



RIS Diary

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— Policy research to shape the international development agenda

Regional Conference on Deepening South Asia Economic Integration

RIS organized a Regional Conference on Deepening South Asian Economic Integration in collaboration with Federation of Indian Chambers of Commerce and Industry (FICCI) and the SAARC Chamber of Commerce and Industry in New Delhi on 24 July 2008. The objective of the Conference was to have a discussion on the relevance and challenges for regional economic integration in South Asia by engaging leading members of the think-tanks, business circles, media and civil society at large in the context of the forthcoming SAARC Summit. RIS has a tradition of organizing such pre-Summit event before the SAARC Summits to create an awareness on the agenda of the Summit.

Mr. Pranab Mukherjee, Hon'ble Minister for External Affairs inaugurated the Conference. He launched the latest RIS publication *South Asia Development and Cooperation Report 2008*. Dr. Arjun Sengupta, M.P. and Chairman, RIS Chaired the session. Dr. Nagesh Kumar, Director-General, RIS presented the highlights of the *Report*. Mr. Rajeev Chandrasekhar, M.P.



(From left): Dr. Nagesh Kumar, Director-General, RIS; Mr. Tariq Sayeed, President, SAARC Chamber of Commerce and Industry (SCCI); Dr. Arjun Sengupta, M.P. and Chairman, RIS; Mr. Pranab Mukherjee, Hon'ble Minister for External Affairs; and Mr. Rajeev Chandrasekhar, M.P. and President, FICCI at the inaugural session of the Conference.

and President, FICCI, and Mr. Tariq Sayeed, President, SAARC Chamber of Commerce and Industry (SCCI) also addressed the inaugural session. The launch of the *Report* was followed by intensive discussion.

The first session on a High-Level Forum on Vision for South Asian Cooperation and Development was moderated by

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Conference on Emerging Asian Regionalism: ASEAN-India FTA and Beyond



(From right): Dr. Srinivasa Madhur, Director, OREI, ADB, Manila; Dr. Jairam Ramesh, Hon'ble Minister of State for Commerce and Power; Dr. M. Kawai, Dean, ADB Institute, Tokyo; and Dr. Nagesh Kumar, Director-General, RIS

RIS, jointly with the Asian Development Bank (ABD), Manila, organized the Conference on Emerging Asian Regionalism: ASEAN-India FTA and Beyond in New Delhi on 29 September 2008. Dr. Jairam Ramesh, Hon'ble Minister of

State for Commerce and Power, delivered the inaugural address and also launched ABD's Report *Emerging Asian Regionalism*. The programme began with opening remarks by Dr. Nagesh Kumar, Director-General, RIS.

Dr. M. Kawai Dean, ADB Institute, Tokyo also addressed the gathering.

The working session on Broader Asian Regionalism: India's Role was chaired by Ambassador Arjun Asrani, Chairman, India-Japan Partnership Forum. It had three panelists viz. by Dr. Srinivasa Madhur, Director, OREI, ADB, Manila; Dr. Ramgopal Agarwala, Senior Advisor, RIS and Dr. Nagesh Kumar.

Ambassador S. T. Devare, former Secretary, Ministry of External Affairs, chaired the second working session on the Implications of India-ASEAN FTA for Emerging Regionalism. The panelists were Mr. P.K. Dash, Joint Secretary, Department of Commerce; Dr. Jayanta Roy, Principal Adviser, CII; and Prof. Tran Van Hoa of the Victoria University, Melbourne.

A large number of participants from business, industry, academic, and government circles participated in the open discussion that followed the panel discussions.

Climate Change, Technology Transfer, Intellectual Property Rights

The critical importance of technology development, transfer and diffusion of climate friendly technologies to developing countries has been acknowledged and the Bali Conference also affirmed this. Both Kyoto Protocol and the UNFCCC have similarly emphasized on the need for technology transfer to developing countries. In that context, RIS has launched a study on the transfer and development of environmentally sound technologies building on the earlier work done at RIS on technology transfer and IPR issues. In this study we examine various issues like the trends in patenting in selected technologies, role of IPRs in technology transfer, the possibilities for technology transfer under TRIPS and the limitations of using TRIPS to facilitate technology transfer, in-depth study of IPR issues in selected technologies and the North-South divide in technology transfer. The output from this research will be published as, *inter alia*, policy briefs, and discussion papers to contribute to the policy debate on the subject.

