



Asia's Rising Global Profile

Dr Manmohan Singh, Hon'ble Prime Minister of India

India has a vital stake in the prosperity and stability of Asia. We signalled our renewed commitment to regional economic cooperation with our "Look East" policy that marked a strategic shift in India's evolving perspective of the world. We are linking India into a web of partnerships with the ASEAN and individual East Asian countries through free trade and comprehensive 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.

The ADB has acquired a global relevance because of Asia's rising global profile. The ADB has played an important role in dealing with the aftermath of the Asian financial crisis and actively responded to face natural disasters in our region. We, in India value the ADB's expertise in infrastructure financing. The ADB could also study the benefits of such an economic agglomeration in Asia. India is determined to carry forward the India-ASEAN partnership to an enlarged domain for making the 21st century a truly Asian century.

With this vision in mind, we have actively pursued external liberalization by cutting down customs duty rates. The current peak rate, at around 12.5 per cent, is quite close to ASEAN levels. India has the announced policy objective of aligning its duty rates with ASEAN levels. Given the rich reservoir of natural, technical, and scientific acumen that South-East Asia harbours, globalization offers a unique opportunity for harnessing such resources for enlarging not only national and regional, but also global growth prospects.

Our region has shown its capacity to deal with the uncertainties inherent to the process of globalization. The severity of the Asian financial crisis in 1997 has been

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managed, and importantly that these economies are all back on track, some with strong growth rates is a testimony of these countries. We need to look back to take stock of the lessons of the Asian financial crisis. At this juncture, an important lesson coming out of the Asian crisis is the need for effective, quick and credible responses from international financial institutions in the event of a crisis.

First, it is very important for international financial institutions to inject large enough funding to economies in crisis to provide an assurance of stability. Secondly, these institutions need to be ahead of the curve, identify potential victims and provide larger support to contain the crisis. Finally, they must monitor closely developments in economies across the world and advise countries on the course of action to be taken.

Our region has become an engine of global growth in recent years. The United States and the Euro-area will remain important drivers of global growth. However, East and South-east Asia, including India, are bound to increase their profile and relevance to the global economy. Asia will continue to increase its share of world GDP and trade, both as a source of export supply and as a source of import demand. Asia will consume more food and more energy and at the same time will demand better infrastructure and seek improved services. Given the potential for investment demand in the region, we must find ways of making better use of our savings.

There is also scope for peer learning within the Asian region from the successes of other countries. The People's Republic of China has become an engine of growth for the world and has performed exceedingly well over the last two decades. There is a lot

to learn from the Chinese economic experience and the ADB can certainly facilitate it.

Our region should also be cautious to the challenge of regional stability and security, and the challenge of ensuring equity, social justice and regional imbalances in the growth process. Our region needs a comprehensive framework of security that will ensure that the process of economic development is not derailed by the threat of terrorism, the threat to our environment and the threat to our energy security, food security and security of livelihoods. At a time when international oil prices are witnessing a steeply rising trend, it is incumbent on all major international financial institutions to pool their collective wisdom, expertise and experience to devise credible strategies to enable the world economy to cope with the increased unpredictability and volatility of energy prices and their impact on processes of economic growth.

In a globalized world, growth and progress cannot occur in isolation. Countries and international agencies must collaborate to produce welfare-enhancing synergies. The challenge before Asia today is to create and maintain a regional and international environment that is conducive to maintenance of high economic growth.

Asia is once again on the move. Millions of people in our region have been liberated from poverty, ignorance and disease. If we can sustain this growth process, and ensure that it is equitable, we can banish poverty for all times to come. If we can pursue economic development in the framework of an open economy and an open, democratic society, we would have succeeded in restoring to Asia its ancient glory as the land of knowledge, wisdom, creativity and compassion.

(Excerpted from the Address delivered at the Annual General Meeting of ADB, Hyderabad, 5 May 2006)

(The full speech is available at <http://pmindia.nic.in/speeches.htm>)



Towards Comprehensive Economic Partnership in East Asia – Japanese Minister Nikai's Initiatives

Toshihiro Nikai, Japanese Minister of Economy, Trade and Industry, proposed some major initiatives for deepening economic integration in East Asia. In order to strengthen trends towards economic integration in the region an initiative for a Comprehensive Economic Partnership in East Asia (CEPEA) has been proposed to sustain free trade and investment growth for the economic development of East Asia. The goal of CEPEA is to further develop regional production network and contribute to economic integration in East Asia. Nikai was of the opinion that CEPEA will have wider agenda than FTA and therefore it is necessary to conclude a comprehensive and high level

economic partnership agreement that not only covers trade in goods but also trade in services, investment, trade facilitation and intellectual property. Further, he also proposed to introduce a fair and impartial dispute settlement mechanism to resolve economic and business disputes. In this regard, to address the needs and concerns of the private sector, Nikai emphasized on the consensus based decision making process with the involvement of the business people themselves for the development of regional integration.

The *seattlepi.nusource.com* (4 April 2006) reported that the Minister hopes to begin negotiations in 2008 to create an East Asian economic partnership

that would be based on a regional free trade agreement among 16 nations which participate in the East Asia Summit. The purpose of the partnership is to enable smooth economic relations among the member countries and it is also expected to enhance the Japanese presence throughout the region.

Apart from this, the Minister also proposed to set up an OECD-like forum for East Asia to study and propose policies to promote economic integration in the region. It is learnt that in order to chalk out a blueprint for the envisaged standing organization, Japan would initiate discussions for its membership and activities with other Asian countries. It feels that there is need to establish an

Economic Research Institute for ASEAN and East Asia (ERIA) that will conduct and support research and analysis projects on ASEAN economic integration as well as wider regional economic integration. In fact, ERIA being a think tank will work closely with ASEAN countries and ASEAN Secretariat in setting its research agenda and work plan and it will also cooperate with existing research institutes in the region through joint research projects. In that way, in cooperation with ASEAN Secretariat, ERIA can be evolved into a regional mechanism which will function like OECD to promote economic integration in the region.

