



## Asian Cooperation for World Knowledge Platform

Dr. A.P. J. Abdul Kalam, Hon'ble President of India

Our great countries India and Singapore have long standing traditional ties for centuries in trade, commerce and mutual knowledge sharing and transfer. Knowledge and skills empower individuals, institutions, companies thereby empowering the society and the nation at large. Both the countries are now marching towards a strong economy in our region.

The world has a few developed countries and many developing countries. Developed countries have to market their products in a competitive way to other countries to remain as a developed country. The developing countries too have to market their products to other countries in a competitive way to get transformed into a developed country. Competitiveness is the common driving factor between the two types of nations. It has three dimensions: quality of the product, cost effectiveness and availability of the product just-in-time in the market. Indeed, this dynamics of competitiveness in marketing of products by developing and developed countries is the "Law of Development." There is a relationship between the core competence and the competitiveness of the country. Global competitiveness for any nation is indeed a big challenge. For achieving such a competitive edge for a nation, it is essential to have a vision.

A national society captures the main occupation of its people. History of mankind records multiple societies in every nation starting from agricultural society, industrial society and information society leading to knowledge society. The uniqueness of knowledge society is enriching the information society with innovation and value addition of products. The knowledge also enables value addition to the other three societies. In knowledge society, knowledge is the primary production resource instead of capital or labour.

Knowledge can create a comprehensive wealth for the nation and also improve the quality of life, in the form of better health,

### Feature Article

education, infrastructure, and other societal needs. The ability to create and maintain a knowledge society infrastructure, develop the knowledge workers, and enhance their productivity through the creation, growth, and utilization of new knowledge will be the key factor in deciding the prosperity of this knowledge society.

I am visiting Singapore, Philippines and Korea. All the three nations along with India can have a common vision to use knowledge as a vehicle to propel them to become leading economies of the world. In the knowledge economy, networking between partners boosts the power of all participating partners. In other words, if these four nations, join to work as networked knowledge partners, our combined strength will not be just that of 4 nations but it would be four squared ( $4^2$ ), or 16. This is because knowledge multiplies when added. Hence, as part of the vision of our four nations becoming leading economies of the new world order, I propose the first mission to create a 'World Knowledge Platform' to facilitate knowledge creation, knowledge dissemination, knowledge sharing and knowledge reuse leading to coordinated design and delivery of complex systems in the knowledge domain. These systems would be directed towards those that improve the quality of life of our people and at the same time would reach the world market and improve our nation's wealth. In short, the Knowledge Platform would be launch pad for many innovations that are waiting to be unearthed only by the combined power of all the four nations. In essence, the World Knowledge Platform is indeed an integrated capability of multiple core competence of partner countries.

We may form initially an Asian consortium for the vertical missions of the World Knowledge Platform in the field of tele-education, tele-medicine and e-governance for global business opportunities among the nations, with the public, private partnership. These missions with the India and Singapore Comprehensive Economic Cooperation Agreement will have to be carried out using the Knowledge Technology Platform.

The CECA signed between India and Singapore in 2005 has facilitated trade and investments for increased business opportunities in both of our countries. The bilateral trade, which is 7 billion dollar presently, is expected to reach 15 billion dollars for Singapore and 30 billion dollars with the whole of ASEAN countries. This economic cooperation will facilitate industries from both countries to come closer forming joint ventures and strategic alliances for capturing sizeable global market share.

Singapore on its part also has a very strong presence in India. There is the eagerness from both the Governments to cooperate and collaborate. We should ensure that the complimentary strengths of both the nations and their industrial base should be used to serve not only the local needs but also the needs of the entire world, atleast in a few chosen areas. The brand India and the brand Singapore must cohesively join to create an enviable brand Indo-Singapore.

For success in all the missions, we need creative leaders. I am sure creative leadership spearheads all the institutions and the future aspiring institutions. For a prosperous and developed nation, the important thrust will be on creative leaders and innovative organisations that can create wealth through dedicated management system.

(Excerpted from the Singapore Lecture delivered at Raffle Convention Centre, Singapore, 1 February 2006)

(The full speech is available at <http://www.presidentofindia.nic.in/scripts/fvlatest1.jsp?id=45>)



## India and China Agree to Study Regional Trade Agreement

India and China agreed to examine the possibility of inking a regional trade agreement along with an investment protection pact, apart from deciding to put in place a CEOs Forum to facilitate in-depth exchanges between the two countries at the business level.

As a part of their mutual efforts to strengthen economic ties and enhance bilateral trade to \$50 billion by 2010, the two Asian giants decided to set up six task forces related to WTO harmonisation of standards, Rules of Origin, non-tariff barriers, agriculture and reconciliation of trade at the seventh meeting of the India-China Joint Economic Group.

Commerce Minister Kamal Nath said that trade between India and China was growing at the rate of 30-40 per cent and was poised to increase from \$15 billion at present to \$20 billion by 2007, a year ahead

of the 2008 target. This would propel China into the position of India's largest trading partner, overtaking the U.S. The two countries agreed to set up a group to look into the broad contours of a regional trade pact. A CEOs Forum would be formed within the next three months to facilitate business relationships, he said.

On the other hand, Chinese Commerce Minister, Bo Xilai, noted that the \$ 20-billion two-way trade target would be achieved in 2006 itself and hoped that it would significantly surge further in the next few years to touch \$ 50 billion by 2010. Mr. Bo revealed that India and China had also reached a "consensus on a Bilateral Investment Protection Agreement and have already initiated the draft pact."

(Excerpted from *The Hindu*, 17 March 2006)

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## Asian Bond Market Tops Agenda at ACD Forum

Asian countries agreed to cooperate to encourage the potential for strong growth in the regional bond market, at the ACD seminar in Bangkok, which drew high-level representation from 28 countries and territories, including the 10-member ASEAN, China, Japan, South Korea, India, Hong Kong and Qatar.

It also had presentation on plans for the development of the Asian bond market with the key message that Asian countries should attempt to harness the potential of the Asian bond market as a vehicle to mobilise public savings for investment.

The forum cited as an example of cooperation in the joint development of financial markets Thailand's efforts to have its EXIM Bank act as a guarantor for the Lao government to issue baht-denominated bonds to raise funds for power projects.

While the global bond market

expanded eight per cent last year, the forum heard that the bond market in a number of Asian countries grew at 40 per cent. Last year, Thailand's market for sovereign and corporate bonds expanded by 30 per cent, whereas Japan and South Korea saw 20 per cent growth over the same period.

(Excerpted from *etna.mcot.net*, 26 March 2006)

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## Rise of India, China will Benefit West

Clyde Prestowitz, founder of the Economic Strategy Institute, a Washington D.C. based think tank, said that the economic rise of China and India should not be seen as a threat by the US and other rich nations but instead be welcomed. The integration of China and India into the global economy could benefit developed countries by providing cheap services and manufacturing and creating markets, he further said.

Trying to hold them back by impeding their exports will likely fail, said Prestowitz. "Efforts to block imports from China or India are not going to work," he said. "We can benefit from trade with developing nations, but this all has to be handled by the leaders of all these countries in a sensible way."

He said that while the two countries face daunting difficulties, they are already making huge strides, with China heavily involved in high-tech manufacturing and India offering services ranging from cheap health care to various businesses over the telephone.