The United Nations Department of Economic and Social Affairs has invited RIS to participate in the Beijing High-Level Conference on Climate Change: Technology Development and Transfer to be held in November 2008 and contribute to its background document. A presentation was made at the preparatory meeting for the conference held in Beijing in September 2008

Since the issue is of importance to developing nations, the research will take into account the needs and demands made by developing nations at various fora. Two sectors, bio-fuels and climate tolerant/resistant crops which are of critical importance to developing countries will be studied in-depth to understand the role of IPRs in technology development and transfer. Further, the debates at various fora, leading to the meeting at Copenhagen in December 2009 will be taken into account to understand the direction of the debate and the positions taken by different countries. For further details please contact: ravisrinivas@ris.org.in

Alternative Patent Regime for Ensuring Public Health and Innovation

The limitations of existing international IPR regime have become obvious in the wake of a series of public health emergencies, most notably the AIDS crisis, which pits the vital needs of poor patients against the need of pharmaceutical companies to recoup their investments in research and development.

Amending the current system represents one of the major 21st century challenges, namely delivering reasonably priced health care to patients around the world. In context of this, RIS recently launched an EU funded research study on alternative patent regime. The project seeks to develop a plan for amending the current IPR regime (being called P-2) for rewarding pharmaceutical innovations without compromising the interests of the poor patients.

The project is supported under the European Commission's Seventh Framework Programme for Science and Society. The project has representation of institutions from Asia, Europe and the US. Apart from RIS from Asia, there are two more institutions from China (National Research Centre for Science and Technology for Development, Beijing) and the Philippines (National University of the Philippines). The institutions from Europe include University of Central Lancashire, UK, Assistance Publique-Hôpitaux de Paris, Centre d'éthique clinique at Hôpital Cochin, Paris and Wageningen University, the Netherlands. In order to forge a policy consensus, the project has some of the most influential social philosophers and economists associated with the project. They include Joseph Stiglitz, Peter Singer, University of Melbourne, Prof. Arjun Sengupta and Thomas Pogge (Yale University). For further details, please contact: sachin@ris.org.in

The Impact of Information Technology (IT) in Trade Facilitation on Small and Medium Enterprises (SME) in India

In all the discussions related to trade facilitation (TF), it is generally assumed that TF incorporates various IT related measures. The idea is that IT would expedite the clearance and release of goods including the goods in transit. However, not all the stakeholders in the trade sector have equal access to the various options TF has provided due to high cost of IT facilities. Though various governments in different developing countries have launched various initiatives for minimizing digital divide, however, there are not many studies which have looked into these various measures. In this context RIS has launched a study on impact of IT related trade facilitation measures on Small and Medium Enterprises (SMEs), in collaboration with Asia-Pacific Research and Training Network on Trade (ARTNeT) – UN ESCAP. The title of the

study is, "The Impact of Information Technology (IT) in Trade Facilitation on Small and Medium Enterprises (SME) in India".

The study would review relevant national-level studies and reports and secondary data that may be available along with pooling of information relevant to IT trade facilitation system with regards to access and use of IT systems and any measures in place to assess their impact on particular groups of traders (e.g, SMEs). The study would undertake an in-depth case study of one (or a few) relevant SME traders, including for the purpose of developing and testing a survey instrument, a small survey of a representative set of establishments which are cargo declarants will be administered (the universe of the sample establishments could be the completely processed cargo declarations and released; and could be within a particular sector/product category so as to increase the credibility of the survey results given small sample size) on the impact of IT trade facilitation systems on their business development and participation in international trade. For further details, please contact: sachin@ris.org.in

Notes prepared for the Government of India:

- A Note on the Track-II Study Group on CEPEA was sent to the Ministry of External Affairs and the Department of Commerce on 18 July 2008.
- A Note on Energy and Food Security prepared in the context of the IBSA Summit held in New Delhi was sent to the Ministry of External Affairs on 28 July 2008.
- Report on the Study Group on CEPEA along with executive summary of the Study Group Report was sent to the Ministry of External Affairs on 21 August 2008.
- A Note on Comprehensive Economic Partnership Arrangement for East Asia (CEPEA) and Comments on CEPEA vis-à-vis East Asian FTA (EAFTA in ASEAN+3 Framework) Proposal were made available to the Department of Commerce on 22 August 2008 in preparation of the Economic Ministers Meeting of EAS.
- A policy note on Emerging Aid Architecture: Tightening the Conditionalities? was sent to the Ministry of External Affairs on 1 September 2008 as an input for the Third High-Level Forum on Aid Effectiveness.

Seminar on the Doha Round on Trade Negotiations: Challenges and Prospects

The ongoing Doha Round of Negotiations have again hit a road block with the collapse of WTO Mini-Ministerial meeting in Geneva in July 2008. Even though the Round was launched in 2001 as a 'Development Round' to address the concerns of the developing countries, the latest collapse tends to strengthen the popular impression that the developed countries see this round not differently from the previous Rounds and are not willing to accommodate the livelihood concerns of poor farmers in developing countries.