(Excerpted from *METI, Minister Nikai's Initiatives*, April 2006).

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World Economic Forum Discusses East Asian Growth and Integration

The World Economic Forum in partnership with Keizai Doyukai organized a meeting on "Creating a New Agenda for Asian Integration" in Tokyo on 15-16 June 2006. The Forum on East Asia brought together some 300 academicians, top government and business leaders, and media personnel from more than 35 countries to discuss the future shape of economic cooperation among Asian countries for the realization of the East Asian Community.

The Roundtable discussions were held mainly on the four sub-themes. The theme "integration and identity," explored Asia's many integration agendas and their feasibility in light of changing priorities at the national and regional levels. "Competitiveness and creativity," theme examined how both corporations and countries approached improving competitiveness and stimulating innovation in key industries. The next theme "security and sustainability" explored how governments and companies have been developing and integrating effective strategies to address new risks to ensure sustainable growth. The last theme "regional change: Japan" examined the pace and profile of Japan's transformation in politics, business, economics and

international affairs.

At the Forum, participants agreed to create or assign regional institutions to discuss energy, security and environmental issues. It was also agreed to address the impact of Indian and Chinese growth on the future competitiveness of South East Asian countries. It was recommended to increase energy efficiency in major consuming countries and industries.

At the Forum participants were told that Asia's economic growth is steadily enabling it to replace its longstanding reliance on exports to the West with intra-regional trade in goods and services aimed at its own increasingly affluent consumers. However, the smooth transition will mainly depend on how well Asian nations can boost cooperation and integration to find common solutions to disparities of income, scarce resources and environmental pollution.

Mr. Kamal Nath, India's Commerce & Industry Minister, in roundtable discussion has said that the ASEAN plus Chindia (China and India) will become a global powerhouse to be reckoned with united in a mutually beneficial relationship. He underlined that "ASEAN does not face a threat or a strategic challenge vis-à-vis India

and China. The issue at hand is not ASEAN versus Chindia but ASEAN plus Chindia. Given the strengths of ASEAN and the growing muscle of India and China, the scope for constructive cooperation is immense and we believe this is the direction the region should take."

Japanese Minister of Economy, Trade and Industry, Toshihiro Nikai called for the creation of a regional economic think-tank along the lines of OECD. He also said that Japan is planning to create an Asian version of the Fullbright scholarship for students from Asian countries.

On the issue of the impact of the emergence of China and India on ASEAN's competitiveness, Hassan Marican, President and CEO, PETRONAS, contended that "ASEAN has been able to develop niche areas and support the growth of India and China."

In order to adopt appropriate model for East Asian integration, there was a consensus among participants that instead of aiming to emulate the EU, East Asia should continue to pursue 'bottom-up' approach in which NGOs, business and their non-state actors drive integration and cooperation.

(Source: World Economic Forum, Press Release, 15-16 June 2006). ■

United States Drops Opposition to Asian Currency Unit

In a closed session of the World Economic Forum in Tokyo, Tim Adams, the Under-Secretary for International Affairs at the US Treasury, clarified the US position on the Asian Currency Unit. He signalled that US would not be against the efforts to the creation of an Asian currency unit in their recent move to show their fearless attitude towards greater monetary cooperation between Asia's rising economic powers. This move has encouraged Japan which has been pushing the idea of an Asian currency unit modelled on the European currency unit, the euro.

According to the Adam's remarks, US has been seen in Asia as being hostile to regional monetary and financial integration but US is "open minded" and doesn't see the ACU as a competitor to the dollar. It was also further added that US viewed the proposals for Asian currency cooperation quite interestingly.

(Excerpted from the *Financial Times*, 16 June 2006).

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India-Japan CECA to Double Bilateral Trade

At an India-Japan Business Summit in Tokyo on 14 June 2006, India's Commerce and Industry Minister, Mr. Kamal Nath, said that the CECA between India and Japan which envisages doubling bilateral trade to \$10 billion in three years by expanding the trade basket will be ready by the end of 2006. The focus areas for enhanced bilateral cooperation would be on pharmaceuticals and manufacturing.

The Commerce Minister mentioned that as compared to Japan, India's advantageous position with its skilled youth population, would be a "win-win situation for both countries to merge the synergies of Japan's technology and innovation with India's young and skilled workforce."

The Minister invited Japanese SMEs to tap the business opportunities in India and appreciated their assistance in

developing airfreight and contribution in building the Metro in Delhi. He also informed that major national programmes for e-governance and rural telephony have created unprecedented business potential for manufacturing as well as related services, and urged Japanese corporates to work with their Indian counterparts to quickly capture these opportunities.

The Commerce Minister also announced that in India, investment opportunities worth \$500 billion are likely to emerge in the next five years, for that he asked Tokyo to review its strategy for the sub-continent nation to tap the massive potential. Citing the estimates of the Investment Commission, he said, in India of the US\$250 billion worth of investment opportunities exist in the infrastructure sector alone.

(Excerpted from *The Hindu* 15 June 2006).

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Economic Pact can Help India Integrate with ASEAN

At an Asia Pacific Business Summit in Singapore, *Connecting India*, the Union Commerce Minister, Mr Kamal Nath has envisioned the possible emergence of "a formidable triangle" consisting of India, China and the ASEAN by 2015. He said that the triangle would indeed be "a pulsating economic hub. The centre of commercial activity on the global stage would have shifted from the Atlantic Ocean to the Indian Ocean by 2015."

The Minister also said that for now, the financial sector in Singapore, "will be much more proactive about India in the coming months. Levels of financial intermediation will increase dramatically; I believe that Mumbai, along with Singapore, Hong Kong and Dubai, will eventually become the financial nerve centres of the world - to rival the likes of London, New York and Tokyo."

