



## Seminar on WTO Negotiations: Towards Hong Kong Ministerial

The countdown has begun for the Sixth Ministerial Conference of WTO to be held in Hong Kong in December 2005. It is widely seen as a penultimate Ministerial Conference before the conclusion of Doha Development Round of WTO. In order to take stock of the progress made in the Doha Round and the prospects and challenges for developing countries in run up to Hong Kong Ministerial, RIS organized a Seminar on February 11, 2005.

Dr. Martin Khor Kok Peng, Director, Third World Network, Penang (Malaysia) and Geneva, (Switzerland) initiated the discussion and briefed about the latest developments. Mr. B.L. Das, formerly Secretary, Government of India and India's Permanent Representative to GATT in Geneva and a leading expert on the subject Chaired the seminar. The participants to the seminar included representatives from government departments, research institutes, business and industry circles.

Initiating the discussion Dr. Khor said that in the Uruguay Round, countries were free to choose formula for cutting down their tariffs. A good option would be to agree to a Uruguay Round status quo and set targets for developing and developed countries. If this is

a development round, then there should be flexibility for the developing countries. If the developing countries are going to give in to the developed countries' argument, of giving access to their industry in lieu of their concessions in agriculture, then they are going to lose a lot. If the developing countries give in a lot in this Round then they would be in a very difficult situation in the next round. There is no coalition of developing countries for NAMA negotiations, such as the G-20 for agriculture. India should take the lead as no other country has such extensive research and knowledge of these issues. The government in India also has sophisticated machinery for negotiations and can certainly do a lot in getting all the developing countries together. So far the Doha



(From left): Dr. Martin Khor Kok Peng; Mr. B.L. Das; and Dr. Nagesh Kumar.

Round has little to show as a development round and especially with regard to the damaging effects that the NAMA negotiations may have. There is a possibility of a fair outcome in agriculture if the subsidies are really reduced. There also has not been much

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## Seminar on Emerging East Asian Regionalism: Options for India



(From left): Dr. Mukul Asher; Ambassador A.N. Ram; Dr. Nagesh Kumar; and Dr. Charan D. Wadhwa.

The recent ASEAN Summit has given an impetus to broader regionalism in Asia with the proposed launch of an East Asian Community at a East Asian Summit to be held in December 2005 in Malaysia. This is an important development of potential major significance for India and needs an urgent policy response. Prime Minister Dr Manmohan Singh has indicated the importance

India attaches to her integration with East Asia by calling at Laos Summit for an Asian Economic Community combining Japan, ASEAN, China, India and Korea (JACIK). In order to brainstorm on the topic, a Seminar on Emerging East Asian Regionalism: Options for India was organized in RIS on February 10, 2005. Dr. Mukul Asher, Professor, LKY School of Public Policy, National University of Singapore made the key presentation. It was followed by an open discussion. Ambassador A. N. Ram, former Secretary (ER), Ministry of External Affairs Chaired the Seminar. The seminar was attended by a large number of participants.

## Doha-Development Round: Moving Towards Hong Kong WTO Ministerial Conference

Preparations for the forthcoming Hong Kong WTO Ministerial Conference have begun in RIS in right earnest. Towards this goal RIS had started working on the *World Trade and Development Report 2005*. The Report will examine the emerging trends and patterns in the global trading system overall and in select important areas; highlight the growing asymmetries especially from a development perspective; and put together an agenda for reform. The *WTDR 2005* is the second in the series of reports launched by RIS in 2003 with the *World Trade and Development Report 2003: Cancun and Beyond* which was presented and discussed in New Delhi and in Cancun on the sidelines of the Ministerial Conference of WTO. It has received very favourable feedback from the policy makers and development-related international organizations.

RIS also plans to bring out RIS Policy Briefs, addressing specific issues concerned with the agenda of the forthcoming Ministerial Conference.

In order to generate debate on the issues confronting the Hong Kong Meet, RIS has also planned to organize a number of seminars. First in this series of seminars on WTO Negotiations towards Hong Kong Ministerial was organized on February 11, 2005, as reported in this issue of the *Diary*. This will be followed by more such events to be organized by RIS in the coming months. Contact for further details: [dgoffice@ris.org.in](mailto:dgoffice@ris.org.in)

## The New Asia Research Programme

As reported from time to time, RIS has a major programme of research and advocacy on broader regional cooperation in Asia. As part of this programme, a high-level conference on Asian Economic Integration was organized by RIS in Tokyo (see *RIS Diary* January 2005) on November 18-19, 2005 in collaboration with a number of influential policy-thinks and the Sasakawa Peace Foundation, Tokyo. Apart from this, RIS and ISEAS, Singapore also came out with the volume entitled *Towards an Asian Economic Community: Vision of a New Asia* during the Tokyo Conference. A number of RIS Discussion Papers have also been issued on the subject. RIS has also set-up a New Asia Forum with a dedicated website and a quarterly *New Asia Monitor*. In order to keep up the momentum generated by this series of activities, it is planned to organize the Third Session of the High Level International Conference on Asian Economic Community