Against that background, RIS organized a Seminar on 13 August 2008 to discuss the key negotiating positions of developed and developing countries, the emerging areas of convergence and challenges remaining to be addressed in the Round and the future prospects.

Dr. Arjun Sengupta, M.P. and Chairman, RIS Chaired the Seminar. The seminar began with opening remarks by Dr. Nagesh Kumar, Director-General, RIS. Shri Gopal K. Pillai, Commerce Secretary, Government



(From left): Prof. Muchkund Dubey, President CSD; Shri Gopal K. Pillai, Commerce Secretary, Government of India; Dr. Arjun Sengupta, M.P. and Chairman, RIS; Dr. Anwarul Hoda, Member, Planning Commission; and Dr. Nagesh Kumar, Director-General, RIS, at the seminar.

of India, who led the team of Indian negotiators in Geneva, initiated the discussion at the Seminar. Dr. Anwarul Hoda, Member, Planning Commission and

Professor Muchkund Dubey also addressed the participants. A large number of participants took part in the open discussion which followed.

RIS Session at WTO Public Forum: Trade and Development Policy for the 21st Century – Towards a Southern Consensus



(From left): H.E. Ambassador of South Africa at WTO, Mr. Faizal Ismail; Dr. Nagesh Kumar, Director-General, RIS; Dr. Mehdi Shafaeddin, IRENE; and Dr. Kevin Gallagher of GDAE and Boston University, USA, at the RIS session.

RIS, jointly with Global Development and Environment Institute (GDAE); Tufts University, Medford, MA, USA; and Research Centre for Economic Change

(CENIT), Argentina organized a special session on Trade and Development Policy for the 21st Century: Towards a Southern Consensus at the WTO Public Forum on

Trading into Future in Geneva on 25 September 2008.

The objective of this session was to discuss the policy challenges for building productive capacities in developing countries, how to make trade rules consistent with the development policies and to come up lessons for future trade negotiations from a development perspective. The session was aimed to contribute to an informed debate on emerging trade rules consistent with the development policies and come up with policy lesson to maximize their consistency.

Dr. Nagesh Kumar, Director-General, RIS moderated the discussion. The distinguished panelists included Mr. Faizel Ismail, Head of the South African Delegation to the WTO, Geneva; Dr. Kevin Gallagher of GDAE; and the presentations and all audio recording of the session is available at RIS website. Dr. Mehdi Shafaeddin, IRENE, Universite de Neuchatel, Switzerland.

This was followed by open discussion. The discussion on the panelists' presentations was initiated by Dr. Sam Laird, formerly of UNCTAD and Dr. Sheila Page of Overseas Development Institute, London, among other participants.

Contributions to Outside Policy Dialogues

Dr. Nagesh Kumar, Director-General

- Appointed by the Government of India as part-time non-official Director on the Board of Directors of the Export Import Bank of India. Participated in the Meeting of the Board held in Mumbai on 18 July 2008.
- Delivered a Keynote Address at the Seminar-cum-Workshop on Management of Investment and Organizational Growth: Emerging Concerns, organized by the Indian Society for Training and Development in New Delhi on 18 August 2008.
- Delivered a lecture on Potential, Prospects and Progress Towards Regional Economic Integration in Asia to visiting Japanese delegation at JNU, New Delhi on 23 August 2008.
- Delivered a lecture on Asian Economic Integration: Potential and Challenges at the programme for foreign diplomats, organized by the FSI, New Delhi on 3 September 2008.
- Launched UNCTAD's *Trade and Development Report, 2008*, at the UN Information Centre, New Delhi on 4 September 2008.
- Made a key presentation at the Seminar on India-Brazil-South Africa Cooperation: Challenges and Opportunities, held during the Second Meeting of the IBSA Diplomatic Institutes, organized by the FSI, New Delhi on 16 September 2008.
- Held a Meeting of Steering Committee of the RIS/GDAE/CENIT Project on inclusive Globalization: Towards a Southern Consensus in Geneva on 24 September 2008.

Dr. Rajesh Mehta, Senior Fellow

- Participated in the third meeting of the Australia-India Joint Study Group (JSG) on the Feasibility of a Free Trade Agreement (FTA), held in the Ministry of Commerce and Industry on 11-12 August 2008.
- Panelist at a Workshop on Convergence Towards Regional Integration between the EU and India-Implications for Trade between India and UK, in Textile Export Section, organized by ICRIER and University of Wales, in New Delhi on 22 August 2008.
- Participated in the panel discussion on Reforming Indian Agriculture book released by Dr. Montek Singh Ahluwalia, organized by M/s Sage Publications India Pvt Ltd, New Delhi on 25 August 2008.