Mr Kamal Nath called for efforts to "constantly realign and balance the CECA to take India-Singapore ties to the next level." He also said that "the CECA is a model of partnership and could act as a building block for

India's comprehensive integration with the ASEAN."

(Excerpted from the *Hindu Business Line* 13 April 2006).

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Singapore to Choose India to China

Ajit Singh, Consulate General of the Republic of Singapore, in his address to the high-level delegation from Singapore Chinese Chamber of Commerce and Industry and Singapore Indian Chamber of Commerce and Industry at Chennai, said that the CECA between India and Singapore signed last year will drive the bilateral trade between the two countries to greater heights. He also added that India would become the third largest trading partner after the US and the UAE and Singapore would consider India ahead of China as a preferred destination for major potential investments in future.

(Excerpted from the *Financial Express*, 23 May 2006).

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Asian Leaders on to the 'Road to an Asian Community'

Since the first East Asia Summit in Kuala Lumpur in 2005, the process of achieving greater regional economic integration in Asia has been supported by Asian leaders all across Asia. The 12th International Conference on "The Future of Asia" was organized by Nihon Keizai Shimbun Inc., in Tokyo on 25-26 May 2006. The conference had participation of several Heads of Government, senior ministers, high level dignitaries and heads of policy think-tanks from around thirteen countries. The main theme of the conference was the "Road to an Asian Community - Concepts and Prospects."

Former Prime Minister Yasuhiro Nakasone, in his speech, said that before creating an East Asian Community, initially there is need to establish an economic cooperation organization to promote regional trade as well as economic and financial interchanges in the region. He stressed on the inclusion of all the sixteen countries and the US and Russia to be part of the envisaged organization. He also added that all the countries should promote, among other things, cooperation among member nations', central banks, the establishment of a regional free trade system and cooperation among regional industries through IT.

The conference was also

addressed by Japanese Prime Minister Junichiro Koizumi who listed some common issues that Asian nations face, such as terrorism, environment and stable energy sources. In this context, he indicated Japanese willingness to play proactive role in Asia and was of the opinion that cooperation with in the region becomes imperative to overcome these issues.

In his Keynote address, Prime Minister of Malaysia, Abdullah Badawi, called for the prompt conclusion of an East Asian free trade agreement as the first step toward creating an East Asian Community. Further, he also urged each country to devise concrete measures for the creation of an East Asian Community.

Categorically, former Prime Minister of Malaysia, Mahathir Mohamad, in his speech, stressed to include India in the Asian framework. Later, speaking at a dialogue session during the conference, Minister Mentor Lee Kuan Yew of Singapore said that as China and India have emerged strongly at the global level, these countries will no longer be referred to as developing countries and surely they will catch up with the United States and Europe.

(Source: *The Future of Asia 2006*, Conference Report, available at Nikkei Net Interactive). ■

India and China - Key Strategic Players in the ASEAN

Singapore's Minister for Trade and Industry, Lim Hng Kiang, speaking at a seminar organized by the Singapore Institute of International Affairs and JETRO on the theme of "A new stage for Asian economic integration," said that the ASEAN needs the engagement of key strategic players, like China, India, the United States and Japan, in the region. Lim said that China's efforts to engage ASEAN through the ASEAN-China FTA are a reflection of its own intentions for greater regional cooperation and India, with its significant increases in economic growth and FDI in recent years, is another key player in the region.

"India will serve to complement China's growth and provide further fuel to the phenomenal economic development in the Asian region, which is all the more reason why East Asia must remain inclusive and engage more players in our quest for economic integration," he said.

Lim also said that US and Japan will remain major trading partners and investors for many regional countries and thus be the key players in the region. "We must find a way to integrate all of these key strategic players into a regional framework that will benefit all of us. This should be based on cooperation and peaceful competition," Lim said.

(Excerpted from the *english.eastday.com*, 26 June 2006).

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China, India will Shape Asia: Singapore Prime Minister

Singapore Prime Minister Lee Hsien Loong, forecasts at the Asia Security Summit organised by the London-based International Institute for Strategic Studies (IISS), that the “rapid emergence of China and India” as key players “will shift the strategic priorities of countries” in Asia and “shape the emerging framework for security cooperation in the region.” He further said that that “India’s economic revival will be another factor in Asia’s regional architecture.”

In his keynote address, Mr. Lee said, “Within Asia, the trend is towards greater economic cooperation, and hence a stable, more secure regional order. China has become the largest trading partner of many Asian countries including Japan and South Korea, and the second largest trading partner of India. India started to reform and open up only in the 1990s, but it has made significant progress over the last dozen years and has strengthened its ties with the region. A complex web of economic linkages is stitching East Asia together.”

Mr. Lee noted that “India’s ‘Look East’ policy will give India an interest in what happens in East Asia.” He emphasised the region-wide importance of the Strategic and Cooperative Partnership for Peace and Prosperity that New Delhi and Beijing had already signed. “Both sides understand that they need peace to grow and prosper, and are engaging in strategic dialogue to address bilateral and regional issues.” He also said that “it is very much in Asia’s interest for the United States to remain engaged in the region.”

He emphasized that within this expanding pan-Asian matrix, ASEAN “is non-threatening, enjoys good relations with all the major powers, and thus provides a neutral core around which to develop the regional architecture.” To play “a central role” on the basis of such positives, the ASEAN “must be a strong and effective organisation, able to be a partner of China and India.”

(Excerpted from *The Hindu*, 3 June 2006).
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East Asia Summit Freezes Membership

ASEAN Secretary General, Ong Keng Yong, in a meeting, said that the ASEAN will freeze the membership of the fledgling East Asia Summit (EAS) for the next two years in order to consolidate the forum. He revealed that senior officials had agreed in a meeting that there will be no expansion of the membership of the annual summit for the time being, after the grouping failed to reach a consensus on admitting Russia.