## RIS Nominated a Lead Institution for Trade and Environment

An Inter-Ministerial Consultative Group on Trade and Environment has been constituted by the Ministry of Environment and Forests and is co-chaired by the Secretary, Environment and Forests and Commerce Secretary to identify the interface of trade and environment in the context of multilateral/regional negotiations, and organize consultations with stakeholders for the formulation of India's response and position on the emerging negotiations on these issues. The Consultative Group has set up four Expert Groups to make a detailed assessment of major issues. One of these four groups has been set up on 'a consistent interpretation of the precautionary principle in application to different Multilateral Environmental Agreements (MEAs)'. The Ministry of Environment and Forests has nominated RIS to be a Lead Institution for this Expert Group and has also appointed Director-General, RIS as the Coordinator for the Group. The Expert Group comprises, well known experts such as Professor Bharat H. Desai, School of International Studies, JNU; Dr. A. Damodaran, Homi Bhabha Fellow, Centre for Public Policy, Indian Institute of Management, Bangalore; Dr. Veena Jha, Project Coordinator, UNCTAD, and has co-opted Dr. Sachin Chaturvedi, Fellow, RIS, besides officials of MoEF and Department of Commerce. The Group will carry out studies relating to its terms of reference and will assist the Inter-Ministerial Consultative Group in its work. Contact for further details: [dgoffice@ris.org.in](mailto:dgoffice@ris.org.in)

in Taiyuan, China jointly with Shanxi University of Finance and Economic Research, China in September 2005. Subsequently, the Fourth High-Level Conference has been planned to be organized in New Delhi in October/November 2005 jointly with the Institute of Southeast Asian Studies, Singapore. In addition, RIS regularly organizes seminars and brainstorming on the subject as also reported in this issue. Contact for further details: [dgoffice@ris.org.in](mailto:dgoffice@ris.org.in)

## Study on India-Republic of Korea (ROK) Economic Cooperation

A Joint Study Group (JSG) has been set up by the Government of India and South Korea to study the feasibility of a comprehensive economic cooperation arrangement between the two countries. To prepare inputs for the work of JSG, the Department of Commerce has assigned RIS to conduct a study on economic cooperation between India and South Korea especially trade in Services. The Study aims to review the existing bilateral trade in services between the two countries; identify the service sectors of bilateral trade interest and mutual cooperation, highlighting the areas of future trade potential and collaboration; assess the degree of openness/unilateral liberalization in identified service sectors and mode of service delivery, the extent of multilateral binding of this openness under GATS, and the prospects of further binding under the ongoing Doha Round of negotiations; identify existing barriers to trade in services and suggest reform measures for the removal/reduction of such

barriers through the proposed comprehensive economic cooperation agreement; identify the areas of trade and economic cooperation between India and Korea in the service sector in the context of a possible Indo-Korea comprehensive economic cooperation agreement; and identify the likely impact (both positive and negative) of such a bilateral agreement, etc. Contact for further details: [dgoffice@ris.org.in](mailto:dgoffice@ris.org.in)

## Trade Facilitation in WTO Context

Trade facilitation as one of the four Singapore issues has emerged as an issue for WTO negotiations following the WTO July Framework decision to launch negotiations on the subject while the other three issues have been dropped from the Doha Development Round. RIS has undertaken a study on Trade Facilitation in the Context of WTO Negotiations which looks at the broader issues from a developing country perspective besides making a detailed country study of India, evaluating the need and the costs of selected trade facilitation measures in the country. The study is part of the programme of work launched for the preparation of the Hong Kong Ministerial Conference. The detailed case study for India is conducted in conjunction with the regional series of country studies launched under the framework of Asia-Pacific Research and Training Network on Trade (ARTNeT) of UN-ESCAP, Bangkok. As reported earlier, RIS is a core institution of

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## Seminar on National Innovation System: Experiences of Select Asian Countries

Given the important role of innovative activity in enhancing competitiveness in the current era of globalization, Asian countries are attaching considerable emphasis on strengthening their National Innovation Systems. Different countries have evolved their own paths for their innovation systems and building capabilities in tune with their development priorities and resources. They can also benefit by sharing their experiences.

To facilitate a mutual learning of experiences, RIS organized a seminar to reflect on the experience of Asian countries on January 14, 2005.

Professor Ashok Parthasarathi of the Centre for Study of Science Policy, Jawaharlal Nehru University, chaired the Seminar. Dr. Nagesh Kumar, Director-General, RIS made the introductory remarks. A keynote presentation on National Innovation Systems in Asia was made by Dr. Se-Jun Yoon, Director, Asia and Pacific Centre for Transfer of Technology (APCTT), New Delhi. Subsequently four country case studies were presented as follows: The Case of Thailand by Dr. Patarapong Intarakumnerd, Project Leader, National Science and Technology Development



(From left): Dr. Bach Tan Sinh; Dr Se-Jun Yoon; Prof. Ashok Parthasarathi; Dr. Patrapong Intarakumnerd; and Dr. Nagesh Kumar.

Agency (NSTDA) Thailand; The Case of Vietnam by Dr. Bach Tan Sinh, Acting Director, National Institute for Science and Technology Policy and Strategy Studies (NISTPSS), Vietnam; The Case of Singapore by Sachin Chaturvedi, Fellow,

RIS, New Delhi; and The Case of India by Professor K.J. Joseph, Visiting Senior Fellow, RIS, New Delhi. A large number of participants from business and industry circles, government departments and research centres participated in the discussion.