- Made presentations on Non-Agricultural Market Access (NAMA) and Regional Trade Agreements (RTA) at the IEG Training Course for IES Officers held in New Delhi on 8 September 2008.

Dr. Sachin Chaturvedi, Fellow

- Made a presentation on Development Impact of IT in Trade Facilitation: An Overview of Indian Experience at the ARTNeT Research Team Meeting - Impact of IT-based Trade Facilitation Measures on Inclusive Development held on 29-30 July 2008 in Bangkok.
- Made a presentation on US-India Bilateral Trade and SPS Regulatory Regime: An Indian Perspective, at the 2nd Workshop India-US SPS Agricultural Knowledge Initiative (AKI), organized by NBPGR, New Delhi on 23 July 2008.
- Made a presentation on Biosafety and Trade Related Issues, at the second ITEC Training Programme on Applications of Biotechnology and its Regulation, TERI, New Delhi on 20 August 2008.
- Made a presentation on TRIPs and Public Health, at the First Innova Workshop on 27 August 2008 in Oslo.

Dr. Ram Upendra Das, Fellow

- Participated in Government of India Expert Group Meeting on Preferential Rules of origin held in New Delhi on 21 July 2008.
- Participated in the Meeting on India-Indonesia Joint Study Group on CECA held in Batam, Indonesia on 24-25 July, 2008.
- Participated in the Meeting of India-Australia Joint Study Group on CECA, held in the Ministry of Commerce and Industry, New Delhi on 11-12 August 2008.
- Delivered a Lecture on India-ASEAN Economic Cooperation to Foreign Diplomats at the FSI in New Delhi on 14 August 2008.
- Participated on behalf of the Government of India at the 3rd ACD High Level Study Group Meeting held in Astana, Kazakhstan, on 18-19 August 2008.
- Made a presentation on the Prospects of Trade and Economic Cooperation between India and Pakistan at the International Seminar, organized by Islamabad Policy Research Institute, Islamabad, Pakistan on 25-26 August 2008.

- Participated in the Meetings for India-New Zealand JSG on CECA, held in Ministry of Commerce & Industry, in New Delhi, on 4-5 August, 25 August, 8 September, 11 September and 23 September 2008.

- Participated as a Discussant in the Conference on Multilateralizing Regionalism, organized by ADBI, Tokyo and The Graduate Institute, Geneva on 18-19 September 2008 in Tokyo.
- Delivered a lecture to DGFT Officers of the Government of India on the Rule of Origin, at IIFT, on 24 September 2008.

Dr. Prabir De, Fellow

- Presented a paper on "Restoring Asian Silk Route: Towards a Vision of Borderless Asia", at the international conference on Southern Silk Route: Historical Links and Contemporary Convergence, organized by Centre for South and Southeast Asian Studies, University of Calcutta, Kolkata; India-China Institute, New York; and Observer Research Foundation, New Delhi, held at Kolkata, in 2-4 August 2008.
- Participated in the Regional Network Meeting of Economic Research Institute of ASEAN and East Asia (ERIA), held at Bangkok on 9 August 2008.
- Delivered a lecture on Development of Infrastructure in India: Progress and Prospects, at the special course for foreign diplomats, organized by Foreign Service Institute (FSI), New Delhi on 18 August 2008.
- Presented a paper on Enhancing Asia's Trade: Transportation Costs Matter, at the Regional Expert Group Meeting on Trade and Transport Facilitation for Export Competitiveness, held at Yangzhou, China, organized by UNESCAP, Bangkok on 25-26 September 2008.

Dr. K. Ravi Srinivas, Associate Fellow

- Participated in the Meeting on WIPO-ICMR Project on IP Management in Health R&D in India, organized by WIPO and ICMR in DGHS, New Delhi on 28 August 2008.
- Participated in the Meeting on Implications of IMPACT Definition on Counterfeit Drugs, organized by CENTAD in New Delhi on 18 September, 2008.
- Made a presentation at the Preparatory Meeting for the High-Level Conference on Climate Change and Transfer of Technology, held in Beijing on 8-9 September, 2008.