Ong said the next forthcoming two summits of the EAS, to be held in this year in Cebu, the Philippines, and next in Singapore will only involve the current 16 ASEAN member countries, China, Japan, South Korea, India, Australia and New Zealand.

Apart from Russia, the European Union has also shown keen interest to become an observer,

even though there is no such category of membership. For that ASEAN has imposed three criteria for membership that the country must already be a dialogue partner of ASEAN, must subscribe to ASEAN’s non-aggression treaty and must have substantive relations with the grouping. Russia qualifies on the basis of the first two conditions but not on the last, officials have said.

Most ASEAN countries fear that opening the EAS door to too many members, especially those from outside the region, would risk diluting the forum’s East Asian identity.

Countries outside the region had been attracted to the EAS last year due to the perception that it could lead to the creation of an East Asian Community.

(Excerpted from *The Times of India Online*, 20 May 2006).

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Indo-Japanese Cooperation in Energy Sector

At India-Japan Business Summit organised by CII and Japan External Trade Organization in Tokyo, Japan had shown keen interest in India’s energy sector. The Summit was supported by the Indian Ministry of Commerce and Industry and Japanese Ministry of Economy, Trade and Industry (METI). The CII delegation led by its President R Seshasayee in a meeting with Shinzo Abe, Chief Cabinet Secretary in the Japanese Government discussed mainly three key issues viz. environment, science and technology (innovation) and energy. The meeting also focused on the key opportunities in India in manufacturing, infrastructure, pharma & chemicals, retail and marketing aspects in India.

CII also met with its two new SMEs partners in Japan namely Japan Finance Cooperation for Small & Medium Industry (JASME) and organisation for Small & Medium Enterprises for Regional Innovation (SMRJ). The Japanese equity capital markets, trends in M&A in Japan and cross-border deals were also introduced to the members of CII delegation. It was also revealed that JASME will have its office in New Delhi shortly.

It was decided at this meet that Japan will also partner India in CII’s flagship event “International Engineering and Technology Fair, 2007.”

(Excerpted from the *Financial Express* 20 June 2006).

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India Should Aim at Becoming Part of Asian Economic Community

RIS, India has made a proposal that India should actively take part in the East Asia Summit in order to become part of an Asian Economic Community that could evolve into a trade bloc comparable to the EU. RIS argues that it is of “critical importance” for India to take part in the summits and secure preferential access for Indian manufacturing industry to some of the world’s largest and most dynamic markets.

RIS in its latest Report on *Towards an Employment-oriented Export Strategy: Some Explorations*, 2006, reveals that strategic access to markets has become an important factor of competitiveness. It is pushing countries all over the world to set up FTAs and RTAs to get preferential access to markets. India has taken steps to evolve such arrangements with ASEAN, Thailand and Singapore and is part of emerging SAFTA and BIMSTEC free trade areas, it concedes.

As India has already participated in the first EAS held in Kuala Lumpur along with the ASEAN plus three (China, South

Korea and Japan) and Australia and New Zealand. RIS feels that India’s trade policy has to take cognizance of the growing economic integration of East Asian countries that is now seeking to build an East Asian Community. “This forum should be used to evolve a broader Asian RTA involving all EAS participants,” it says.

RIS report recommends that India should actively participate in the WTO talks on non-agricultural market access to bring down trade barriers on labour intensive goods. It notes that labour intensive goods such as textiles, garments, leather goods and food products that need to be focused on for employment generation are also the sectors which have the highest incidence of peak tariffs and non-tariff barriers. The need for India to actively take part in trade talks has become even more critical, it says, since in the post-Hong Kong scenario, least developed countries such as Bangladesh get duty-free and quota-free treatment from developed countries.

(Excerpted from *The Hindu*, 9 April 2006).

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Asian Nations to get Energy Saving Technologies

The Japanese Natural Resources and Energy Agency has been formulating a plan to offer Japan's energy saving technologies and methods to rapidly growing Asian economies, viz. China, India, Indonesia, Thailand and Vietnam in implementing energy saving methods that have proven successful in Japan.

These methods include setting energy saving criteria for automobiles and home appliances and requiring companies to report their energy saving efforts to authorities. It is also expected that in order to encourage Japanese companies with energy saving technologies to do business in other Asian countries, the agency will provide financial support and public loans. The plan calls for Japan to help in making more efficient

electrical generation plants in other Asian countries and join hands with non-governmental environmental advocacy groups to work out energy saving criteria for electronic appliances.

According to the agency, Japan's energy use is so efficient that it needs one-ninth the amount of oil as China to produce the same profit. The projects are aimed to stabilize oil and other energy prices, and to encourage China, India and other developing economies to join an international framework to curb greenhouse gases after the current requirements under the Kyoto Protocol expire.

(Excerpted from *The Japan Times*, 15 May 2006).

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Growth of China, India is a Benefit Not a Threat: Australian PM

Australian Prime Minister, John Howard, said in a speech to the Chicago Council on Foreign Relations, that the economic expansion and growing political influence of China and India is a benefit, not a threat to American leadership and the global system.

The economic expansion of both nations is swelling the ranks of the global middle class and will lead to greater political participation and environmental stewardship, he said.

Howard said, "China's rise is one of the defining phenomenon of our age," and "we see it as good for China, good for Australia, and good for the world."

However, China must contribute more to the institutions that underpin global prosperity and security and the international

community must work to build on shared interests and widen the circle of cooperation if China is to be a "constructive member of the international system," Howard said.

"It is not only China that needs to adjust to changing realities. The international community must also acknowledge that China is determined to succeed and to reclaim its place in the global order," Howard said.

Howard anticipated that India will play a greater role in regional affairs and that India's recent agreement with the United States on nuclear issues will "provide greater transparency and contribute to reducing nuclear tensions in the region."

(Excerpted from the *Khaleej Times Online* 18 May 2006).