## Seminar on the Potential of Economic Cooperation in IBSA



(From left): Prof. Fabio Villares De Oliveria; Smt. Suryakanthi Tripathi; Ambassador Shashank; and Dr. Nagesh Kumar.

It is widely recognized that partnership of India, Brazil and South Africa within the

framework of India-Brazil-South Africa (IBSA) Trilateral Dialogue could be of

immense economic and strategic value in view of the dynamism and complementary strengths of these economies. RIS has undertaken a study on the Potential for Economic Partnership in IBSA at the request of the Ministry of Commerce.

In order to brainstorm on the potential of the IBSA Partnership, RIS organized a Seminar on the Potential of Economic Cooperation in IBSA on March 24, 2005.

Dr. Nagesh Kumar, Director-General, RIS made the initial remarks. Professor Fabio Villares De Oliveira, Institute of International Economic Studies (IEEI), Sao Paulo, Brazil and Prof. K.J. Joseph, Visiting Senior Fellow, RIS made the key presentations.

Smt. Suryakanthi Tripathi, Additional Secretary (ER), Ministry of External Affairs, Govt. of India chaired the Seminar. Ambassador Shashank, former Foreign Secretary, also addressed the participants.

A large number of representatives from the concerned government departments, business organization, etc. took part in the discussion.



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

- Nominated as Member of the India-Republic of Korea Joint Study Group, constituted by the Department of Commerce, Ministry of Commerce and Industry, Govt. of India and participated in the first meeting of the India-Republic of Korea Joint Study Group on January 27-28, 2005 organized by the Department of Commerce, Ministry of Commerce and Industry in New Delhi.

- Made a key presentation on Prospects of Regional Economic Integration in Asia at the 7<sup>th</sup> Asian Security Conference, organized by the Institute of Defence Study and Analyses (IDSA) in New Delhi January 28, 2005.

- Participated in the introductory meeting of the Expert Groups II and III on the issues relating to trade and environment, organized by the Policy and Law Division, Ministry of Environment & Forests, Govt. of India on January 31, 2005.

- Delivered a lecture on Regional Trading Arrangements (RTA) – Evaluation of SAARC at the training programme on International Relations and Indian Foreign Policy, organized by the Foreign Service Institute, Ministry of External Affairs in New Delhi on February 1, 2005.

- Participated in the Meeting of the Governing Board of the South Centre, Geneva with scholars and intellectuals in New Delhi on February 10, 2005.

- Made presentation in the Ministry of Commerce on Employment Generation through Exports on February 21, 2005.

- Participated in the Meetings of the India-China Joint Study Group on March 7, March 10, and March 22, 2005.

- Participated in the Symposium on Japan and India: Challenges and Responsibilities as Partners in the 21<sup>st</sup> Century, organized by CII in New Delhi on March 16, 2005.

- Participated in the Annual General Meeting of the Asian Institute of Transport Development held in New Delhi on March 31, 2005. Ambassador K. Kesavapany, Director, ISEAS Singapore delivered on Building an Asian Community on this occasion.

- Speaker at the Panel Discussion on Chinese Premier Wen Jiabao's forthcoming visit to India, organized by the Institute of Chinese Studies in New Delhi on March 31, 2005.

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

- Attended IFPRI-CII-NCAER Symposium on Towards High-value, Agriculture and Vertical Coordination: Implications for Agri-business and Smallholder, New Delhi on March 7, 2005.

- Delivered a lecture on SPS and Food Safety Standards: Fishery Trade at the Training Programme for IEG Probationers of Batch XXVI at IEG, on March 3, 2005.

- Presented a paper on Non-Tariff Barriers Affecting India's Exports at the Second Technical Workshop of ADB Policy Networking Project, of ICRIER, Bangalore, January 24-25, 2005.

## **Dr Sachin Chaturvedi, Fellow**

- Presented a paper on Trade-related Aspects of Intellectual Property Rights (TRIPs) and India: Implementation Issues at the National Seminar on India and the WTO Regime: The First Decade and Beyond organized by JNU, New Delhi on January 27-28, 2005.

- Presented a paper on Public Perception and Consumer view of Bt-transgenic vegetables at the Public-Private Partnership in the Use of Agribiotech for Sustainable Solutions to Brassica Pest Problems, organized by APAARI and AVRDC on February 10, 2005.

- Presented a paper on Biotechnology Regulations and Implications at the Interdisciplinary Dialogue on New Biotechnology: Implication on Food, Health and Nutrition, organized by M S Swaminathan Research Foundation, Chennai on March 11-13, 2005.

- Presented a paper on Application of Biotechnology for Food Quality Enhancement: Key Issues and Options at the Strategic Food Quality Management (SFQM) organized by Indian Institute of Management, Ahmedabad on February 22, 2005.

- Presented a paper on Evolving a National System of Biotechnology Innovation: Identifying New Dimensions of Public-Private Partnership at the Public-Private Partnership in Agricultural Biotechnology, organized Asia-Pacific Consortium on Agricultural Biotechnology and APAARI on March 14, 2005.

- Presented a paper on Plants and IPRs at the India-China Conference on Agriculture: Tradition, Modern Technology and Globalization, organized by NISTADS, New Delhi on March 23, 2005.