Prestowitz noted that about 10 per cent of both Chinese and Indians are considered "highly skilled," however, they both face huge problems, from political uncertainty to poor infrastructure, rural poverty and corruption. He also said, "We need to help these countries meet these daunting challenges, and if we do we can benefit."

(Excerpted from *The Financial Express*, 28 March 2006)

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## China for Closer Trade Ties in Asia

Chinese Commerce Minister Bo Xilai called for closer integration of Asian nations in bilateral trade and economic cooperation at the Asia Society's 16th Asian Corporate conference session on 'China-India Bilateral Economic Cooperation,' on March 19, 2006

Taking a cue that India's emergence into a web of partnerships with countries of the region through free trade and economic cooperation agreements, Mr. Xilai cited the growing economic links between China and Asia, wherein China has become the largest market for Korea, followed by Japan, India, Thailand, the Philippines, Indonesia, Malaysia and lastly for Singapore.

Mr. Xilai said that closer cooperation between the two countries would set the tone for the beginning of Asian century and cited the six-fold growth in Sino-Indian trade increased to \$ 18.7 billion in 2005. He underscored India's economic growth in recent years and mentioned two distinct advantages compared to China, as its familiarity with the English

language and a two-child norm was being followed, unlike the one-child norm in China.

The Minister emphasized that China could learn from Indian experience in information technology and software development, manufacturing sector, education and services sector development, even as India sought

to benchmark China's achievements in infrastructure development.

The Minister said China didn't enjoy cutting edge in the manufacturing sector and would continue to learn the best practices from other countries, including India.

(Excerpted from *The Hindu*, 20 March 2006)

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## Linking Asian Content

To establish links among the content industries in the different countries in Asia, the Asian Content Industry Seminar was held in Tokyo in October, 2005. The seminar included a ministerial-level meeting coincided with the Tokyo International Film Festival which drew high level representation from Ministers and experts from the ASEAN member states along with China, the Republic of Korea, India and Japan. The participating members shared the present status of the content industry along with the challenges and the remedies they have undertaken in their respective countries.

Cross-border distribution of Japanese and Asian movies and television programs have already expanded and expected to further rise. A Ministerial Joint Statement was adopted for promoting international collaboration, development and exchange of human resources, the expansion of the content market and trade, the investment environment and information sharing to further strengthen and link the Asian content industry.

(Excerpted from the *Asia Pacific Perspectives*, Vol 3, No.9, January 2006)

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## India, GCC to Sign Comprehensive Economic Pact

India has decided to sign a comprehensive economic pact with the six-nation Gulf Cooperation Council next year that covers trade, investment and services as part of its effort to forge closer ties with Asia.

Addressing the second India-GCC industrial conference, the Commerce and Industry Minister, Kamal Nath, said that both sides are holding talks that would lead to CECA by early 2007. He pointed out that the new arrangement would go beyond signing a FTA agreement, as it would cover services and investments as well.

Flushed with funds following the surge in oil prices, GCC countries are looking at profitable investments in Asia, including India. Seeking to diversify their economies beyond oil, the GCC countries were looking at Indian investments in information technology, biotechnology, small-scale industry and pharmaceuticals. India, on its part required foreign investments in power, telecommunications, roads, ports and housing that exceeds \$150 billion, Mr. Kamal Nath said.

(Excerpted from *The Hindu*, 26 March 2006)  
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## FTA in Sight as India, Australia Sign Pact

India and Australia signed a trade and economic cooperation agreement to boost business ties in a big way in view of the long term plans for a free trade area covering all of Asia and extending till Australia and New Zealand.

The new pact – Trade and Economic Framework Agreement aims at enhancing cooperation in fields of energy, mining, infrastructure, food and beverages, textiles, clothing, footwear, agriculture and biotechnology. In the services sector, the agenda covers education, tourism, entertainment, information technology, communication and management of sports events. It also covers defence cooperation, customs and quarantine.

Commerce and Industry Minister, Mr. Kamal Nath said at the Australia-India Business Forum that two way trade between India and Australia stood at over \$4 billion with an annual growth rate of 20 percent and India is ranked as Australia's sixth largest export market. Referring to regional trade agreements, Mr. Nath said India was on the verge of entering into FTA with ASEAN countries and Thailand with in the next few months.

According to the Commerce and Industry Ministry, the Australia-India Business Forum meeting is also expected to work for strengthening of relations between the corporate of both countries and this new initiative

would support further expansion of bilateral economic and commercial ties.

(Excerpted from *The Economic Times*, 7 March 2006)

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## China, India Lead in Tech Manufacturing

According to the Eurocom Worldwide Fifth Annual IT Confidence Survey in association with its Indian partner, IPAN, the outlook for the technology sector jobs in the West is very positive. Low cost locations such as China and India are edging past Europe and the US to lead as technology manufacturing centers. Over the next three years, China is expected to record the highest growth in IT manufacturing jobs followed by India.

Of the firms surveyed, 76 per cent believed that India and China will take a lead in the IT manufacturing space. Seventeen per cent of those surveyed said that India will record the highest growth in the jobs front whereas 71 per cent were of the opinion that China will take the lead. The Eurocom study predicts a continuing growth of technology manufacturing jobs in low labour cost centres, especially China.

(Excerpted from *The Economic Times*, 29 March 2006)

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## Asia will be the Future of Business: President of India

President of India, Dr. A.P.J. Abdul Kalam in his address to joint session of the Philippines Congress, said that "future of business" would be Asia. "Increasingly, the Western countries and other leading business groups in the Western economy are focusing on Asian countries," the President said. "There are two reasons for this. One is the tremendous market that this region possesses with an economic ascend phase. The second is the availability of knowledge-based human capital. With the Western markets getting saturated, this region provides a huge opportunity to businesses to expand their market share," he said.

In this, regional businesses could compete and get their due market share. "One of the best ways to do it is to set up a good e-business infrastructure. The ASEAN business community can make this region an economically developed [one] with

[a] robust e-business framework."

This would lead to "increased information-sharing, education programmes and knowledge connectivity among the regional partners. It can also result in realizing technology upliftment, business development, joint ventures, free trade zone, employment generation and overall prosperity of the region."

India with its core competence in ICT, space technology, large human capital and heritage could be a partner in this ASEAN e-business network, the President said. Chalking out a roadmap for Delhi-Manila cooperation, Mr. Kalam proposed to offer assistance in preparing medicines at affordable prices through joint ventures and market development.

(Excerpted from *The Hindu*, 7 February 2006)

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## India and China should Strengthen Ties with ASEAN, Japan and Korea

ADB President Haruhiko Kuroda wants India's economic infrastructure to be upgraded and the economic reforms accelerated to achieve higher economic growth. He feels India can benefit from a common Asian market as economic integration is going to accelerate growth and reduce income disparity within country.

Indian economy has been growing fast and infrastructure and communication network has to be really sufficient. However, it would require substantial effort to reduce trade barriers and harmonise custom duties. Indian economy has the potential to sustain high growth rate for the next 10-20 years and can even further accelerate it provided economic reforms continued and infrastructure further improved, he said.

Applauding the government for moves on deregulation and privatisation, ADB President said further economic reforms will be good for India if the economy has to grow by 9-10 per cent. "We have to have long term objectives, ambitious ideas. But we have to be realistic

and we have to improve step by step, we have to endeavour for a common market," he further added.

Kuroda said India and China should strengthen trade ties with ASEAN, Japan and Korea as these economies are growing faster and compliment each other. ADB feels that a single Asian currency along the lines of euro is still a far cry as Asian countries would have to first establish a common market and improve regional infrastructure.