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Enough Space for India and China to Grow Together

At the 6th Bangladesh-China-India-Myanmar Forum, Rajiv Sikri, Secretary (East) in the MEA, said, "The India-China partnership is an important determinant for regional and global peace and development, and crucial for Asia's emergence as a pole of growth and influence in the 21st century." He further said that there was "enough space" for New Delhi and Beijing to grow together and their strategic relationship would be crucial for Asia's emergence as "a pole of growth and influence."

"Not only is there enough space and opportunity in the region and beyond for both India and China to grow together, rather the

economic dynamism of India and China offers an unprecedented opportunity for growth and development in the region and in the whole of Asia, including for countries in our immediate neighbourhood," he said.

Sikri conjured up a vision of "a more robust regional integration in Asia, perhaps in the form of a Pan-Asian Free Trade Area or even an Asian Economic Community", which would cash in on new economic dynamics and the existing synergies between countries of the region.

(Excerpted from the *Newkerala.com*, 31 March 2006).

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India to Become Developed Nation Soon: ADB President

At the Annual ADB meeting, the President of ADB, Mr Haruhiko Kuroda, has predicted that with an accelerated growth of the Indian economy very soon the country could leapfrog into the orbit of developed nations.

Mr. Kuroda said, "In the past, the Indian economy recorded 6-7 per cent growth. Now, in the past three years, the Indian economy has achieved nearly 8 per cent growth per annum. And, I am sure that further acceleration of Indian economy is possible, particularly if the infrastructure development and economic reforms were continued."

According to him, "If the Indian economy grows at 7 per cent, the real GDP would double in 10 years. But if the economy grows at 10 per cent per annum, the real GDP would double in seven years itself."

The President stated that several initiatives have been taken up by ADB for the development of the Asian bond market in their bid to support the evolving economies of Asian region in the development process. At present, the ADB is extending the support to Asian+3 countries in developing a bond market in the sub-region and he notes that, such measures on bond market development were important to improve the infrastructure in the region.

On the integration of financial markets in the Asian region, he said, "We are intending to discuss and finalise our vision on the regional cooperation strategy in the coming months."

(Excerpted from the *Hindu Business Line*, 7 May 2006).

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China, India Seek to Increase Trade to \$100 bn by 2015

In a meeting on 'India China Trade-\$100 billion by 2015' organised by the Confederation of Indian Industry, Yu Ping, Vice President, China Council for Promotion of International Trade, stated that "China and India have a history of increasing bilateral trade for the last ten years and we are now setting a new target of \$100

billion, which should be achieved by 2015."

Mr. Ping was satisfied that the target of \$20 billion for 2008 would be achieved two years ahead the due target date by end-2006 and also hoped that the two countries would be able to achieve the new target of \$100 billion by 2015. He said, that China and India should

initiate concrete steps to boost it further the bilateral trade to greater heights. For that, he called for lifting of trade barriers, further opening up of the market, and coordination between the government and entrepreneurs to further accelerate the level of trade ties. In that context, he emphasized on engineering and construction sectors that need to be

looked into with the private sector to play a bigger role. He stated that, there were some restrictions in trade between the countries and hoped that the Chambers of Commerce and similar bodies would take initiative in sorting out these problems.

(Excerpted from the *Financial Express*, 13 May 2006).

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The Road To An Asian Community

M. Jusuf Kalla, Vice President,
The Republic of Indonesia

To develop the concept of an Asian community, Asian countries should prepare for the future by seizing the great opportunity for economic progress that close regional cooperation offers. For the establishment of an Asian community a platform is needed with democratization and economic openness as its basic foundations.

First of all, Asian countries should improve economic development and reduce the economic gaps that exist between countries in the region thereby to maintain relatively uniform levels of growth. As we are all aware, economic growth in Asia will depend greatly on Japanese technological and financial expertise and the input of China and South Korea. We are all agreed that close cooperation between developing countries and the developed world will lead to both better and faster economic development. Inter-relationships between countries throughout the world are essential due to the economic advantages they offer, and such relationships, especially in the fields of trade and investment, should be designed to produce greater economic growth.

Secondly, we must consider the creation of an effective Asian regional community. The countries in the Asian region, particularly in South-east and Southern Asia, have been actively involved in regional cooperation and this has been a positive step toward the creation of an Asian community.

Cooperation between countries should be for the sake of both sides' interests, and for the realization of an Asian community, the economic imbalances between countries should be reduced. Cooperation should not be measured merely by statistics but more importantly by the prosperity and the end-results which it will bring to the peoples of both countries.

Ultimately, to embark on the journey of building an Asian community through growth and progress and in the interests of the people, a well-formulated concept should be initiated and intensive cooperation should be implemented. Therefore, we must work together closely. Each country has different capacities and weaknesses, but these unique

Vision for a New Asia

The EAS, which adds the democracies of India, Australia, and New Zealand to the nations of ASEAN+3, will play a role in making the Asian network even more affluent. I believe that there will be enormous benefits if the EAS serves as a fertile and predominant seedbed for cultivating Asia's knowledge network. Among the noteworthy ideas is one of bringing together scientists and other eminent persons who would represent the greatest knowledge that the countries of the EAS have to offer.

— *Japan's Minister for Foreign Affairs, Mr. Taro Aso's speech delivered at the Future of Asia 2006 Conference organized by Nihon Keizai Shimbun, Tokyo, 26 May 2006.*

characteristics will be complementary and form the basis of our Asian community.

(Excerpted from the speech delivered at the Future of Asia 2006 Conference organized by Nihon Keizai Shimbun in Tokyo 25 May 2006).

New Opportunity of Asia, Driving Growth to the Next Level

George Yeo,
Singapore Minister for Foreign Affairs

As a huge wave of optimism sweeps over large parts of Asia from China to India, it is not surprising that some Asians have been talking about the 21st century being an Asian century. In that context, we have to be modest in our self-estimation and avoid over-reaching ourselves. At present, before we can move up to the next level of development it is necessary to overcome the two challenges that concern the global trade agenda and a new political architecture of cooperation in Asia.