- Presented a paper on Biosafety and International Trade Issues at the Workshop on Capacity Building on Biosafety organized by MoEF, New Delhi on March 24, 2005.

## **Dr Ram Upendra Das, Fellow**

- Resource Person in a Training Workshop on Macroeconomic Forecasting, organized by the Ministry of Planning and National Development, Government of Maldives and

supported by Commonwealth Secretariat, 26 December 2004 - 08 January 2005, in Male.

- Made presentations at the Meetings of the Expert Group on Preferential Rules of Origin, set up by Government of India, at the Ministry of Commerce and Industry, January 10, 2005 and February 7, 2005, New Delhi.

- Delivered Lecture on India-Thailand FTA and India-ASEAN Comprehensive Cooperation Agreement, for the Executive Masters in International Business organized by Indian Institute of Foreign Trade (IIFT), February 14, 2005, New Delhi.

- Participated in a Seminar on Manufacturing, Economic Development and the Informal Economy: Is Manufacturing Still the Engine of Growth?: India, organized by the International Labour Organization (ILO), February 16, 2005, New Delhi.

- Made a presentation on South Asian Economic Cooperation at 7th Joint Convention, organized by Pakistan-India People's Forum for Peace and Democracy in New Delhi on February 27, 2005.

- Participated in Technical Committee Meeting on Comprehensive Economic Partnership Agreement (CEPA) between India and Sri Lanka, organized by NIEPA, March 14, 2005, New Delhi.

## **Shri Prabir De, Research Associate**

- Participated in the conference on India and Japan in Search of Global Roles, organized by Japan Foundation, New Delhi on March 20-21, 2005.

- Participated in the ARTNeT Capacity Building Workshop on Trade Research, organised by UNESCAP, at Bangkok on March 22-25, 2005

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improvement in the process of negotiations as well.

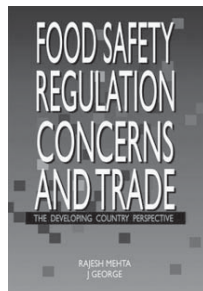
Summing up the observations made at the Seminar Mr. Das said that the negotiations at the WTO are different from normal international negotiations. At these negotiations countries have to be unpopular if they wish to get the best from the negotiations. The role of the government is very important in this regard. The government has to adopt a clear and transparent national position. The government cannot give in to all kinds of pressure groups.

To conclude the Seminar, Dr. Nagesh Kumar gave a vote of thanks to Dr. Martin Khor, Mr B.L Das and all the distinguished participants for their participation and contribution to the enriching discussion at the Seminar.

## Book

**Food Safety Regulation Concerns and Trade: The Developing Countries Perspectives, 2005** by Rajesh Mehta and J. George (eds.) and published by Macmillan India Ltd., New Delhi.

International food safety regulation issues have become a major source of friction in international trade. The procedures for settlement of dispute have been identified as key items on the World Trade Organization (WTO) agenda for future multilateral trade talks. This reflects the growing importance of the processed food trade as well as concerns among importing countries about its impact. For agricultural products, in particular processed food, non-tariff barriers to international trade emerge predominantly from Sanitary and Phytosanitary (SPS) Regulations related to trade flow. As the demand for food safety rises, there is an increased need for higher SPS standards. This monograph on Food Safety Regulation Concerns and Trade: A Developing Country Perspective addresses various issues related to food safety standards, like the theoretical constructs for developing countries to participate in the food safety driven international trade, the institutional support mechanism available to stakeholders globally from producers to consumers, various strategies and the preparedness among developing countries. These and many more issues are discussed in this volume.



## Discussion Papers

**#88 Strategic Approach to Strengthening the International Competitiveness in Knowledge Based Industries: Electronics Industry** by K.J. Joseph

**Abstract:** It is generally understood that while the IT software and service sector in India recorded unprecedented growth rate in a sustained manner for more than a decade and established credibility in the international market, the hardware sector, both computer hardware and other electronics equipment and components, has shown a decelerating trend. At the same time, being a signatory to Information Technology Agreement of WTO, India is committed to reduce the tariff rates on a wide range of IT goods to zero level by 2005 leading to unprecedented import competition. Hence it is important that the industry equip itself to meet the import competition and enhance its export competitiveness. Against this background the present paper analyzed performance (both export and production) of electronics industry and comes out with the broad contours of a strategic approach towards promoting the international competitiveness of India's electronics industry.

**#89 China Role in the Asian Economic Unification Process** by Yao Chao Cheng

**Abstract:** The 21st century, as being said the world over, will belong to Asia. The regional economic cooperation in Asia is developing fast and well with the ASEAN as a centre and with the positive participation of major Asian nations such as China, India and Japan. The cooperation has shown that the Asian economic unification is in process. We believe that the economic unification process shall result in an Asian economic community. The integrated cooperation is the best way for Asian nations to make common development and the "fault lines" as proposed in Samuel Huntington's paradigm can be repaired and transcended in the unification process.

**#90 Strategic Relevance of Asian Economic Integration** by Eric Teo Chu Cheow

**Abstract:** As the spread of SARS had shown last year, the longer-term goal of an East Asian Community (ASEAN, China, Japan and South Korea) may already be crystallizing much faster than was initially thought, thanks to increasing people-to-people contacts and the freer movement of goods, services, tourists and expatriates across the whole region. India appears poised to be joining this Asian movement too.