"In Asia, economies are diverse, historical, social, political institutions are so different. Even if there is a common currency venturing in South Asia, East Asia or Asia as a whole, that would be several decades away," he said.

It is realistic that Asia should have single common market, as this was the basic idea of the EAS. "They aim at a common economic community in Asia comprising 10 ASEAN countries and India, China, Japan, South Korea, Australia and New Zealand," Kuroda said.

(Excerpted from the *zeenews.com*, 27 March 2006)

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## Singapore to Ride on Emergence of “New Asia”

Mr. Lim Hng Kiang, Singapore Minister for Trade and Industry speaking at the American Chamber of Commerce in Singapore, said that Singapore will leverage on its “core strengths” and its traditional linkages with China, India and the ASEAN to ride on the emergence of the “New Asia.” These core strengths include political stability, efficient systems and infrastructure, good protection of intellectual property, tripartite cooperation as well as reputation for quality, Mr. Lim said.

“Notably, the rise of China and

India are affecting global trade and investment flows fundamentally,” Lim said, adding that bilateral trade between Singapore and China has seen an annual growth of some 30 percent since 1999.

“In 1999, China was our eighth largest trading partner with a share of 4.3 percent. By 2005, it has since climbed steadily in terms of importance to the fourth position with a share of 9.4 percent,” Lim noted.

As for India, Lim said that companies from the two countries have been increasing business in

each other’s market, and Singapore would like to serve as a springboard for international investors who wish to invest in India.

Lim also noted that ASEAN member countries, which include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam, are deepening economic integration, hoping to realize the ASEAN Economic Community in 2015.

(Excerpted from the *People’s Daily Online*, 10 February 2006)

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## China, India can Usher in a True Asian Century

Chinese Premier Wen Jiabao stated that Sino-Indian strategic relations have reached a ‘historical stage,’ and predicted their ‘fraternal friendship’ could usher-in a ‘true Asian century.’

“It is when China and India are really strong enough and fully bring out their vitality that it will usher in a new true Asian century,” Wen said at the end of the National People’s Congress (NPC), China’s Parliament.

Wen recalled that the two countries reached a strategic partnership for peace and prosperity, signed a political principle guiding the settlement of the border issue and worked out a five-year plan for China-India trade and economic development.

“Now China-India relations have entered a new historical stage,” Wen said, hoping the China-India “fraternal friendship will become vibrant and strong” and remain in the hearts of the two oriental states. Noting that 2006 marks the ‘Year of Friendship’ between China and India, “cultural exchanges will be high on the agenda,” Wen said,

(Excerpted from *The Indian Express*, 14 March 2006)

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## Sectors for Indo-Vietnam Trade Identified

India and Vietnam have identified sectors such as information technology, biotechnology, education, iron and steel, automobile and auto ancillaries, food processing and marine products processing as areas for greater Indo-Vietnamese economic cooperation. A Protocol of Cooperation was also signed in Ho-chi-minh City on March 3, 2006 between the Indian Chamber of Commerce and the Vietnam Chamber of Commerce and Industry. In 2005, bilateral trade between the two countries stood at \$696.50 million.

The Protocol of Exchange is aimed at promoting economic exchange in the areas of trade and investment to facilitate the exchange of economic data and information that would support the enhancement of business and trade between the two countries. The two chambers have agreed to provide information and cooperate with each other with regard to symposiums, conventions

and important events held by the respective organisations.

Members of the Indian business delegation that visited Vietnam revealed that Vietnam attracts foreign direct investment of \$5 billion annually and with restructuring of the economy, it offers huge opportunities for Indian companies engaged in IT, IT services and education. Vietnam is an ideal location for steel companies that want to leverage on “split integration” and service the ASEAN market. Steel companies can take semi-finished products to Vietnam and complete the finishing work there before selling the finished products in the huge ASEAN market. Likewise, West Bengal could be a base for manufacture of forgings and automobile parts that could be used by the two wheeler industry in Vietnam.

(Excerpted from *The Hindu Business Line*, 8 March 2006)

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## Asian Virtual University Grid

Addressing the students of National University of Singapore, Dr. A.P.J. Abdul Kalam, President of India has suggested that India and Singapore “consider” taking the initiative to create an “Asian Virtual University Grid.”

He said that Universities in India, Singapore and other Asian countries “can have networked research-and-development cooperation based on their core competencies.”

(Excerpted from *The Hindu*, 3 February 2006)

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## India, South Korea to Conclude Economic Agreements by 2007

India and South Korea took a major step towards advancing bilateral economic relations by agreeing to conclude a Comprehensive Economic Partnership Agreement (CEPA) by the end of 2007, covering trade in

goods and services, measures for trade facilitation, promotion and liberalization of economic flows, among other issues.

The two sides agreed to set up a Joint Task Force to oversee the modalities of operationalising CEPA before 2007.

Addressing the Chambers of Commerce, President of India, Dr. A.P.J. Abdul Kalam said that as regional trading arrangements become important building blocks of multilateralism in an increasingly globalised world, it was heartening to see that the trend towards a pan-Asian framework for cooperation is becoming increasingly more pronounced.

(Excerpted from *The Hindu*, 8 February 2006)

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## ADB Plans Major Energy Efficiency Initiative

ADB has decided to launch a major energy efficiency initiative of US\$1 billion to help growing economies of Asia to meet their energy demands efficiently and minimize the impact on the environment.

Given the exponential growth in demand, energy is going to be a major challenge in the coming years. ADB President Mr. Haruhiko Kuroda said, “A crisis in the energy sector will have an impact on the sector as well as the economy and environment.” Energy efficiency programme would be one of the measures planned for promoting energy efficiency under the Kyoto protocol. He also said that water was another area of concern that needed to be addressed.

Almost 75 percent of the available water was being consumed by farm production, which had to be brought down to improve the situation. “But, advances in agricultural technology are yet to come out with ways to reduce water consumption,” he said adding that the ADB would double its efforts for promoting initiatives on water conservation.

(Excerpted from *The Hindu Business Line*, 10 March 2006)

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## India, ESCAP Identify New Areas of Cooperation

India and the ESCAP have identified four new areas of cooperation and decided to cooperate in the field of disaster management, infrastructure financing, setting up of an India-ESCAP Cooperation Fund and enhanced Indian participation in the Asia Pacific Technology Transfer Centre.

India has agreed to sponsor a study to be undertaken by the RIS and the ICRIER to strengthen regional mechanisms and instruments for long-term infrastructure financing in the Asia-Pacific region. The agreement was announced after a meeting between the Secretary General of ESCAP Dr. Kim Hak-Su and Minister of State for Commerce Mr. Jairam Ramesh.

ESCAP has estimated that in the four major sectors - transport, information communication technology, energy and water - the infrastructural requirement in the region could be between US\$ 220 billion to US\$ 500 billion per year. In the study of possibilities in the infrastructural investment sector they agreed that India could play a leading role.

(Excerpted from *The Hindu*, 13 February 2006)

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## Gravity of World Commerce Shifted to ASEAN, SAARC

Former President of the Philippines and Chairman of Boao Forum for Asia FV Ramos exhorted the Asian people and their leaders to work unitedly to fire Asia's growth engine to expand the size of the economic pie and close the gap between the rich and the poor.