For the long-term health of the global economy, it is important for the major Asian economies to play a greater leadership role. While demand from developing Asia has grown significantly in the last ten years, it is still relatively small compared to the demand of the developed countries. In the next ten years, it is important for Asian countries to stimulate stronger consumption in the region.

Japan, China and India will have to play leadership roles. Japan has been doing this, off and on, for years now partly to protect its investments and markets in Asia and partly because of US prodding.

Following Japan, China has been accumulating US financial assets, helping to keep US interest rates low. Like Japan's, the health of the Chinese economy is now closely connected to that of the US and European economies. Within 10 years, the same is likely to happen for India. For this reason, it is important to bring first China, then India,

into the G8 so that better coordination is achieved. Both China and India will have to play bigger roles in the WTO.

Exchange rate adjustment is only one of a number of measures that have to be taken care of. The more crucial for the global economy is to increase Asian demand by a significant amount in the coming years. The role of governments in building infrastructure and providing better urban amenities is even more important. We are now witnessing greater urbanisation in China, Southeast Asia and India. Huge investments are needed if the cities are to be more liveable. Trillions of dollars more will be needed to build highways, railroads, ports, airports, telecommunication facilities, houses, schools, power stations, waterworks, sewers and other facilities. Much more effort must also be put into protecting the environment.

Asian economic integration can give another big boost to the global economy. Intra-Asian trade flows have been increasing dramatically. China has become the biggest trading partner for many Asian countries including Japan and Korea. A web of concentric and overlapping FTAs is binding the region closer together. The participating countries of the first EAS are likely to become a major driver of the global economy which account for half the world's population. The political challenges are considerable because the re-emergence of China and India as major global players have been unsettling some of the major powers today.

China's relationships with Japan and India are also important. For the first time, India and China are negotiating seriously the delineation of their common border. As PM Manmohan Singh said last year, the world is big enough for both countries and each is too big to be contained by the other.

The annual East Asia Summit will help us construct an architecture for the peaceful development of Asia in this

century. It brings together the major players - China, Japan and India. By including Australia and New Zealand, we demonstrate that this is not a grouping which is exclusively for Asians.

It is important for all of us to work for the peaceful re-emergence of China and India on the global stage to usher in a new era of peaceful development in Asia. Forums like Boao can play a helpful role in promoting greater mutual understanding and by involving younger generation the future of Asia and the world will be in the right direction.

(Excerpted from the Speech delivered at the Boao Forum, 22 April 2006).

India's Closer Linkages with Asian Countries

Kamal Nath
Union Minister of Commerce and Industry, India

Integration is a process that is being driven today by the technological revolution that shrinks distances, and by globalization. It is only inevitable that we seek to take the existing relationships to a higher level, where we envision an Asian Economic Community, which encompasses ASEAN, China, Japan, Korea and India. One cannot but be captivated by the vision of an integrated market, spanning the distance from the Himalayas to the Pacific Ocean, linked by efficient road, rail, air and shipping services. Such a community would be roughly the size of the European Union in terms of income, and bigger than NAFTA in terms of trade. It would account for half the world's population, and it would hold foreign exchange reserves exceeding those of the EU and NAFTA put together. This is an idea whose time is fast approaching, and we must be prepared for it collectively.

We already have a Comprehensive Economic Cooperation Agreement (CECA) with Singapore in place, and an FTA with Thailand nearing completion. We have begun exploratory talks with China and Korea, and are active in BIMSTEC. SAFTA is now a reality. We feel that these free trade agreements, will give us business and economic leverage on the world trading platform as well at the WTO.

(Excerpted from the address delivered at the CII National Conference and AGM, New Delhi, 19 April 2006.

(Source: Press Information Bureau of India, Press Release)

India-Japan Complementarities

India and Japan have many complementarities in the economic sphere also. Japan is a relatively labour scarce but capital abundant country whereas India has an abundance of an entire spectrum of human resources. Similarly, India has a world acknowledged prowess in the software sector and Japanese strength in the hardware sector is established for decades. India has a wealth of resources by way of raw-materials and minerals and Japan has the technology and capital to produce knowledge intensive manufactured goods. In short, if the two were to engage more intensively in terms of economic collaboration, the resulting synergies, the economies of scales and the complementarities could lead to great welfare gains for both the countries.

— From the speech of Dr. Y.V. Reddy, Governor, Reserve Bank of India, circulated at the Future of Asia 2006 Conference organized by Nihon Keizai Shimbun, Tokyo, 25 May 2006.

Thinking Globally: Acting Regionally: Asian Economic Integration

Haruhiko Kuroda,
President, Asian Development Bank

Asia's emergence as a key player in the global economy is truly remarkable. Furthermore, four of the ten largest economies in the world, viz. Japan, People's Republic of China, India and Korea are now in Asia.

The lifting of trade barriers, enhanced activities of transnational corporations and declining business costs have brought new opportunities and challenges for developing economies. Among the many factors associated with the region's impressive economic performance are its outward-oriented development strategy, investments in education, creation of modern infrastructure and poverty reduction programs. These developments notwithstanding, economic performance within Asia has been uneven. Some economies have achieved notable economic growth and poverty reduction while others have lagged behind.

In the higher performing economies, East Asia has been at the forefront of an increasing trend towards regional cooperation and integration. Driven by the emergence of global value chains, cost reductions, rapid technological progress, and trade and investment liberalization, intra-regional trade in East Asia now accounts for well over half of the region's total trade. With the seeds sown and well rooted, regional economic integration seems here to stay. Further, governments themselves in their respective countries have been initiating policies to

support deeper integration and embarked on closer monetary and financial cooperation to strengthen the region's financial architecture.