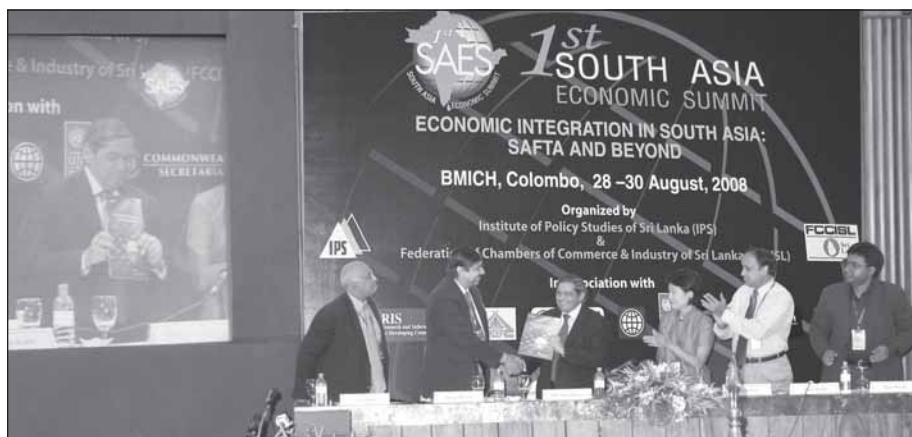
First South Asia Economic Summit on Economic Integration in South Asia and Launching of RIS' SADCRCR 08

The first South Asia Economic Summit on Economic Integration in South Asia: SAFTA and Beyond was held in Colombo on 28-30 August 2008. This Summit was organized by the Institute of Policy Studies of Sri Lanka (IPS) and Federation of Chamber of Commerce and Industry of Sri Lanka (FCCI) in collaboration with RIS, India; South Asia Centre for Policy Studies (SACEPS); South Asia Watch on Trade, Economics & Environment (SAWTEE); The World Bank; UNDP Regional Centre in Colombo (UNDP-RCC); Commonwealth Secretariat (CS); and Asian Development Bank.

From RIS, Dr. Nagesh Kumar, Director-General, RIS, Dr. Ram Upendra Das, Fellow, RIS; and Dr. Prabir De, Fellow, RIS participated in the summit.

The summit was inaugurated by Hon. Rohitha Bogollagama, Minister of Foreign Affairs of Sri Lanka. The inaugural session was also addressed by Dr. Nagesh Kumar, among representatives of collaborating organizations. From RIS, key presentations were made by Dr. Nagesh Kumar on Investment Cooperation in South Asia, on Trade in Services in South Asia by Dr. Ram Upendra Das, and on transport and connectivity by Dr. Prabir De.

The RIS' *South Asia Development & Cooperation Report: 2008* was launched at the summit on 29 August 2008 at a session chaired by Dr. Naoko Ishii, Country Director of Sri



(From left): The High Commissioner of India in Colombo, Mr. Alok Prasad launching RIS' South Asia Development and Cooperation Report 2008 in Colombo on 29 August 2008. Also seen in the picture are [from right] Dr. Selim Raihan of Dhaka University; Dr. Sadiq Ahmed of the World Bank; Dr. Naoko Ishii, Country Director, the World Bank; Dr. Nagesh Kumar, Director-General, RIS; and Dr. Izaj Ghani of the World Bank.

Lanka of World Bank. Dr. Nagesh Kumar, Director General, RIS made the presentation on the highlights of the *Report*. Dr. Selim Raihan, Executive Director, SANEM was the commentator. The Chief Guest H.E. Dr. Alok Prasad, High Commissioner of India in Sri Lanka launched the *Report* and delivered the special address.

The Session on the outcomes and follow-up was chaired by Dr. Rehman Sobhan,

Chairman, CPD. Dr. Ejaz Ghani, Economic Advisor, South Asia PREM, World Bank; Dr. Saman Kelegama, Executive Director, IPS; and Dr. Nagesh Kumar, Director General, RIS addressed the concluding session. The documentation and presentations made at the summit are available at the RIS as well as IPS websites. It was decided to organize the second Economic summit in India to be hosted by RIS in 2009.

Seminar on India-East Asia Economic Cooperation: The Case of Logistics Network



(From right): Dr. Nagesh Kumar, Director-General, RIS; Prof. Brij Tankha, University of Delhi; Ambassador A.N. Ram, former Secretary, MEA; Prof. Suo Kojima, School of Asia 21, Kokushikan University, Tokyo; and Dr. Prabir De, Fellow, RIS.

As a part of the Look East Policy, India has been deepening her economic integration with East Asian countries. A key factor in facilitating trade is the connectivity and logistics infrastructure. In that context, RIS, jointly with the Institute of Chinese Studies (ICS) organized a Seminar on India-East Asia Economic Cooperation: The Case of Logistics Network on 18 September 2008.