**#91 India-East Asia Integration: A Win-Win for Asia** by Mukul G. Asher and Rahul Sen

**Abstract:** This paper argues that India's unilateral liberalization policies since the early 1990s, and purposeful and strategic pursuit of its Look East Policy has resulted in considerably greater integration with the rest of Asia than is commonly realized or acknowledged. Moreover, the enabling conditions for greater economic integration among major Asian economies have been laid. If Asia is to increase its economic and political weight in the world affairs, India's involvement would have to be an integral part of the Asia-wide cooperation. It is in this context that closer cooperation among Japan, ASEAN, South Korea, India, and China would provide considerable win-win opportunities and will have far ranging implications for the world.

**#92 Regional Trade and Investment Architecture in Asia-Pacific: Emerging Trends and Imperatives** by Tiziana Bonapace

**Abstract:** Regionalism has become a key component of the new international order. It offers to the governments of developed and developing countries a new and attractive complementary strategy to multilateralism. Most countries of the world today belong to one or more regional trading arrangements of some kind covering more than two-thirds of the trade conducted. The Asia Pacific region is no exception to this trend. This paper examines the evolving regional trading panorama in the Asia Pacific region with its recent surge in bilateralism and its implications for evolving a regional trade and investment architecture. It argues that by facilitating the development of a seamless, region-wide zone of trade and investment, the region will enhance its prospects for becoming world's centre of economic growth and prosperity by 2020.

## Journals

- **Asian Biotechnology and Development Review**, Vol. 7 No. 1, November 2004

**Special Issue on Rice Research in Asia** Guest Editor, Balakrishna Pisupati

Contents: A Letter from the Editor; Guest Editorial; Some Imperatives and Challenges for Rice Biotechnology in Asian National Agricultural Research and Extension Systems by Edilberto D. Redoña and Lou Franz G. Mula; Biotechnology and Rice: The Challenges Ahead by Devinder Sharma; Emerging Trends in Managing and Using Rice Genetic Resources by R. S. Rana; Biosafety Considerations for Genetically Engineered Rice by Lim Li Ching; Rice Research in India and the Asian Perspective by R. C. Saxena and R. K. Singh; Current Status of Molecular Rice Breeding in Vietnam by, Bui Chi Buu; Biotechnological Options for Enhancing Water Use Efficiency of Rice by Anil Kumar Singh and Viswanathan Chinnusamy; Bio News; Document: International Year of Rice Follow-Up; Bio Web; and Bio Stats.

- **New Asia Monitor**, Vol. 2 No. 1, January 2005.

- **RIS Diary**, Vol. 3 No. 1, January 2005.

## Outside Publications of RIS Faculty Members

### Books

Das, Ram Upendra. 2005. *Trade, Technology and Growth: On Analysis and Policies for Developing Countries*, New Delhi: Bookwell.

De, Prabir (eds.). 2005. *India and China in an Era of Globalisation: Essays on Economic Cooperation*, New Delhi: Bookwell.

### Other Papers

De, Prabir. 2005. Investigating the Linkage between Infrastructure and Regional Development in India: Era of Planning to Globalisation, *Journal of Asian Economics*, Vol. 15, No 5.

Kumar, Nagesh and K.J. Joseph. 2005. "Export of Software and Business Process Outsourcing from Developing Countries: Lessons from the Indian Experience". *Asia Pacific and Investment Review*. Vol. 1, No.1, April. pp. 91-110.

Kumar, Nagesh. 2005. "Liberalisation, Foreign Direct Investment Flows and Development - Indian Experience in the 1990s". *Economic and Political Weekly*. April 2.

Mehta, Rajesh. 2005. "Is Indian Leather And Footwear Industry ready for Duty Free Integration with the World?" (co-author), for MACHINIST a journal of *Times Group*, 31 January.

Mehta, Rajesh (co-author). 2005. "Trade Reforms in the Light of WTO: The Case of Indian Poultry Industry" *The South Asian Journal*, March 16.

### Popular Articles

Kumar, Nagesh. 2005. "Integrating economies into growth". *The Financial Express*. February 1.

Kumar, Nagesh. 2005. "Prosperity-neighbour in South Asia". *The Financial Express*. February 15, 2005.

Kumar, Nagesh. 2005. "Towards a more proactive agenda for G-20". *The Financial Express*, March 15, 2005.

Kumar, Nagesh. 2005. "Mobilising forex reserves for local needs". *The Financial Express*. March 29, 2005.

Mehta, Rajesh. 2005. "There are many promises to keep: The time is right to reflect on the ramifications of non-tariff measures", *The Financial Express*, February 9.