Building on this progress, governments and markets could profitably work together to sustain the momentum towards regional cooperation and integration in Asia. In that context Asia may draw lessons from the EU, and from integration experiences elsewhere, it must seek out a path suited to its unique initial conditions. At a practical level, Asia's future strategic direction towards integration should respond to these differences while narrowing these development gaps.

The most pragmatic scenario would be a multi-track, multi-speed approach that allows different countries and subregions to proceed with regional cooperation and integration according to their needs and levels of economic and social development.

Asia is a major player in the world economy and has succeeded in thinking globally, and is responding to globalization by building the critical bridge - a more integrated regional economy. There are many alternative paths that regional cooperation and integration can take in future.

(Excerpted from the Welcome Remarks at the ADB Annual Meeting Seminar, 4 May 2006, Hyderabad, India).

Creating a Globally Connected Asian Community

Raymond Lim, Minister for Transport and Second Minister for Foreign Affairs, Singapore

The center of gravity of the global economy is shifting toward China and India as they are poised to become the new economic powerhouses of the 21st century. Above all it is not only the rise of China and India, but of all Asia. Equally significant is



the prospect that Asia's rise will lead not to an exclusive Asian or Pacific century to replace the Atlantic century, but a dynamic and *globally connected* Asian community spurring growth in the rest of the world through a network of trade and investment relationships.

Southeast Asian economies have recognized the rise of China and India and begun to collaborate and adapt to the new order of changing competitive advantages, global financial flows and trade links.

The rise of China and India is no different—it poses challenges for the rest of Asia and, indeed, the rest of the world. There is doubt that Asian developing countries are facing intense competition from China and India in trade, manufacturing, services, and FDI. Backed by its huge foreign investments, China has developed a broad range of capabilities and at the same time now competes with Southeast Asian countries in low-cost, labor-intensive operations and in high-end manufacturing and R&D. India's liberalized trade policies have led to higher export competitiveness, particularly in its textile and information technology-related manufacturing sectors. Global producers ranging from Toyota to LG Electronics have established production bases in India. Not only will China and India continue to attract a large share of FDI and have a cost advantage over Southeast Asia, their much-larger domestic markets and pools of engineers and scientists also give them an edge in higher-value activities.

China and India are not just factories churning out low-cost goods and services but are also rapidly growing markets in their own right, with a huge demand for consumer and capital goods produced in Asia and elsewhere. China in particular has become an important engine of growth for Asia. India, too, has been emerging as a growth engine. China and India will bring Asia into the center of the global economy.

The rise of China and India is helping Asia to not only grow but to become more integrated to create a cohesive Asian community that allows for both complementary growth and positive competition. The success of such an Asian community depends on three key factors. First the growth in China and India must continue to catalyze economic integration in Asia, because besides the FTAs there is potential for further integration in financial markets and cross-border capital flows.

Secondly, China and India must continue to adopt mutually beneficial

developmental and foreign policies with respect to their Asian neighbours. Lastly, other Asian countries must continue to reform and integrate their own economies and present themselves to China and India as valuable and viable partners.

The emerging Asian community must not become rival to other regions but a globally connected and engaged partner. China and India have already taken the lead in connecting the Asian community to the rest of the world. Asian economies are leveraging China and India's expanding global links and importance to establish their own relevance in global value chains.

As Asia—led by China and India—must and will ensure that its rise as a global economic powerhouse is not a threat to the security or prosperity of other nations and regions. As Asia connects to the world, there is every reason to hope that the same principle and structure of a community based on complementary growth and positive competition, held together by overlapping political and economic relationships, can serve as a model for the rest of the world. The Asian Century will be the Global Century.

(Excerpted from the *Finance and Development*, Vol.43, No.2, June 2006).

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Asia's Quiet Economic Revolution

Tadahiro Ohkoshi

Asia Pacific Perspectives

The Asian economies sustained rapid economic growth through the 1990s were called the growth centre of the world economy. However, the 1997 Asian financial crisis exposed the vulnerability in the region's strength, when national governments were unable to respond this crisis with effective measures.

According to the Director of the Research Division for the Japanese Ministry of Finance's International Bureau, the major reason for the Government's failure to tackle the financial crisis in East Asia was the development of close inter-dependent relationships in finance through private sector trade and investment over the last two decades. However, as compared to the private sector, Governments in their respective countries lacked the spirit to develop cooperative relationships for financial policymaking.

The currency crisis identified an acute need to rapidly develop a framework for

effective international financial policy cooperation, along with the comprehensive monitoring of the financial activity of all the nations in the Asian region. The aftermath of the financial crisis led to the establishment of two important financial policy cooperation initiatives by the ten ASEAN member countries along with the China, South Korea and Japan. The launching of the Chiang Mai Initiative (CMI) in 2000, which served as a safety net to prevent future financial crisis, can be considered as a stop-gap measure for emergencies. Under this arrangement, member nations set up a network of currency swap agreements where they hold each other's currencies, through which they agree to provide mutual aid during the crisis.

Further, alongside the CMI, Asian Bond Markets Initiative (ABMI) is currently being promoted as a framework for international cooperation in financial policymaking and as a key for ensuring sustainable economic development in Asia. In this context, it was explained that the government bonds issued by national governments play the most important role in bond markets because when public or corporate bonds are issued, they set a credible interest rate that itself informs investors of the profit and risk from their investment. But the interest rate on government bonds is used as a benchmark. For this reason, ASEAN+3 member nations are making concerted efforts to develop bond markets for debt securities denominated in their own currencies and towards the goal of promoting healthy government bond markets.

However, the initiatives in this regard by various Asian countries have also started bearing fruits. Regarding the future of ABMI, it mainly depends on whether it can establish the necessary market transparency and credibility to attract investment from both within Asia and around the world.

(Excerpted from the *Asia Pacific Perspectives*, Vol.3, No.11, March 2006).

