. As a movement of developing world, NAM has a much greater relevance today to assist the Member States in confronting the forces of globalization with a collective response and action.

NAM has a critical role to provide a time-tested platform for evolving a coordinated response by developing countries to any challenges faced by them in their journey towards development. NAM will then truly be a Movement for Development (MfD). That is the central message of the RIS report which has been prepared by its research faculty led by Dr Nagesh Kumar, Director General, RIS and comparing Dr Sachin Chaturvedi, Dr Ram Upendra Das, S.K. Mohanty and Saikat Sinha-Roy with inputs from Ganapati Bhat and K. Murali. The Report can also be downloaded from RIS website [www.ris.org.in](http://www.ris.org.in).



# Latest Publications

## Book

- **Globalization and the Non-Aligned Movement: An Economic Agenda for Action** by RIS Research Team (For details, see box on page 5.)



## Discussion Papers

- #40 **Liberalization, Firm Size and R&D Performance: A Firm Level Study of Indian Pharmaceutical Industry** by Jaya Prakash Pradhan, 2003

The paper attempts to empirically verify the impact of economic liberalization on the R&D behaviour of Indian pharmaceutical firms controlling for the effects of several firm specific characteristics including firm size. The study suggests several policy measures to further indigenous technological efforts of pharmaceutical firms, which include, removing obstacles that inhibit outward orientation of firms, providing special scheme for small size firms in the overall technology policy for the industry, intensifying collaborative research efforts between private sectors and government research institution among others.

- #41 **Economic Co-operation Between India and Singapore: A Feasibility Study**, by Rajesh Mehta, 2003

The paper examines the scope, extent and focus of a possible free trade agreement between India and Singapore. Section I gives an overview of the Singapore economy. A brief outline of Singapore trade policy regime is presented in Section II. Further sections of the paper deals with: measures affecting Singapore imports; Singapore's trade; Indo-Singapore trade relations; foreign direct investment flows; electronic industry; information technology; and some select issues economic cooperation between India and Singapore.

- #42 **Export Performance of Indian Enterprises in Knowledge-based Industries: Recent Trends, Patterns and Implications** by Nagesh Kumar and Jaya Prakash Pradhan, 2003

This paper discusses that achieving higher export competitiveness in the high technology industries is becoming the focus of policy attention in both developed and developing countries, as these industries are by nature higher value-added, fastest growing segment of global market and generate substantial inter-industry and intra-industry knowledge spillovers vital for economic growth.

- #43 **Export Competitiveness in Knowledge-based Industries: A Firm-Level Analysis of Indian Manufacturing** by Nagesh Kumar and Jaya Prakash Pradhan, 2003

This paper makes an attempt to identify factors that play important role in the export competitiveness of Indian manufacturing firms with particular emphasis on knowledge-based industries. The study finds that younger firms drive export competitiveness in the high technology and low technology sub-samples of Indian manufacturing whereas in the medium technology older firms are drivers of global competitiveness. Firm size is observed to have a non-linear impact on export performance largely represented by an inverted U-shape curve. It is also found that the firm's own innovative activity is by far the most important technological factor contributing to enhance competitiveness whereas the import of foreign technology through technology contracts found to have detrimental effects on the export competitiveness in high technology and medium-high technology segments of Indian manufacturing.

- #44 **Determinants of Outward Foreign Direct Investment From A Developing Country: The Case of Indian Manufacturing Firms**

by Nagesh Kumar and Jaya Prakash Pradhan, 2003

In this paper, an empirical model of outward foreign direct investment (O-FDI) behaviour has been developed to identify the factors influencing the decision of Indian manufacturing firms to engage in foreign value-added activities. Findings suggest that firms' own technological strength is an important source of monopolistic advantage for overseas ventures. The change in policy regime in 1991 from an inward-looking strategy to an outward-looking one has had a favorable impact on the O-FDI behaviour of Indian manufacturing firms.