# Training Programme for Tariff Commission Officers on Regional and Bilateral Trade Agreements

RIS conducted a Training Programme for the Senior Officers of the Tariff Commission on various aspects of Regional and Bilateral Trade Agreements on 1-7 March, 2005. This Programme was designed to introduce the participants to the growing importance of RTAs in the trade policy worldwide and the challenges it poses before us. The topics covered during the training programme were: Regionalism vs. Multilateralism: Global Trends and Implications for India; Lessons from NAFTA, EU, ASEAN and Other International Experiences; WTO Rules for RTAs: Conceptual Issues; WTO Rules for RTAs: Conceptual Issues; Impact of RTAs/FTAs on Indian Economy, Industry and Consumers: CGE Modelling; Safeguards through Rules of Origin: Conceptual Issues; India's Experience with and Approach to RTAs/FTAs; Safeguards through Rules of Origin: Issues of Negotiations and Enforcement; Features of India's Bilateral FTAs :India-Thailand/India-Singapore/India-ASEAN; Sensitive List, Tariff-rate Quota and Other Safeguards: Policy Implications; Impact of RTAs/FTAs on Indian Economy, Industry and Consumers: Methodologies and Experiences; India-Sri Lanka FTA, SAPTA,



Member-Secretary, Tariff Commission Mr. A.P. Sharma (in centre); Dr. Nagesh Kumar, Director-General, RIS; and Dr. Ram Upendra Das, (coordinator) and other participants at the inaugural session of the programme.

SAFTA, and BIMSTEC; and Sensitive List, Tariff-rate Quota and Other Safeguards in RTAs /FTAs: Conceptual Issues and Experiences. The Valedictory Session on An

Approach to Broader Regional Economic Integration in Asia: Towards an Asian Economic Community was addressed by Prof. Nagesh Kumar, Director-General, RIS.

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the ARTNeT and is represented on its Institutional Advisory Board. Contact for further details: sachin@ris.org.in

## Policy Notes prepared for the Government

- Note on SAFTA and Beyond: An Agenda for SAARC Economic Cooperation to PMO on January 28, 2005.
- Two notes on "Operationalizing SAFTA: Some Issues" and "SAFTA and Beyond: Exploiting the Potential of Regional Economic Integration for South Asian Development" to the Ministry of External Affairs on January 27, 2005.
- A presentation of the preliminary findings on the study on employment generation through exports was made by the DG, RIS to the Commerce Secretary, in the Department of Commerce, Ministry of Commerce and Industry on February 21, 2005. Subsequently a Preliminary Report of the study was submitted to the Ministry of Commerce as inputs in preparation of the Foreign Trade Policy announced on April 8, 2005.

## SAARC Secretary General Visits RIS

H.E. Mr. Chenkyab Dorji, Secretary General of SAARC visited RIS on March 18, 2005. The Secretary-General called on Chairman RIS Dr. Arjun Sengupta and interacted with Director-General, RIS and RIS faculty members. He was briefed about the work programmes and activities of RIS. In particular he



(From left): H.E. Chenkyab Dorji; Dr. Arjun Sengupta; and Dr. Nagesh Kumar.

expressed keen interest in the pioneering work of RIS on South Asian Economic Integration and hoped that RIS would continue to provide inputs for the policy making process on the subjects. RIS is India's National Focal Point on the SAARC Network of Researchers on Global, Financial and Economic Issues. RIS has been bringing out *South Asia Economic Journal* jointly with Policy Studies, Colombo since 2000 under the framework of the Network's activities. RIS also prepares the biennial *South Asia Development and Cooperation Reports* besides other research studies under the mandate of the Network.





Mr. Le Chi Hieu



Ms. Yaritza Barbosa Cardenas

Visiting Fellowship Programme on International Economic Issues and Development Policy

Under this programme RIS receives 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.

Two Visiting Fellows, Mr. Le Chi Hieu, Expert, International Relation Office, Hanoi University of Education, Hanoi, Vietnam and Ms. Yaritza Barbosa Cardenas, First Secretary, Ministry of Foreign Affairs, Venezuela joined RIS from January 24, 2005 for a period of four months under this programme.

RIS in Media

Melting times: talks soon on trade pact with Pak

AMITI SEN & HUMA SIDDIQUI  
New Delhi, Feb

Signalling a thaw in bilateral relations, India and Pakistan will start work on a comprehensive economic co-operation agreement early next week.

Pakistan's commerce secretary Humayun Akhtar Khan will visit New Delhi on February 22-23 with an official delegation to initiate discussions with his Indian counterpart SN Menon.

The joint study group on economic co-operation headed by the two commerce secretaries was set up following a meeting between India's commerce and industry minister Kamal Nath and Pakistan President Pervez Musharraf in Islamabad in November last year.

Speaking to FE, senior commerce ministry officials said that the joint group, in its first meeting next week, will identify areas in which work should begin and set up sub-groups. The proposed agreement would cover goods, services and investment.

Officials pointed out that Pakistan would have to accord India the most favoured nation (MFN) status, which it has been avoiding so far, if an agreement is to be signed.

Trade expert Nagesh Kumar believes that the potential of Indo-Pak economic co-operation is

well-established. "Since Pakistan has not given India MFN status, exports from India are mostly routed through third countries. If an economic agreement is struck, it will give a major boost to our

Highlighting the insecurities that Pakistan has in its trade with India, officials from the Pakistani High Commission in New Delhi pointed out that the two sides would also look into causes of the failure in trade between the countries.

"Although Pakistan enjoys MFN status, its exports to India are a fraction of India's exports," a Pakistani official told FE. The two countries have to identify and find solutions to the existing problems," he said.

While India's exports to Pakistan stood at Rs 1,310 crore in 2003-04, its imports from Pakistan was just Rs 260 crore.