Ambassador A.N. Ram, former Secretary, Ministry of External Affairs Chaired the Seminar. Professor Suo Kojima, School of Asia 21, Kokushikan University, Tokyo and Dr. Prabir De, Fellow, RIS made the key presentations. Their presentations were followed by the open discussion by the participants.

Seminar on Pricing to Market in Indian Exports: The Role of Market Heterogeneity and Product Differentiation

RIS organized a Seminar on Pricing to Market in Indian Exports: The Role of Market Heterogeneity and Product Differentiation on 17 July 2008.

Dr. Sushanta Mallick, Senior Lecturer in International Finance, School of Business and Management, Queen Mary, University of London made the key presentation on Pricing to Market in Indian Exports: The Role of Market Heterogeneity and Product Differentiation.

Dr. Sushanta Mallick's presentation was followed by open discussion. A large number of participants took part in the open discussion.

Policy Brief

37 Emerging Aid Architecture: Tightening the Conditionalties?

The policy brief was prepared on the eve of the Third High Level Forum (HLF-3) on Aid Effectiveness held in September 2008 in Accra. There are many developments in the aid architecture including the adoption of the Paris Declaration in 2005 and emergence of United Nation's Development Cooperation Forum (DCF). The DCF raises many expectations, largely in terms of evolving a broader consensus for a global strategy for addressing global challenges. There is a hope that this UN forum will be committed to make the development agenda more inclusive by bringing in trilateral cooperation at the centre stage and by making aid flows to be more efficient, responsible and development friendly. There is also an urgent need to shift the focus from Accra to Doha where a World Conference on Financing for Development (FfD) is scheduled to take place towards the end of 2008. Being the UN forum it may provide far more space to aspirations and expectations of the developing world for ensuring accountability while resources are channelised for economic development. However, the opportunity at Accra should be used to let the debate remain open on aid effectiveness and facilitate discussions without losing the spirit of Paris Declaration.



Discussion Papers

#141 Rediscovering the Role of Developing Countries in GATT before the Doha Round by Faizel Ismail

Developing countries have been characterized as having played an essentially defensive role in the GATT, unwilling to make tariff concessions, and have focused almost exclusively on securing Special and Differential Treatment concessions. These three perspectives have become part of the conventional wisdom in the academic literature on the GATT. The paper argues that the conventional argument is not an accurate description of the role of developing countries in the ITO and the GATT.

#142 Transportation Cost and Trade Competitiveness: Empirical Evidence from India by Prabir De and Bhisma Rout

India has been witnessing a sharp rise in merchandise trade and showing greater trade interdependence on a large variety of goods, particularly in intermediate and capital goods. However, higher transportation costs continue to impede India's trade. Costlier transportation prohibits trade in India and taxes the trade in the way tariff does. This paper provides sufficient evidence to ascertain that variations in ad-valorem transportation costs strongly influence trade flows in India. Another conclusion of this paper is that transportation cost is relatively more important than tariff in enhancing India's merchandise trade. Reduction in transportation costs should therefore get utmost priority while formulating policy for India's infrastructure development and trade facilitation since the fall in transportation costs, as an outcome of improved infrastructure, will stimulate trade. The challenge for India is thus to identify improvements in trade facilitation, logistics services and related infrastructure that can be achieved in the short-to-medium term and that would have a significant impact on trade competitiveness of India.

#143 Changing Economic Power by Manmohan Agarwal

The paper finds that economic performance of most regions of the world economy except Asia, both East and South, has suffered since the 1973-74 price rise. China and India have been the fastest growing economies, and have been growing faster than the other emerging economies, Brazil, Mexico, Russia and S. Africa. Continuation of these trends is likely to result in the emerging economies accounting for a much larger share of the world's GDP than they do currently. The largest part of this increase would be because of China's performance with India also contributing a significant portion. The increase in the shares of the other economies would be more limited. While China and would significantly narrow the gap in the size of their GDP with that of the US they would continue to lag substantially behind the US in per capita income. It is therefore essential that these economies continue to grow rapidly even beyond the period of analysis here for per capita incomes of these economies to catch up with that in the US.