Unveiling his 'Vision of an Integrated Asia in the 21st Century: Prospects and Hurdles,' at a special lecture organised by FICCI, Mr Ramos said, "The centre of gravity

of world commerce has shifted to the Indian Ocean, South China Seas and the Pacific Ocean, carrying 52 percent of the global output. We need to think out increasing the size of the pie, and sharing it equitably." He said ASEAN and SAARC were the key building blocks for the integration of the entire Asia-Pacific region.

(Excerpted from *The Financial Express*, 21 January 2006)

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## CECA Led Increase in FDI from Singapore in India

Singapore has emerged as the third largest source of FDI to India during the first nine months of 2005, compared to Rs. 263 crores invested in 2004, Singapore invested nearly Rs. 1,100 crores in 2005, surpassing inflows from the UK, Japan, Germany and the Netherlands. The increase in FDI from Singapore has been driven by the signing of the CECA agreement as well as part of that country's strategy to diversify its investments. The sectors that Singapore companies are looking at closely include real estate, logistics, finance and banking and food processing.

According to the Oxus Research and Investments, "Singapore has been diversifying outside China for sometime and clearly India is an attractive and

profitable destination. A strong Indian presence in Singapore also helps to put India on the investors' radar." The recent signing of the CECA has also helped build confidence among companies in Singapore.

Singapore has joined the race to enter some of the lucrative sectors such as real estate. Late last year, the Government of Singapore Investment Cooperation - one of the world's largest investment funds - made the first of its realty investments in a Rs. 250-crore township project in Chennai. Other Singapore bigwigs like Ascendas, which holds 90 per cent in the International Tech Park in Bangalore, too plan to up their investments.

(Excerpted from *The Economic Times*, 10 January 2006)

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## India for pan-Asian Trade Agreement

Finance Minister of India, Mr. P Chidambaram, at a meeting with Asian leaders and the ADB President H Kuroda at the World Economic Forum said that India had already signed framework agreement for free trade with ASEAN last year, and outlined the need for a comprehensive economic treaty that takes care of investment and other financial matters.

The Minister expressed India's desire for expanding the proposed CECA with ASEAN to a pan-Asian pact covering six more countries including Japan, China, Korea, Australia and New Zealand, aiming at a common economic community in East Asia.

ASEAN and China have already finalised the framework for a free trade pact to be fully

operational in 2010, a similar agreement with Korea is in the process too. A bloc that comprises ASEAN and the three Asian countries, viz. China, Japan and Korea would cover 86 per cent of East Asian trade. Among ASEAN countries, 99 per cent of trade is already tariff-free. On the possibility of FTA with China, the Minister said that, as trade with China is growing very fast, so some time in the future there could be a FTA with China.

He also said there was a need to develop an Asian bond market where Asian nations could invest a significant portion of their burgeoning forex reserves as well as the need for Asian Monetary Fund.

(Excerpted from *The Financial Express*, 28 January 2006)

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## Asia Brimming with Confidence

Singapore Prime Minister Lee Hsien Loong stated that Asia "brims with confidence and dynamism," as it is "powered by the twin engines of China and India." Mr. Lee also said that the overall economic environment in Asia stayed favourable during the last year as in 2005 the external trade grew by 14 percent, through the expanding FTAs and particularly the

CECA signed between India and Singapore.

Singapore while moving forward by developing ties with Russia and some West Asian countries and the ASEAN has been now building up links with major economic partners like China, India and Japan.

(Excerpted from *The Hindu*, 2 January 2006)

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## Japan-India Trade Pact Soon

Work on the India-Japan comprehensive economic partnership agreement (CEPA) is on the fast-track.

The India-Japan joint study group, which is expected to submit the report by June 2006, may vouch for a comprehensive agreement which would include facilitation of trade, investment and relaxation of visa norms.

In fact, the submission of India-Korea joint study group report and the beginning of final rounds of negotiations for an economic partnership pact have also influenced Japan to accelerate preparations for the India-Japan agreement.

Significantly, if Republic of Korea inks a CEPA with India soon, it will give the Northeast Asian

giant an edge over Japan. Already, Korean top leadership has called upon Indian businesses to look at Korea as a base for venturing into Northeast Asian market. Also, the issue of visa-on-arrival at Korean destinations for visiting Indian businessmen is being seriously considered.

According to the officials at the Japanese embassy, Korea will have some competitive advantage if the India-Korea agreement takes place much ahead of an India-Japan pact. "Korea may then have some advantages. But that will only be for a limited period. After all, Japan and India too will have an agreement," said the official.

(Excerpted from *The Economic Times*, 15 January 2006)

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## India's New Priorities, Asia's New Realities

Dr Manmohan Singh,  
Hon'ble Prime Minister of India

The reality of Asia's significance in the global economy today cannot be brushed aside. The economic balance is definitely and decisively shifting to Asia as half the growth in world output now comes from Asia. In agriculture, manufacturing and services, Asia is a globally competitive region. In global finance, Asia now funds almost the entire current account deficit of the rest of the world. The time has now come for financial markets and the global financial architecture take cognizance of this shift in balance and reform the architecture in the best global interest.

Just as Asia, India too has changed, since 1991, we did not anticipate that within a decade India would be "driving" global business. Companies and countries that made good use of Indian talent benefited and remained competitive. Graduating out of Y2K, the Indian IT industry offered a range of services that have found a growing market worldwide. Indian enterprise and talent are driving global business in a wide range of sectors across the world. This has given Indian business a new sense of confidence. Our tariffs have come down, but our share of world trade has gone up!

Certainly, our own experience of recording higher growth in a more open economy has helped. But I must also pay tribute to East Asia and South East Asia for boosting our confidence. The success of member countries of ASEAN, of the Republic of Korea and of China, have all shaped our thinking. When we first set the target of bringing India's tariffs down to "ASEAN levels," it was not just an exercise in tariff liberalization but an attempt to benchmark our economic performance against some of the best performers in our neighborhood. And this benchmarking has helped.

India's "Look East Policy," was not merely an external economic policy, it was also a strategic shift in India's vision of the world and India's place in the evolving global economy. Our trade with Asia has increased exponentially in the past decade. Today the East Asian Community of nations has overtaken Europe and the Americas as the largest bloc among our trading partners. **This is Asia's "new reality" and it is shaping India's "new priorities."** Together these will drive "global business."

## Vision for a New Asia

We feel confident that in the next few years, we may see the rise of a Pan-Asian Free Trade Area covering all major Asian economies, including India, Korea, China, Japan, ASEAN and possibly extending to Australia and New Zealand. This could be the third pole of the world economy after the European Union and the North American Free Trade Area and will open up new growth avenues for all our own economies.

— President of India Dr APJ Abdul Kalam's Address at the Major Business Chambers of Korea, Seoul, 7 February 2006, Korea

Our policies relating to investment, taxation, foreign trade, FDI, banking, finance and capital markets have evolved to make Indian industry and enterprise more competitive globally. Sector specific mega-investment regions with investments of upto US\$ 10 billion in each location are being promoted, beginning with chemicals and petrochemicals, and the necessary policy framework for this is being evolved. The entire energy sector including petroleum, natural gas, power and captive coal mining offer exciting opportunities.

India is a vibrant marketplace. Our entrepreneurs are investing overseas successfully. Businesses from abroad, including from many Asian countries find India a productive and profitable business destination. The process of engagement in the Asian region has truly taken off. We are linking India into a web of partnerships with the countries of the region through free trade and economic cooperation agreements. This web of engagements may herald an eventual free trade area in Asia covering all major Asian economies and possibly extending to Australia and New Zealand. This Pan Asian FTA could be the future of Asia and will open up new growth avenues for our own economy.