Items which Pakistan can export to India include fresh and dried fruits and vegetables, fish, sugar and molasses, limestone, fertiliser, natural gas and electricity.

India, on the other hand, can export iron and steel, castings and forgings, auto components, plastic materials, agro-based raw materials like oilseeds, milk and intermediates for chemicals.

Official bilateral trade benefiting both countries," he said.

Citing an example, Dr Kumar said that Pakistan imports iron ore from Liberia and tea from Kenya despite it being available in ample quantities in India. "If we are accorded MFN status, Pakistan can import such commodities from India instead of sourcing it from far-off countries," he said.

Dr Kumar, however, is quick to add that the success of the endeavour would depend on the political climate. "The study group will at least require a year to submit its proposals. Actual implementation will depend on the political mood prevailing at that time," he said.

**HOTTING UP**

- ▶ Pakistan's commerce secretary Humayun Akhtar Khan arriving in New Delhi on February 22
- ▶ Joint study group, at its first meeting next week, will identify areas in which work should begin
- ▶ Proposed agreement would cover goods, services and investment
- ▶ Pakistan would have to accord MFN status to India if an agreement is to be signed
- ▶ Success of the endeavour would depend on political climate

A Businessworld COUNTRY REPORT | A two-way passage

India's gains from the trade deal will be not from trade itself, but from the way it can leverage the agreement

As a car gains momentum, it is necessary to shift to a higher gear quickly. Similarly, as India readies to sign the comprehensive economic cooperation agreement (CECA) — or what economists refer to as an FTA-plus treaty (where FTA is free trade agreement) — with Singapore, the country needs to be ready for a quick gear change.

Singapore's trade-to-GDP ratio is 300 per cent. That means more goods flow through Singapore than are actually produced there, which is natural

given that it is a trans-shipment hub of some importance. India's trade-to-GDP ratio is less than 30 per cent. "There is a worry, perhaps rightly so, in India that Singapore can be a point for trade deflection — that is, goods from some neighbouring (country) may use the lower duty route through Singapore to land in India," says Nagesh Kumar, director general, RIS, a research institute. This fear is unjustified and, perhaps, even unnecessary.

First, Singapore does have strict laws regarding this. Second, unlike an FTA where countries remove tariffs on a mutually agreed select set of goods, the CECA will look at trade in services, movement of natural persons and investment. It is not just about a trading arrangement.

Rightly so, because if the CECA were to be just about trade, then it is going to be a one-way street with Singapore getting most of the benefit. Singapore is one of the most open economies and imposes zero tariffs on most products. That means that even without an agree-

Wheels of the deal: trade highlights, 2003-04

Key Indian exports	Value	Key Indian imports	Value
Gems & jewellery	176.2	Electronic goods	814.3
Electronic goods	130.9	Transport equipment	264.3
Machinery & other imports	83.1	Organic chemicals	184.3

Figures in \$ million

Source: CME

Expert panel to identify and develop core projects needed Trade with Lanka nosedives to 4.85% in Apr-Sept 2004-05

The finance minister has done a tough balancing act in his Budget 2005-06. He has substantially increased the Plan Outlay (by 25.5%), put a heavy focus on infrastructure spending especially in rural areas, boosted health spending by 22%, raised agricultural credit by 30%, reduced custom duties, corporate tax

First, by creating employment and income in rural India, it is likely to increase demand for industrial goods. Second, development of infrastructure in rural areas will help in attracting investment and facilitate rural industrialisation, generating further jobs and incomes in that process.

Given the size of India's rural

perhaps there is need for a constant supply of viable projects. While there are glaring gaps in the supply and quality of infrastructure available in the country, there is need for creation of a body of professionals to identify and develop viable infrastructure projects that could be taken up for implementation by public

There are many proposals to strengthen the competitiveness of industry including a new scheme for SSI competitiveness, enhanced allocation for textile industry upgradation fund, cluster development, recast of sugar industry, incentives designed to make India a world leader in pharma and biotechnology with sup-

RAVI KRISHNAN  
New Delhi, March 27

After the initial euphoria following the free trade agreement (FTA), India's trade with Sri Lanka is slow-

**THE IMPACT**

- ▶ Petroleum products (20% share) export dips
- ▶ Increase FDI could mean lower exports
- ▶ Lankan market may have hit

total exports to Sri Lanka fell 20% to Rs 618.44 crore from Rs 782.2 crore in the comparable period last fiscal. "There is a feeling that saturation levels might have been reached for Indian exports. After all, Sri Lanka is a small market," opines another economist.

After the FTA was made operational in March 2000, Indian exports have been growing at a compounded annual growth rate of 30% to Rs 6,067 crore in 2003-04.

Another factor is the growing Indian direct investment in Sri Lanka. India is the third largest source for FDI in Sri Lanka, with \$450 million in investments (1978-2005), after the UK and Singapore. Indian majors like IOC, Ashok Leyland, and others have set up operations in Sri Lanka. This, according to trade watchers, translates into lesser exports from India and more imports from Sri Lanka, as companies have begun to cater to their south Indian markets via their Lankan operations.

"Investments are only bound to increase after Sri Lanka's recent trade pact with Pakistan. It will be cost-effective to route exports to Pakistan via Sri Lanka than Dubai," says the Icrier analysts.