#144 Exchange Rate Pass-through in India's Exports to Developed and Emerging Markets by Sushanta Mallick and Helena Marques

This paper studies the pricing to market (PTM) behaviour of Indian exporters during the economic reforms period (1992-2005). A PTM model has been estimated using panel data at the four-digit level of classification for the G3 and three emerging markets (Brazil, China and South Africa), distinguishing also homogeneous from differentiated goods. Overall, we observe that there is clear evidence of incomplete exchange rate pass-through (ERPT) to buyers' currency prices. This degree of ERPT is net of changes in the level of protection faced by India's exporters (import tariffs in destination markets), inflation and openness in the export destination market, a macroeconomic policy index partly

reflecting changes in exporter's costs, the share of the exporter in the destination market and the share of the product in the exporter's total exports. When distinguishing between G3 and emerging markets, the empirical results indicate that Indian firms do practice PTM and have some pricing power in G3 markets, but they fully pass-through the exchange rate changes in emerging markets. On the contrary, Indian exporters seem to be taking advantage of trade liberalisation in destination markets by marginally increasing the exporter currency prices into emerging markets but not into the G3. We also find a similar impact of trade liberalisation in the case of differentiated goods.

#145 South-South and Triangular Cooperation in Asia-Pacific: Towards a New Paradigm in Development Cooperation by Nagesh Kumar

SSC and TDC in Asia-Pacific have grown in importance over the past decades with the rising complementarities and emergence of growth poles in the region and due to attention paid by the governments to regional economic cooperation. Asian emerging countries have been cooperating with their partner countries within and outside the region primarily through sharing of development experiences, cooperation projects, capacity building, technical assistance, but increasingly also including subsidized lines of credit and grants, preferential market access on unilateral and reciprocal basis. Against that background, this paper reviews the relevance of SSC and TDC and the emerging trends and patterns in Asian context. It then discusses the policy challenges for exploiting the full potential of SSC and TDC and enhancing their effectiveness.

Journals

● South Asia Economic Journal, Vol. 9, No. 1, January-June 2008.

Contents: *Impact of the Indo-Sri Lanka Free Trade Agreement on the Sri Lankan Economy: A Computable General Equilibrium Analysis* by M.S.S. Perera; *Pro-Poor Growth in Pakistan: An Assessment Over the Past Four Decades* by Muhammad Omer and Sarah Jafri; *Relationship between Exchange Rate Volatility and Central Bank Intervention: An Empirical Analysis for India* by Harendra Behera, Vathsala Narasimhan and K.N. Murty; *Analysis of the Growth of Manufacturing Industries in Bangladesh* by Sumonkanti Das, Md. Zizul Baten, Md. Masud Rana and Md. Abdul Kheleque; *Does Financial Development Cause Economic Growth? The Case of India* by Indrani Chakraborty; *Financial Development and Textile Sector Competitiveness: A Case Study BSE and NSE* by P.R. Madhusoodanan and Hareesh V. Kumar; *Regional Energy Trade in South Asia: Problems and Prospects* by Kamal Raj Dhungel; and *Some Methodological Aspects of Rates Growth Computations: Limitations and Alternatives* by Amarjit Singh Sethi. **Book Reviews and Document**

● New Asia Monitor, Vol.5, Nos.2 & 3, July 2008.

Outside Publications of the RIS Faculty Members

Research Papers

De, Prabir. 2008. "Reassessing Transaction Costs of Trade at the India-Bangladesh Border", *Economic and Political Weekly*, Vol. 43, No. 29, pp. 69- 79

De, Prabir (co-author). 2008. "Barriers to Trade in Higher Education Services in the Era of Globalization", *Economic and Political Weekly*, Vol. 43, No. 35, pp. 51-60.

Kumar, Nagesh. 2008. "India's Economic Engagement with East Asia: Trends and Prospects" in *Rising India and Indian Communities in East Asia* by K. Kesavapany et al (eds). Singapore: Institute of Southeast Asian Studies.

Kumar, Nagesh. 2008. "FDI Development-India Experience in Global Comparative Perspective" in *Indian Industrial Development and Globalisation – Essays in Honour of Professor S.K. Goyal* by S.R. Hashim et al. (eds), New Delhi: Academic Foundation.

Kumar, Nagesh and Alka Chadha. 2008. India's Outward Foreign Direct Investments in Steel Industry in a Chinese Comparative Perspective. *Working Paper Series #2008-053*. United Nations University-Merit, Maastricht.

Srinivas, Ravi. K. 2008. "Industrial Applicability/Utility"; "Therapeutic, Surgical and Diagnostic Methods"; "Substances Occurring in Nature" and "Product-by-Process Claims" in *A Guide to Pharmaceutical Patents*, Vol. I and Vol. II by Carlos M. Correa (ed.). Geneva: South Centre.

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Mr. Pranab Mukherjee, Hon'ble Minister for External Affairs; and Dr. Arjun Sengupta, M.P. and Chairman, RIS launching RIS' South Asia Development and Cooperation Report 2008 at the Regional Conference on Deepening South Asia Economic Integration, organized by RIS, FICCI and the SAARC Chamber of Commerce and Industry in New Delhi on 24 July 2008.