## RIS Journal

- **Asian Biotechnology and Development Review** Vol. 5 (2), March, 2003

Articles: Biotechnology, GMOs and Development: Economic Implications by *Edgar J. DaSilva and Sachin Chaturvedi*; How Well Does Japan Meet Its Challenges and Responsibilities in Biotechnology and Development for Asia by *Darryl R. J. Macer and Minakshi Bhardwaj*; Crop Biotechnology Initiatives in Asia: Progress, Opportunities, and Challenges by *Randy A. Hautea*; and Protecting Bio-Assets of Third World: Emerging Challenges for South Asia by *Manoj Kumar Sahu and Panchanan Bhoi*. **Bio News, Document, and Bio Web.**



## Some Recent Outside Publications by RIS Faculty Members

- "Intellectual Property Rights, Technology and Economic Development – Experiences of Asian Countries" by Nagesh Kumar, *Economic and Political Weekly*, January 18, 2003.
- "Exploiting the Potential of Information and Communication Technologies for Development in South Asia" by Nagesh Kumar and Alka Chadha, *South Asian Survey*, Vol. 9, No.2, July-December 2002.
- "WTO and the Indian Poultry Sector" by Rajesh Mehta in *WTO and New International Trade Regime – Implication for Indian Agriculture* by A.K. Vasisht and Alka Singh (eds.), published by Division of Agricultural Economics, Indian Agricultural Research Institute, 2003.
- "Market Access in Non-Agriculture Sector – Negotiating Strategy for Developing Countries in Millennium Round" by Rajesh Mehta, *Focus WTO*, July-August 2002.
- "Make a Food Safety Business Plan" by Rajesh Mehta and J. George, *Internet Journal of Food Safety*, Vol. 2, 11-12.
- "WTO and Product-Related Environmental Standards: Emerging Issues and Policy Options" by Sachin Chaturvedi and Gunjan Nagpal, *Economic and Political Weekly*, January 4, 2003.
- "Implications of FDI – Development Linkages for Developing Countries" by Ram Upendra Das, *Focus WTO*, September-October 2002.
- "Foreign Direct Investment and Economic Growth in India: A Production Function Analysis" by Jaya Prakash Pradhan, *The Indian Journal of Economics*, April 2002.

## RIS in Media

### NAM urged to work out common stance on WTO

Members of the Non-Aligned Movement (NAM) are urged to work out a common stance on the World Trade Organization (WTO) ahead of the 10th anniversary of its establishment in 2005. The NAM ministers meeting in New Delhi on Monday discussed the issue and agreed to hold a meeting in the next few days to discuss the matter.

### Enlarged tech mkt for India can help Japanese revival

The Japanese government is expected to announce a new policy to boost its economy, which will include a focus on expanding its market in India. This move is seen as a sign of the Japanese government's renewed interest in the Indian market.

### Experts To Discuss Asian Economic Union Next Week

Experts from various Asian countries are set to meet in New Delhi next week to discuss the possibility of an Asian Economic Union. The meeting will be held under the auspices of the Asian Development Bank (ADB) and will focus on the challenges and opportunities of such a union.

### Asian Trade Experts Call For Joint Efforts At WTO

Trade experts from various Asian countries are calling for joint efforts at the World Trade Organization (WTO) to address the challenges of globalization. They argue that a coordinated approach is needed to ensure that the benefits of globalization are shared equitably.

### Pant calls for review of globalisation

Prime Minister Atal Bihari Vajpayee has called for a review of the process of globalization. He said that while globalization has brought many benefits, it has also led to increased inequality and environmental degradation. He urged the government to take steps to address these issues.

### India, 3 Others To Study Export Standards In Devel

India, along with three other developing countries, has been selected to study export standards in developed nations. This initiative is part of a broader effort to improve the competitiveness of Indian exports in the global market.

# Faculty News

## **Dr Nagesh Kumar, Director-General**

- Made a presentation on "Asian Economic Community: Towards a Framework for Indo-Japan Partnership in the 21st Century" at the Indo-Japan Seminar, organized by Indian Council of Social Science Research in New Delhi on January 9, 2003.

- Made a presentation on "A Framework for India-ASEAN Economic Partnership" at the 30th World Marketing Congress, organized by the Institute of Marketing & Management in New Delhi on January 10, 2003.

- Participated as a Lead Commentator on the Report on Investment Cooperation at the Seminar on South Asian Cooperation, organized by the India International Centre and South Asia Centre for Policy Studies in New Delhi on January 10, 2003.

- Addressed as a Special Invitee Speaker the "Seminar on NAM Summit: Priorities and Challenges", organized by the Foundation for Peace and Sustainable Development in New Delhi on February 18, 2003.

- Made a country presentation at the "Workshop on FDI, TRIMs and Development", organized by the Asian Development Bank in Bangkok on February 20-21, 2003.

- Participated in the Meeting on IOR-ARC convened by Shri Rajiv Sikri, Additional Secretary (ER), Ministry of External Affairs in New Delhi on February 27, 2003.