(Excerpted from the opening keynote address delivered at the 16<sup>th</sup> Asian Corporate Conference, 18 March 2006, Mumbai, India)

## India, an Integral Part of Asian Community

Goh Chok Tong, Senior Minister of the Republic of Singapore

In Asia, the vision of an Asian community is taking shape, and India is an integral part of this community. The concept plan and foundation for the common home is regional integration which Asians are designing and building. South Asia, Southeast Asia and Northeast Asia are increasingly being linked together by trade and investment flows, growing web of FTAs and regional processes. The Renaissance of China and India, is forcing a competitive

dynamic throughout the region and accelerating the integration process.

ASEAN and India should work together to shape the common home we are building in Asia and I call this the ASEAN-India Connect, that encompasses the burgeoning strategic and economic partnership developing between India and ASEAN. It is an important beam in the regional architecture.

Prime Minister Manmohan Singh has set an ambitious and achievable target of doubling ASEAN-India trade to US\$30 billion by 2007. Experience has shown that when ASEAN and China started to integrate their economies, trade grew by leaps and bounds. Today, this trade is worth US\$90 billion. The benefits from ASEAN-China economic relations indicate what can be achieved for India and ASEAN.

India has a deep pool of intellectual talent and technological capability and is strong in services and has carved a niche for itself as the world's back office and a global software centre. ASEAN has abundant natural resources and already woven into global manufacturing networks and it can also provide useful links for India's economic dealings with other Asian countries like China, Japan and Korea. Therefore India and ASEAN should leverage on each other's comparative advantages to develop new products and services for global markets. There is clearly great potential for and benefit in ASEAN-India Connect. However they should maintain the momentum of reform and liberalisation, and changing mindsets.

There are signs India is already making the mindset change. One important step India has taken is to embark on an active FTA policy, signalling its intention to grow by leveraging on external economies and opening itself to competition. CECA can also act as a building block for India's comprehensive economic integration with ASEAN. The benefits from CECA show the potential benefits that can be reaped from an ASEAN-India FTA.

(Excerpted from the keynote address delivered at the CII Partnership Summit 2006, 20 January 2006, Kolkata, India)



## Towards Deeper Asian Economic Integration: Progress and Prospects

Haruhiko Kuroda, President, ADB

Asia, the most diverse region of the world, has become a formidable player in the global economy and is heading towards deeper integration. Since the early 1990s, most countries in Asia have pursued regional cooperation in a variety of ways. Asia's greatest challenge, therefore, is to spread growth more equitably across and within borders to ensure that all citizens have the opportunity to participate in, contribute to, and benefit from the region's economic and social development. Regional cooperation and integration will play an important role in meeting these challenges.

ADB's strategy for regional cooperation and integration rests on four key pillars, cross-border infrastructure and associated software, money and finance, trade and investment, and regional public goods. Through the ADB-supported GMS program, countries that share the Mekong River are building a series of economic corridors reaching east to west, north to south and south to south. South Asian countries are also promoting cooperation, with various initiatives under the SAARC and BIMSTEC. India through its "Look East" policy has been actively forging cooperation with the ASEAN and the CECA recently signed between India and Singapore.

East Asia's rapid emergence as a global production and service platform has increased economic interdependence. We now have an explosion of new trade and investment initiatives. Many refer to this as a "spaghetti bowl" or "Asian noodle" effect, because these new initiatives often overlap and vary in scope.

Going forward, East Asia alone will need a trillion dollars for infrastructure—a level of investment far beyond the capacity of governments. It is ironic that Asia's massive needs for infrastructure investment go unmet while excess savings find their way to the global capital markets. One reason for this is that Asian savings are not being efficiently put to work by the region's financial system. Market infrastructure is underdeveloped in many respects, and investor concerns include efficient pricing and liquidity. These issues need to be ensured that more of Asia's savings remain in the region, Asia can also make a significant contribution to correcting global imbalances.

The region also needs to broaden trade and investment initiatives to reduce the spaghetti bowl effect and ensure that Asian regionalism contributes to strengthening the global economic system. The consolidation of the various trade agreements in East Asia into a single FTA and making various sub-regional initiatives into region-wide cooperation agreements would also maximize the potential for creating greater trade and investment opportunities.

Regional monetary and financial cooperation no doubt contributes to global financial stability. And, deepening monetary and exchange rate policy coordination would be especially beneficial to the highly export-oriented and deeply interdependent economies of East Asia.

For this process, ADB is developing the Asian Currency Unit to monitor both the collective movement of Asian currencies against major external currencies, such as the US dollar and the euro, and the individual movement of each Asian currency against the regional average presented by ACU – thereby assisting monetary authorities in their exchange rate policy formulation.

(Excerpted from the keynote speech delivered at the Asia Business Conference, 11 February 2006, Harvard University Business School, Boston, USA)

## India and China in Asia's Quest for Energy Security

Mani Shankar Aiyar,  
the then Minister of Petroleum &  
Natural Gas and Panchayati Raj

The overarching aim of state policy in both India and China is the eradication of poverty. This requires attaining high rates of growth, however, that necessitate high levels of energy consumption. Thus energy security becomes the key to poverty eradication.

Countries are unevenly endowed with energy sources. In China, the sustained high growth rates made it more and more imperative that sources of energy supply be found everywhere around the globe to ensure the uninterrupted supply of the energy required to sustain growth. Equally, in India, increasingly it is being recognised that shortage of energy can disrupt our entire development effort. Hence the high priority being given in both the domestic and the external dimension to ensuring the country's energy security.

It is, therefore, hardly surprising that almost everywhere in the world that an Indian

goes in quest of energy, chances are that he will run into a Chinese engaged in the same hunt. But the fact is that aggressive bidding by either party only pushes up the price of the asset to the advantage of the seller and the disadvantage of both bidders.

We look upon China not as a strategic competitor but as a strategic partner. Our cooperation in energy is based on equal cooperation, mutual benefit, mutual respect and enhanced understanding. For the problem of energy security is by no means peculiar to the Asia giants, India and China. Many of the smaller countries of Asia ranging from Turkey to Pakistan, Afghanistan, Sri Lanka, and Nepal, and on to Thailand, Laos and Cambodia, and extending north-east to Japan and the Koreas - share with India and China, as net Asian importers, the need to ensure the security, stability and sustainability of oil and gas supplies. At the same time, it needs to be recognised that many Asian countries are major exporters of energy. Indeed, Asia is the fount of oil and gas in the 21<sup>st</sup> century. And as for south-east Asia, even as the region houses many net importers, so does it house very significant suppliers such as Myanmar, Malaysia, Indonesia, Papua New Guinea and Vietnam.

Thus the energy-short countries of Asia are located cheek-by-jowl in the immediate vicinity of their energy-abundant Asian cousins. We can bring together the energy-surplus and energy-deficit countries of Asia on to a common platform of Asian energy security.

China and India have an excellent record of regional cooperation in Asia. Together, we can set an agenda for Asian energy cooperation. Now, the Asian Resurgence depends on energy cooperation. The 21<sup>st</sup> century will indeed be the Asian century only if Asian countries - buyers and sellers - join hands together in a continent-wide bid at bringing Asia together and keeping Asia together.