Dr. Arjun Sengupta. The distinguished panelists were: Professor Muchkund Dubey, President, CSD; Dr. Kamal Hossain, former Minister of Foreign Affairs, Bangladesh; Mr. Nihal Rodrigo, Advisor to President of Sri Lanka and former SAARC Secretary-General, Sri Lanka; Dr. Bekh Bahadur Thapa, former Minister of Foreign Affairs, Nepal; Mr. Sultan Chawla, Life Member, SCCI and Chairman, Research and Development Committee, Federation of Pakistan Chambers of Commerce and Industry. This was followed by open discussion.

The second session on Deepening South Asian Economic Cooperation: Business Opportunities and Challenges was chaired by Dr. Saman Kelegama, Executive Director,

Institute of Policy Studies, Sri Lanka. It had presentations by Dr. Ram Upendra Das, Fellow, RIS; Mr. Rajeev Kher, Joint Secretary, Ministry of Commerce and Industry; Mr. M.K. Saharia, Executive Committee Member of SAARC Chamber of Commerce and Industry; and Mr J.K. Jain, Joint Managing Director, LMJ International Limited. It was followed by open discussion.

Dr. Bekh Bahadur Thapa, former Minister of Foreign Affairs, Nepal chaired the third session on Exploiting Potential of Regional Cooperation: Issues in Physical Connectivity and Other Areas of Cooperation. Dr. Prabir De, Fellow, RIS; Dr. Kheya Bhattacharya, Joint Secretary, Ministry of External Affairs; Mr. Abdul Haque, Director, Federation of Bangladesh Chambers of Commerce and Industry; Mr. S.K. Aggrawal,

Director, Vimal Organics Limited; and Mr. Suraj Vaidya, Vice President, SAARC Chamber of Commerce and Industry, Nepal were the Panelists.

The Valedictory Session was chaired by Dr. Kamal Hossain, former Minister of Foreign Affairs, Bangladesh. Dr. Saman Kelegama, Executive Director, Institute of Policy Studies, Sri Lanka presented the highlights of the day's discussion. Dr. Jairam Ramesh, Hon'ble Minister of State for Commerce and Power delivered the valedictory address. At the end, Dr. Nagesh Kumar, Director-General, RIS extended the vote of thanks.

A large number of participants from academic, business, industry, government and media circles had attended the conference and participated in the discussion.



(From right): Dr. Saman Kelegama, Executive Director, Institute of Policy Studies, Sri Lanka; Dr. Jairam Ramesh, Hon'ble Minister of State for Commerce and Power; Dr. Kamal Hossain, former Minister of Foreign Affairs, Bangladesh; H.E. Dr. Sheel Kant Sharma, Secretary-General, SAARC; and Dr. Nagesh Kumar, Director-General, RIS at the valedictory session of the conference.

Important Visitors/Delegations Received

- Professor Arne Melchior, Oslo, Norway, on 4 July 2008.
- Mr. Sheel Kant Sharma, Secretary-General, SAARC, Kathmandu on 5 July 2008.
- Mr. Prashant Jha, Contributing Editor, *Himal*, Nepal on 8 July 2008.
- Mr. Mark Ryan, First Secretary (Economic), Australian High Commission, New Delhi on 9 July 2008.
- Prof. K.L. Krishna, former Director, Delhi School of Economics on 12 September 2008.
- Dr. Kamal Malhotra, Senior Adviser and Cluster Leader, UNDP, New York on 12 September 2008.
- Ms. Amita Sarkar and Mr. Manish Mohan, FICCI, New Delhi on 10 July 2008.
- Prof. Suo Kojima, School of Asia 21, Kokusikan University, Tokyo on 28 July 2008.
- Prof. Saman Kelegama, Executive Director, IPS, Colombo on 14 August 2008.
- Ms. Puja Mehra, Assistant Editor, *Businessworld* on 20 August 2008.

- Dr. Farooq Sobhan, President, Bangladesh Enterprise Institute, Dhaka on 1 September 2008.
- Dr. Ejaj Ghani, Adviser, South Asia, World Bank, Washington, DC. on 2 September 2008.
- Dr. Amrita Narlikar, University Lecturer in International Studies, Centre for International Studies, University of Cambridge, United Kingdom on 19 September 2008.

- Dr. Sabi Mitra, ADB on 25 September 2008.
- Prof. Tran Van Hoa, Research Professor, Centre for Strategic Economic Studies (CSES), and Director, Vietnam and ASEAN Plus Research Program, CSES, Victoria University, Australia, on 30 September 2008.
- Mr. Saurabh Mishra, The World Bank on 30 October 2008.

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