- Participated in the "Second Meeting of the Expert Group on Trade and Investment" presided over by Shri Arun Jaitley, Hon'ble Commerce & Industry Minister of India in New Delhi on March 17, 2003.

## **Dr. Rajesh Mehta, Senior Fellow**

- Made a presentation at Technical Workshop on "Listening to What the Research Institutions are Working On", on the occasion of International Food Tec India 2003 organized by Federation of Indian Chambers of Commerce and Industry (FICCI) and its food wing Confederation of Indian Food Trade & Industry (CIFTI) at Hyderabad from 1-4 February, 2003

- Delivered a lecture on "Industrial Tariff: the Negotiating Issues" to the Senior Officers of the Directorate General of Foreign Trade under 5-Day Management Development

Programme on Export-Import Management and the New Trade Regime (Advanced Course), organized by Indian Institute of Foreign Trade (IIFT) in New Delhi on January 15, 2003.

## **Shri S.K. Mohanty, Research Associate**

- Presented a paper on "Implication of SAPTA on Intra-regional Trade Flows of the South Asian Region: An Empirical Assessment" at the Expert Group Meeting on Regional Trade Agreements in Asia, organized by UNESCAP in Bangkok on January 30-31, 2003.

- Participated in the International Conference on "Indo-Canada Dialogue on East Asia and Regional Cooperation" as a discussant, organized by Centre for Policy Research in New Delhi on February 14-15, 2003.

## **Dr. Ram Upendra Das, Research Associate**

- Participated in the Brain Storming Meeting on "Current Situation in South Asia and the Future of SAARC", organized by CPR, ICSAC and CASAC, New Delhi on February 13, 2003.

- Participated in the second *India-Thailand Free Trade Joint Negotiating Group Meeting*, organized by the Ministry of Commerce, Government of India in New Delhi on March 10-12, 2003.

## **Dr. Sachin Chaturvedi, Research Associate**

- Made a presentation at the National Workshop on "Implications of WTO-TBT Agreement on Exports, organized by the Indian Institute of Foreign Trade (IIFT) in New Delhi on January 7, 2003.

- Participated in the CODEX Technical Seminar organized by U.S. Codex Manager

and USDA's Foreign Agriculture Service in cooperation with the Ministry of Health, Government of India, in New Delhi on January 15-17, 2003.

- Participated in the Genomic Policy Executive Course held under an Indo-Canadian initiative and organized by the Indian Council of Medical Research and the University of Toronto Joint Centre for Bioethics, Canada in Kerala on January 20-24, 2003.

- Delivered a lecture on "Select Issues in SPS Agreement on WTO" at the training course for civil servants conducted by the Department of Personnel, Government of India, at IIFT in New Delhi on February 15, 2003.

- Participated in the Expert Group Meeting on Genetically Modified Vitamin A Rich Rice, organized by TERI, in New Delhi on February 26, 2003.

## **Dr. J. George, Consultant**

- Participated in the Technical Workshops on the occasion of International Food Tec India 2003, organized by CIFTI of FICCI at HITEC City, Hyderabad, held on February 1-4, 2003.

- Participated in the Workshop on "Grain Policy" organized by the Centre for Development Economics, Department of Economics, Delhi School of Economics, held in New Delhi on February 18, 2003.

## **Shri Jaya Prakash Pradhan, Consultant**

Presented the paper on "Economic Reforms, WTO and Indian Drugs and Pharmaceuticals Industry: Implications of Emerging Trends" (prepared jointly with Dr. Nagesh Kumar) at the seminar on Economic Reforms and Health Sector in India, organized by the Centre for Multi-Disciplinary Development Research (CMDR) in Dharward on Feb. 11-12, 2003.



*Dr. Nagesh Kumar, Director-General in consultation with Dr Omar Halim, Executive Director (right), Mr Rachdi Iskander, Director, Admin (centre) and Mr Achmad Roffie, Programme Director (left) of the NAM Centre for South-South Technical Cooperation, Jakarta at the venue of the NAM Summit.*