"Also, with the comprehensive economic partnership agreement (CEPA), likely to be inked in June, trade in services is bound to increase," they add. As on date, services account for around 30% of India's and 20% of Sri Lanka's total

India pressing hard for Asean membership

Japan is lobbying for India; China & Malaysia are creating hurdles

AMITI SEN & HUMA SIDDIQUI  
New Delhi, March 8

India is making last-ditch efforts to become a part of the Asean+3 (China, Japan, Korea) trading bloc, which would formally come into existence next year. The 38th Asean ministerial meet in July will decide whether India

seeking support of Asean countries that are open to the idea of making India a part of the economic community, an official said.

The idea behind the Asean community is to establish a modified EU-style group of east Asian countries by 2020. Since India is not a part of any major trading bloc and east Asia is its largest trading part-

nership and Information System for non-aligned and other developing countries.

According to Dr Kumar, In-

gaged in bilateral and multilateral dialogues with the US, Russia, China, the EU and other countries in the Asia-

Since India is not a part of any major trading bloc and east Asia is its largest trading partner, being a part of the Asean economic community holds great attraction for it

# Important Visitors/Delegations Received

- H.E. Mr. Mun Song Mo, Ambassador of DPR Korea on January 6, 2005.
- Dr. Philippe Cullet, Lecturer in Law, School of Oriental and African Studies (SOAS), University of London on January 6, 2005.
- Mr. P.V. Ramanan, Chairman of Expert Group on Preferential Rules of Origin, Government of India, January 11, 2005.
- Dr. Balakrishna Pisupati, IUCN, Sri Lanka and Dr. S. R. Rao, OSD to Minister of Science and Technology, Government of India on January 13, 2005.
- Dr. Eija Pehu, The World Bank, Washington D.C., on January 13, 2005.
- Japanese Delegation consisting of Dr Hideki Esho, Professor, Hosei University, Japan; Dr Masanori Kondo, Associate Professor, International Christian University; and Mr Satoru Fujimoto, Senior Consultant, Global Strategy Consulting Cluster, Research and Consultancy Division, The Japan Research Institute, Limited. January 11, 2005.
- Dr Miltos Ladikas, Centre for Professional Ethics, University of Central Lancashire, Preston, UK on January 12, 2005.
- Dr. A. R. Sadananda, Emergent Genetics India Pvt. Ltd., Hyderabad on January 17, 2005.
- Dr Ramesh Chand, Principal Scientist (Economic), National Centre for Agricultural Economics and Policy Research, New Delhi on January 18, 2005.
- Mr P. Viswa Nathan, Contributing Writer, *Business World*, Manila, Philippines on January 19, 2005.
- Mr. Pawan Chopra, Former Secretary, Ministry of Information and Broadcasting, Government of India, January 19 and 22, 2005.
- Miss Tang Lu, Senior Editor, Xin Hua News Agency and Director of Asian-Pacific Sector, Xin Hua Centre for World Affairs Studies, Beijing, China on January 20, 2005.
- Dr. Bharat Ramaswami, Indian Statistical Institute, New Delhi on January 20, 2005.
- Ms. Marites Tiongco, Research Analyst, Markets, Trade, and Institutions, IFPRI, Washington, January 27, 2005
- Mr P. G. Mankand, former Finance Secretary, Government of India, on February 14, 2005.
- Shri Gurudas Das, Reader, Department of Economics, North Eastern University, Shilong on February 25, 2005.
- Miss Firoza Khan, research scholar, Uzbekistan on February 28, 2005.
- Amb. S. Narayanan, Administrative Staff College of India, Hyderabad, February 28, 2005.

- Professor V.N. Balasubramanyam, Professor of Development Economics, School of Management, Lancaster University, UK on March 4, 2005.
- Dr. Guido Ruivenkamp, Senior Lecturer (Universitair Hoofddocent), The Netherlands on March 8, 2005.
- Mr. Christopher Delgado, Senior Research Fellow, Markets, Trade, and Institutions, IFPRI-ILRI (International Livestock Research Institute), Washington, March 9, 2005.
- Prof. John McDermott, Deputy Director General, International Livestock Research Institute, Ethiopia, March 9, 2005.

- Dr. Buddhadeb Ghosh, Associate Scientist, Economic Research Unit, Indian Statistical Institute, Kolkata on March 14, 2005.
- Ambassador Lalit Mansingh, former Foreign Secretary, Government of India on March 15, 2005.
- Prof T. Nirmala Devi, Director Incharge, Centre for SAARC Studies, Andhra University, Visakhapatnam on March 17, 2005.
- Mr Koichi Mochizuki, Correspondent, *The Yamiuri News*, Japan on March 17, 2005.
- Ambassador K. Kesavapany, Director, ISEAS, Singapore on March 31, 2005.

## About the RIS

The Research and Information System for 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 a consultative status with UNCTAD, NAM and WTO Secretariat and has conducted policy research and other activities in collaboration with other agencies, including UN-ESCAP, UNCTAD, UNU, Group of 77, SAARC Secretariat, Asian Development Bank (ADB), The World Bank, and the South Centre.

RIS publication programme covers books, research monographs, discussion papers and policy briefs. It also publishes journals entitled *South Asia Economic Journal*, *Asian Biotechnology and Development Review*, and *New Asia Monitor* and *RIS Diary*.



*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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