(Excerpted from the speech delivered to a select gathering of Chinese Oil Company Executives and Experts, 13 January 2006, Beijing)

## China-India Cooperation and Asian Economic Community

Shyam Saran,  
Foreign Secretary of India

Our relationship with China is a key component of our 'Look East' policy. There is a strong consensus in India on improving and developing our relations with



China. Together with China, we have taken a number of positive measures to improve the quality of our relations across a wide range of areas, without allowing the existing differences to affect the overall development of our ties.

Today India and China are engaged in a positive way to expand their commonalities with extensive dealings in bilateral, regional and multilateral forums. The simultaneous emergence of India and China as Asian and global powers in fact makes it imperative for them to be sensitive to each other's interests and aspirations. We in India believe that there is enough space and opportunity in Asia and beyond for the two countries to grow.

Besides the emergence of India and China as two economic powerhouses in this region, there is Japan which will retain an influential role in Asia's political and economic future. With ASEAN as well, our partnership is steadily expanding and deepening. We believe that ASEAN holds the potential to become the fulcrum of economic integration in our region.

The future of Asia is in reality the sum of the success of each of these components and the strength of their inter-linkages. The key to ensuring long-term security and stable equilibrium in Asia lies in the collective ability of Asian countries to build mutual economic stakes in one another. It is with this conviction that we espouse a vision of an Asian Economic Community.

The recently concluded East Asia Summit has laid the foundations for a cooperative architecture in Asia on an unprecedented scale and we hope, will potentially launch the process towards the possible creation of an East Asian Community. We would be happy to work closely with China towards progressive realization of such an East Asian Community and eventually, a larger Asian Economic Community.

We are confident of our capacity and capability as a nation to respond successfully to these newly emerging challenges and opportunities. We also remain confident that India would continue its journey towards a destiny that was eloquently articulated by Pandit Nehru in 1947, a destiny in which India 'attains her rightful place in the world and makes her full and willing contribution to the promotion of world peace and welfare of mankind.'

(Excerpted from the concluding part of address delivered at the Shanghai Institute of International Studies on the 'Present Dimensions of India's Foreign Policy,' 27 January 2006).

## Give Asia a Break on Currencies

Francesco Guerrera, Financial Correspondent, *The Financial Times*

By stockpiling dollars and recycling them into US government bonds, Asian central banks have set a timebomb underneath the world economy. According to this view, an explosion will occur, when Asian governments stop buying treasuries, thus removing a large source of funding for the ballooning US current account deficit.

On the internal front, Asia's over reliance on the foreign dollar could cause horrible convulsions within the region's economies as the undervalued domestic exchange rates create domestic imbalances. Nobody is disputing that Asian central banks' voracious appetite for foreign reserves has been the defining characteristic of global financial flows in the past half decade or so.

After taking to foreign exchange buying, the region's central banks now control 64 per cent of world reserves, compared to 46 per cent 10 years ago. Their grab for dollars and euros accounted for more than three quarters of the near doubling in global foreign exchange reserves between 2002-05, and eight of the world's top 10 reserve holders are Asian central banks.

The way to avoid the repeat of such a traumatic event is to accumulate reserves – a course of action that was repeatedly advocated by international institutions at the time.

Economists can argue that Asian central banks do not need so much reserves to protect their currencies, especially after the vast improvement in their economic and trade situation. It would take a brave speculator to take on the People's Bank of China, whose reserves amount to 38 per cent of gross domestic product. But it is short-sighted as foreign reserves in Asia have been used by governments for other "social" purposes.

It is true to say that undervalued currencies and excessive reserves create inflationary pressure and asset bubbles but neither has so far been very pronounced. Frankly, that is a small price to pay to prevent another financial crisis. As for the "global imbalances", the one effect of aggressive US Treasuries buying by Asian central banks has been to lower yields on short-term bonds – no bad thing for individual or corporate borrowers.

The message to foreign "experts" preaching to Asian central banks should really be: "give us a break and build more windows."

(Excerpted from the *Financial Times*, 25/26 March 2006)

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## East Asia: Many Clubs, Little Progress

Hadi Soesastro, Executive Director and Senior Economist, Centre for Strategic and International Studies, Jakarta

Despite the modest achievements at EAS, the leaders would still have us believe that the EAS can play a significant role in community-building. However, the prospects look bleak for the EAS emerging as a driving force for Asian integration.

Renewed interest in regional cooperation and integration coincided with the establishment of ASEAN+3 at the end of 1997. By 2004, however, concerns about ASEAN+3's waning momentum spurred Malaysia to assert regional leadership by resurrecting the EAS. Malaysia's move was immediately backed by an enthusiastic China, which caught other ASEAN+3 members off guard. A rift within the East Asian economic integration movement became immediately apparent, prompting several countries to begin to form a coalition to oppose the EAS proposal.

Japan, could not accept China's growing influence in the region and became worried that Beijing would manipulate the integration process by dominating the EAS. Indonesia, has an interest in ASEAN gaining clout, thought ASEAN was not sufficiently consolidated to be an effective driver of ASEAN+3, so Jakarta also initially opposed the EAS.

Having sensed that its EAS proposal was only garnering half-hearted support among the region's governments, Malaysia proposed a compromise: ASEAN+3 should be maintained but the EAS developed in parallel. That the Asian economic integration movement has thus far been ASEAN-driven, however, is simply because ASEAN is the least objectionable regional player to take the lead. Singapore proposed India, and Indonesia and Japan suggested membership for Australia and New Zealand. For Indonesia and Singapore, the expansion of membership helps differentiate EAS from ASEAN+3, and they also believe that it would be beneficial for the East Asian region to deepen relations with the three countries that are in East Asia's immediate neighborhood.

India, Australia and New Zealand could bring fresh air to the East Asian process. These countries were not invited into the tent simply as counterweights to China.



With the inclusion of Australia, India, and New Zealand in the EAS, it is indeed hard to argue for a geographic definition. ASEAN has been comfortable working with both China and Japan. Ultimately, this has created the image of an EAS that wants to promote community-building in the region but at the same time erect a fence around one of their own, namely China. In the immediate future, not much can be expected from the EAS. Leaders in China and Japan must show their statesmanship. The US is watching the developments in East Asia with some interest.

The Kuala Lumpur Declaration on the EAS reflects that they are all prepared to be engaged in a forum for dialogue, not only on economic issues but also on political and strategic issues. They want the summit to be “an open, inclusive, transparent, and outward-looking forum.” India’s Prime Minister Manmohan Singh talked about EAS as a first step towards an East Asian Community, which will evolve into an Asian Economic Community.

The next steps for EAS and regional cooperation would be that first, ASEAN must formulate a clear strategy as it is in the driver seat of both ASEAN+3 and EAS.

(Excerpted from the *Far Eastern Economic Review* January/February 2006)

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## It’s Time for an Asian Energy Forum

M K Venu,  
*The Economic Times*

India and China signed an MoU on broad cooperation between the two countries in the area of energy. Coming as it did on the back of an unprecedented joint acquisition of a Syrian oil field by India’s ONGC and a Chinese oil company, everyone wanted to know what was the India-China MoU all about.

It was revealed that India and China driving an Asian energy cooperation as the largest buyers of oil and gas in future. However, India and China doing anything together — even nominally — will be viewed with a sense of awe by the west. Energy is the single most important issue on which the US would not want to see India getting close to China.