# Important Visitors/Delegations Received

- Dr. Newai Gebre-ab, Economic Advisor to the Prime Minister and Director, Ethiopian Development Research Institute, Ethiopia, and H.E. Dr. Teketel Forssido, Ambassador Extraordinary and Plenipotentiary, Ethiopia in India, on January 24, 2003.
- Dr. Yuen Pau Woo, Vice-President & Chief Economist, Asia-Pacific Foundation, Canada along with a delegation, on February 17, 2003.
- Professor Madan K. Dahal, Head, Central Department of Economics, Tribhuvan University (TU), Nepal and Mr. Shankar Aryal, Research Associate, Institute for Integrated Development Studies, Kathmandu, Nepal on January 7, 2003.
- Professor Erik Baark, Associate Professor, Division of Social Science, Hong Kong University of Science and Technology, on January 30, 2003.
- Ambassador K. Kesavapany, Director, and Mr. Rahul Sen, Fellow from Institute of Southeast Asian Studies, Singapore, on March 12, 2003.
- Prof. Prema-chandra Athukorala, Australian National University, and Dr. Sisira Jayasuriya, Director, Asian Economic Centre, University of Melbourne, Australia on March 24, 2003.
- Dr. Joachim von Braun, Director General, International Food Policy Research Institute (IFPRI), and Dr. Ashok Gulati, Director, Market and Structural Studies Division, IFPRI, Washington DC on March 24, 2003.
- Mr. Nam Zeon Jin, Counsellor (Economic Affairs), Korean Embassy, New Delhi on February 7, 2003.
- Dr. R.K. Jain, Scientist & Officer Incharge, Delhi Centre, Central Pulp & Paper Research Institute, on January 3, 2003.
- Mr. Jitendra Uttam, Seoul National University, Korea, on January 10, 2003.
- Ms. Poonam Barua, Director, Public Affairs Management, on January 14, 2003.
- Dr. Padma Suresh, Delhi University, on January 17, 2003.
- Prof. Ashok Parikh, University of East Anglia, Norwich on January 23, 2003.
- Professor K.R. G. Nair, Centre for Policy Research, on January 24, 2003.
- Mr. Anjan Roy, Federation of Indian Chambers of Commerce and Industry, on February 4, 2003.
- Dr. A.P. Kundra, Secretary, Ministry of Mines, Government of India, on March 21, 2003.



From left: Dr Joachim von Braun, Director General, IFPRI, Washington DC, delivering a Pre-Dinner talk on "From food security to food safety" on the eve of the "Workshop on International Food Safety Regulations and Processed Food Exports". Also seen in the picture are Ambassador S.T. Devare, Vice-Chairman, RIS and Dr Nagesh Kumar, Director General, RIS.

## New Visiting Fellows at RIS



Gyanu Raja Shrestha, Nepal



Abdurahim Okhunov, Uzbekistan



Abdel hamid saba Elregal, Egypt

### Visiting Fellowship Programme on International Economic Issues and Development Policy

Under this programme RIS receives three research scholars or senior officials from developing countries for four months each. During this period the Visiting Fellows receive an orientation in contemporary international economic policy issues and work on a research project jointly with RIS faculty. This programme is conducted in conjunction with ITEC programme of the Ministry of External Affairs, Government of India.

Three Visiting Fellows, Dr. Gyanu Raja Shrestha, Tax Officer, Ministry of Finance, Internal Revenue Office, Nepal; Mr. Abdel hamid saba Elregal, Economic Analyst, Ministry of Foreign Trade, Arab Republic of Egypt; and Mr. Abdurahim Okhunov, Senior Research & Economic Analyst, University of World Economy and Diplomacy, Uzbekistan have joined RIS from February 3, 2003 for a period of four months under this programme.

## About the RIS

The Research and Information System for the Non-Aligned and Other Developing Countries (RIS) is an autonomous research institution established with the financial support of the Government of India. RIS is India's contribution to the fulfilment of the long-felt need of the developing world for creating a 'Think Tank' on global issues in the field of international economic relations and development cooperation. RIS has also been envisioned as a forum for fostering effective intellectual dialogue among developing countries.

RIS is also mandated to function as an advisory body to the Government of India on matters pertaining to multilateral economic and social issues, including regional and sub-regional cooperation arrangements, as may be referred to it from time to time. RIS functions in close association with various governmental bodies, research institutions, academicians, policy-makers, business and industry circles in India and abroad. RIS has conducted policy research and other activities in collaboration with other agencies, including United Nations-Economic and Social Commission for Asia and Pacific (UN-ESCAP), United Nations Conference on Trade and Development (UNCTAD), United Nations University (UNU), Group of 77, Non-Aligned Movement, SAARC Secretariat, Asian Development Bank (ADB), The World Bank, and the South Centre.

RIS publication programme covers books, research monographs, occasional papers and discussion papers. It also publishes three journals entitled *RIS Digest*, *Asian Biotechnology and Development Review*, and *South Asia Economic Journal*.

*RIS Diary* appears in January, April, July and October. It is available from RIS or can be downloaded from RIS website.



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