The president of China’s biggest oil giant, CNPC passionately advocated that as big consumers of oil and gas, India and China must not raise the cost of energy

through mindless competition. They must cooperate to optimise their respective energy production and consumption strategies. Strategists even suggested that energy cooperation between the two countries could be dovetailed into some of the existing sub-regional economic and security groupings in Asia.

A suggestion was made that energy cooperation could be made part of either the existing Shanghai Cooperation Organisation, in which energy-surplus Russia is an important member, or the East-Asian Summit process. The point made was that energy cooperation could be incorporated into one of the many evolving sub-regional architecture in the larger Asian region.

Mr Aiyar addresses a strong case for an Asian Energy Forum, which will eventually act as a trigger for stitching up a larger Asian economic community. Many thinkers believe that if India and China, with nearly over 70 percent of the world’s prime consuming population, were to grow at 8 percent plus over the next two decades, they will necessarily have to institutionalise resource sharing within the evolving sub-regional architecture in Asia.

(Excerpted from *The Economic Times*, 24 January 2006)

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## India’s Coming Eclipse of China

Hugo Restall, Editor,  
*Far Eastern Economic Review*

Economic comparisons of India and China inevitably start with the two nations’ obvious strengths. India’s presence in the service sector, particularly IT-enabled services and China’s ability in attracting foreign direct investment, and its openness to trade for a large developing country appears to have bright futures.

But in fact their strengths are symptoms of underlying weaknesses. Indian capital and talent is drawn to the IT sector largely because it is one of the few new fields which have not yet been stifled by government regulation. Likewise, China’s dependence on FDI stems from the weakness of the country’s banks and capital markets. With a savings rate of more than 40 percent of GDP, there is plenty of capital around, but few domestic institutions to allocate it efficiently. Rather, the consensus view of their strengths are going to change dramatically as they address these weaknesses.

Today India and China are racing at

breakneck speed, with as little as one percentage point difference in their growth rates. China embarked on its economic reform program 13 years before India, it currently lead in per capita GDP. But India’s challenges are more conventional for a developing country, and more easily addressed. China, by contrast, faces several perilous transitions which will slow its growth. As a result, India is set to steal the spotlight as leader of the developing world.

China’s growth is driven by levels of savings and investment the world has never seen in a market economy. Mobilization of capital, labor and raw materials provides the bulk of its growth, not productivity gains. In fact, given the amount of investment, the biggest surprise of China’s growth is how slow it remains. During their high growth phases, both Japan and Korea grew faster than China today, with a lower level of investment.

China pulled in some US\$60 billion of FDI in 2005, while India attracted an estimated US\$ 5 billion. And a large portion of China’s FDI, is really domestic capital leaving and then reentering the country, so called “round-tripping,” in order to receive the preferential treatment given to foreign-invested enterprises. Even so, China remains a bigger destination for investments by multinational companies. Many argue that why does China treat foreign businessmen better than its own people? The one answer is politics. Further, the foreign-invested sector of China’s economy have brought in management and production techniques perfected elsewhere and combined them with cheap Chinese labour.

China is not developing world-famous brands because its big companies are not nimble or savvy enough. By handicapping its own entrepreneurs, China has so far largely confined itself to being an assembly center for the world’s multinationals.

India’s approach has been almost exactly the opposite of China’s as it nurtured its own entrepreneurs and held multinationals at arm’s length. Its largest private firms are about 10 times the size of China’s. Success in the IT sector has been the catalyst, showing Indians that they can be worldbeaters. India has a huge advantage in its financial institutions and capital markets.

As a result, Indian companies use capital more efficiently to reap the benefits of higher levels of investment as FDI and portfolio investment increases in the coming years. Demographically, India is a young country. Finally, India is attractive to multinationals



because it has a commitment to the rule of law and protecting intellectual property.

Nevertheless, the incremental steps being made show that these changes are within reach. For more than a decade, China has been the darling of the global business community, which fawns over its “miraculous” growth. Now India is poised not only to shine, but even to eclipse China.

(Excerpted from the *Far Eastern Economic Review*, March 2006)

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## GCC-India FTA Talks Give Fillip to ‘Asian Community’

N. Janardhan, Editor, *Gulf* in the Media at the Gulf Research Center, Dubai

The regional economic diversification plan gets a boost with the Gulf Cooperation Council (GCC) and India which signed a framework agreement for economic cooperation in August 2004, announcing final negotiations for a free trade agreement starting January 2006 to thrash out niggling issues like rules of origin and differential tariffs.

India too has embarked on an economic diplomacy mission with negotiations on a FTA with the members of the ASEAN, affirming commitment for a SAFTA and stretching it to the GCC. On the anvil are FTAs with South Korea and Israel, economic engagement with the BIMSTEC countries, a proposed CECA with Mauritius and a unilateral tariff preference scheme for the least developed African countries.

The push for GCC-India FTA talks come amid Indian Prime Minister Manmohan Singh’s statement that “...our neighbors should have a greater stake in our economic growth and should benefit from it... The Gulf region is a part of our natural economic hinterland...” With India’s economy forecasted to expand about seven percent during the current fiscal year, India’s proposal for an ‘Asian Community’ implies creating an arc of advantage to rival the EU.

Energy and oil are forcing Asia to first look toward the Gulf. The GCC countries account for 45 percent of the world’s recoverable oil reserves and 20 percent of the natural gas resources. Asia imports more crude oil than any other region in the world and it is the single most important market for the GCC producers.

Beyond oil, as part of the new ‘Look East’ policy, the GCC Chambers of

Commerce and Industry called for prioritizing economic cooperation with Asian countries. The impact of the GCC granting the “dialogue partner” status to India, the first from the developing world is indicative of the dynamic change.

As a group, the GCC is India’s second largest trading partner and the largest single origin of imports into India and the second largest destination for exports from India. Bilateral trade rose to nearly \$20 billion in 2004, excluding energy imports by India worth approximately another \$20 billion. When the FTA is formalized, India will become only the third country after Japan and the US to sign a FTA with the GCC. Both parties stand to benefit from a FTA as it will remove restrictive duties and push down the tariffs on goods being traded between them.

With the GCC-India trade showing a remarkable surge in the last few years, speedy and successful FTA negotiations would lead to a more intensive economic engagement between the two. Leading up to the final talks, a joint commerce and trade committee has defined the contours of a FTA by focusing on exploring opportunities in areas of oil and gas, petrochemicals, fertilizers, power, metals and pharmaceuticals, knowledge-based products, education, health, banking, avoidance of double taxation, a treaty to promote and protect investment and infrastructure. There is also tremendous scope in areas such as tourism, biotechnology and higher education, as well as getting India’s expertise in the SMEs and IT sector.

(Excerpted from the *Arab News*, 5 January 2005)

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## Further Readings

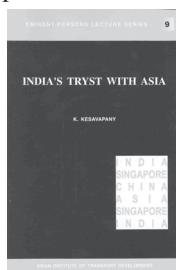
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## India's Tryst with Asia

K.Kesavapany  
Asian Institute of Transport  
Development, 2006

The present book analyses that India and East Asia, as the fastest growing economies have a common cause to pursue. They face similar issues, which can be solved only with a common approach. In this context, sensing the criticality of the present historical movement and China's role of defiantly holding to its cause, the author draws special attention to China's self-perception. The book presents in detail about the forces that are driving towards tripolarity.

(Eminent Persons Lecture Series – 9)



## China and India: Towards Global Economic Supremacy?

Rita Dulci Rahman & Jose Miguel Andreu  
Academic Foundation, 2006

ISBN: 81-7188-424-5

China and India, currently the two most widely discussed countries of Asia, are considered to be the wings of Asian economic take off. The first one is a country with plenty of economic opportunities for the developed countries, who try to maximise exports to China and invest massively in it. With a certain delay, India has recently begun to attract attention, mainly due to the shooting up of its exports of IT services, while its current economic position seems to be as promising as that of China in the first half of the '90s.

After portraying the economic and political evolution of China and India an exercise that enables to detect the unsolved problems of these two countries, the authors discuss not only the economic bottlenecks they have, but also the internal and external political problems which China and India will have to address in order to emerge as global powers.

## Asian Economy and Finance: A Post-Crisis Perspective

Dilip K. Das  
Springer, 2005

ISBN: 0387233814

The Asian economy has changed markedly since the economic and financial crisis of

1997-1998 and is continuing to evolve. Asian economies need to change with the demands of time and devise their post crisis development strategy. Asia's growth model, that served it so well for four decades, is overdue for renewal so that it can re-strengthen its bonds with the ever-evolving regional and global economic reality.

The book is comprehensive and covers large areas of Asian macro-economy and finance. The noteworthy areas of focus include global and intra-regional trade and investment, as well as financial and monetary aspects. In-depth discussions have been provided on regional integration through expanding trade, financial flows, regional production networks, and financial and monetary cooperation. In taking a contemporary or post-crisis view of the Asian economy, this book offers the newest knowledge related to relevant themes on the Asian economies as well as the latest concepts.



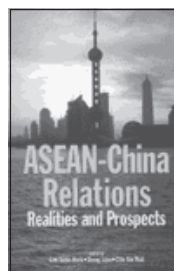
## ASEAN-China Relations: Realities and Prospects

Editors - Saw Swee-Hock, Sheng Lijun  
and Chin Kin Wah  
ISEAS, 2005

ISBN: 981-230-342-1

This book is a compilation of all the papers presented in the *ASEAN-China Forum* organized by the ISEAS in June 2004 in Singapore. The papers presented by the reputed experts and scholars from China and ASEAN countries in this forum explored the realities of the relationship between ASEAN countries and China which have rapidly developed during the past decades. Apart from the existence of some differences, these countries have more in common than before. However, ASEAN and China have established a promising strategic partnership ensuring peace, stability, cooperation as well as prosperity for the region.

This book address a very wide range of potentially convergent and divergent issues and the possible trajectories of the development of ASEAN-China relations.



## Roadmap to an ASEAN Economic Community

Editor - Denis Hew  
ISEAS, 2005

ISBN: 981-230-347-2

ASEAN Roundtable 2003 on 'Roadmap to an ASEAN Economic Community' was organized in Singapore with an objective to review major developments in ASEAN

and to explore new directions for ASEAN economic cooperation in the light of the rapidly changing global environment as well as in terms of the emerging domestic economic situation and needs.

This book reflects the main findings that emerged from the ASEAN Roundtable 2003. The book identifies new strategies and policies that would contribute towards realizing the ASEAN Economic Community by 2020. It also states that there are roadmaps for the fast track integration of eleven priority sectors, as these sectors accounted for more than 50 percent of intra-ASEAN trade.



## Asia's Giants: Comparing China and India

Editors - Edward Friedman, Bruce Gilley  
Palgrave Macmillan, 2005

ISBN: 1403971102

This edited volume reconsiders the conventional wisdom, which argues that comparative performance (in economic, social, political, as well as diplomatic arenas) of China has been superior to that of India. The book brings together 'new paradigms' for evaluating the comparative performance of two countries. The essays show that if not outright wrong, conventional wisdom has proven to be overly simplified. The book brings out the complexity and richness of the India-China comparison.



## Asia's Debt Capital Markets Prospects and Strategies for Development

Series: The Milken Institute Series on  
Financial Innovation and Economic  
Growth, Vol. 6, Editors - Barth, James  
R.; Yago, Glenn, Springer, 2006

ISBN: 0-387-25089-1

This volume comprises studies by leading research scholars in the United States and Asia



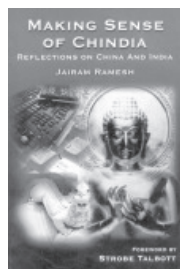
on Asia's debt capital markets. They assess the risks and opportunities, and strategies for developing these markets. The authors adopt a multidisciplinary approach, encompassing economics, finance and law, in the context of market practices for promoting well-functioning securities markets.



## *Making Sense of Chindia: Reflections on China and India*

Jairam Ramesh

India Research Press, 2005  
ISBN: 81-87943-95-5



This book presents a comprehensive overview of current and future geopolitical interactions between India and China and provides for new ways of looking at old problems. The series of articles in second section addresses the huge potential for trade and other forms of economic exchange that exists between the two countries. The last section address continuing security concerns, the issue of democracy in China, and the ongoing battle against HIV/AIDS in the context of two complementary, competitive, and fast-growing economies.

## *Japan and an Asian Economic Community*

Masanori Kondo

Until recently, most Japanese considered the gaining momentum of Asian economic integration in the frame of ASEAN+3. India's high economic growth rate and its population being predicted to overtake China in Asia is leading many to rethink the importance of India to Asian economic integration. In order to find a political and economic counterbalance to China, the Japanese government has also put effort in vitalizing the Japan-India relationship. India following its 'Look East' policy has been successful in improving its economic relations with Korea, China and Japan. However, Japanese businesses are behind other countries towards investing in India. While there are indeed many unique difficulties involved in entering the Indian market, the massive consumer potential of the population combined with a skilled and numerous labour pool allows many South Korean and American firms to attain great success there.

(RIS Discussion Paper No.106, 2006)

## *Emergence of China and India in the New Millennium: Will it Facilitate Market Access for LDCs and Developing Countries?*

S.K.Mohanty and Sachin Chaturvedi

China and India have emerged as highly dynamic economies in recent years. In the Asian region their growth and economic expansion has generated its own complementarities. The paper has empirically shown that surge in the exports of these two countries have significantly contributed to their overall economic growth. Towards this

end, both the countries have relied on LDCs and developing countries for their imports and on markets of industrialised economies for exports. The import dependence of India and China is mostly on the industrial intermediate sector, which is critical for their exports. It is advantageous for LDCs and developing countries to closely tie up with these growing economies to get in to their fast expanding markets, but the process is not automatic. Developing countries, particularly LDCs, have to adopt long term strategies to concretise their economic relationship with these two countries to secure persistent market access.

(RIS Discussion Paper No. 101, 2005)

## New Asia Forum

RIS has been supporting the process of regional economic integration in Asia with its studies and research. Besides its pioneering contribution to the process of economic integration in South Asia, it has been supporting the ASEAN-India economic partnership. It has been developing proposals of a broader pan-Asian economic integration as a part of a research programme supported by the Sasakawa Peace Foundation. As its most recent initiative, the RIS has set up a New Asia Forum as a dedicated network of think-tanks in Asia devoted to assist this process of regional integration and thus help in building a New Asia with ideas. The Forum has a dedicated website [www.newasiaforum.org](http://www.newasiaforum.org) as the melting pot for all the relevant information and resources on the subject.

Feedback and contributions are invited from all concerned. Interested readers may join the forum and send relevant material for publications.

## RIS

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