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Asian Consumers are on the Rise

Philip Lagerkranser and Rich Miller
International Herald Tribune

Due to its own people, Asia's export-driven economy has a new engine of growth. With high level of employment and rapid increase in wages, Asian consumers have been on a shopping spree.

The rise of the Asian consumer had prompted the IMF to increase forecasts for economic growth for the region and worldwide this year. Asian stock markets are booming, led by India's, as investors bet that stronger domestic demand will help the region reduce its dependence on consumer spending in the United States and Europe.

In Japan and South Korea, spending rose the fastest in nine years in 2005. Further, China also expects its domestic demand to contribute more to growth this year after cutting income taxes and raising minimum wages to fuel consumption.

The new opportunities will arise with the emergence of a middle class in China and India and an enrichment of the middle class in South Korea. Demographics and economic development in these countries are helping to drive Asian consumer demand, says Gregory Fager, a director of the IIF, Washington. Younger consumers are more inclined to spend than their elders, and some Asian markets are getting younger as more than half of India's 1.1 billion people are under the age group of 25.

According to the World Bank, China and Vietnam in their efforts to reduce poverty are also fueling consumer spending. The share of people in East Asia living on less than US\$1 a day fell to 8 per cent in 2005 from 9.1 per cent in 2004.

With the rising demand of mobile phones demand in China and India, Nokia, plans to raise its 2006 growth forecast for the global handset market to at least 15 per cent, from 10 per cent or more. Similarly, Starbucks of Seattle, the world's biggest coffee-shop chain, increased its outlets in China to tap Asian consumers demand. Likewise, HP expects its Asian PC sales to climb as much as 20 per cent this year.

As a result of the rise in average salaries in India that reached to 14 per cent in 2005, the highest among Asian countries, nearly two million people in a single day went for shopping in the Big Bazaar, the country's largest discount stores. With the rise in consumers in India, the Dell, the world's largest PC maker also plans to double its work force in India to 20,000 in three years.

According to the chief economist of Lehman Brothers, Asia has the makings of a new economic paradigm, where it moves away from the export-led model.

(Excerpted from the *International Herald Tribune*, 11 April 2006).

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'Look-East' Policy has Started Bearing Fruits

Sushma Berlia, President,
PHD Chamber of Commerce and
Industry

India's efforts to fulfil its vision of becoming a developed nation by 2020 will be fuelled by enhanced economic cooperation with its extended neighbourhood in the East, right up to Australia.

Since 1992, India has been successfully pursuing a 'Look East' policy to enhance economic cooperation with its neighbours in the East. India's 'Look East' policy has started bearing fruits and the economy is harvesting handsome dividends. Asia, excluding the Middle East, accounts for 31 per cent of our global exports, while the share of imports is 24 per cent. Imports from ASEAN have increased by around 220 per cent. Foreign investment and tourism traffic in India from ASEAN countries has also seen the upward trend.

However, there is an increasing trend towards regional trade arrangements (RTAs), in spite of the evolving multilateral framework under WTO. Over 275 RTAs have been notified to WTO, with 200 being operational. Two-thirds of world trade is on preferential basis. One could argue that goods imported from neighbouring countries are more cost-competitive on account of lower freight cost, due to geographical proximity. Rules for cooperation and mutually beneficial exchange are easily realised in smaller groups than in a multilateral framework.

India has been left far behind in the race for regional integration. The Indian government has adopted an aggressive policy to enter into RTAs and economic and regional blocks in the last three-four years. And few of these are CECA including services and investment.

While it seems that the government has decided that all future agreements will be in the nature of CECA, there is need for chalking out a roadmap to enter into FTAs with different countries and blocks. Agricultural products would generally be kept outside the purview of the agreement. The government must involve the industry closely in bilateral negotiations with countries or blocks with whom they are planning to enter into FTAs. The industry needs to be consulted before any positive/negative lists

are drawn under any such agreement. This is especially the case, because domestic industry faces a competitive disadvantage through high domestic indirect taxes, and these are not completely compensated through countervailing duties.

(Excerpted from the *Financial Express*, May 17, 2006).

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Towards an East Asian Economic Unit

Nagesh Kumar, Director-General,
Research and Information System for
Developing Countries (RIS)

The recent developments have led to an Asian resurgence, with the emergence of China and India as engines of growth, the recovery of Japan, rise of the Asian middle class, and increasing resilience of Asian countries to external shocks. Over the past decade, Asian countries have also integrated themselves within the region, as evident from a high and growing proportion of intra-regional trade and investments. Besides growing economic inter-dependence, Asian countries also face shared vulnerabilities to external shocks and natural disasters.

There is also an attempt to build on this 'functional' or market-driven cooperation and growing inter-dependence to more formal institutionalised cooperation, as is clear from numerous sub-regional or bilateral FTAs. In particular, China, Japan, India and South Korea are all working on ASEAN+1 FTAs. These countries are also studying bilateral FTAs between themselves. Through the emerging web of FTAs, an Asian economic community is evolving. Studies have shown that broader regional integration in Asia has the potential of generating billions of dollars of new output and put Asia on a high growth path. Further, it has been shown that Asian economic integration will benefit the rest of the world, as it implies trade creation rather than trade diversion. Hence, it is a case of win-win for Asia, as well as the world economy.

Recently, Japan's Minister of Economy, Trade and Industry, Toshihiro Nikai proposal for Comprehensive Economic Partnership Arrangement in East Asia, with the member countries of EAS Summit has strengthened the framework for broader regional cooperation in Asia. The proposals include regional trade liberalisation for strengthening regional production networking, by



providing one economic space and making the region more attractive for investment by evolving common rules for trade in services, investment, etc. and fostering sectoral cooperation. Mr Nikai has also proposed to create an OECD-like think-tank to assist the process of regional economic integration. It is hoped that such an institution could pool the capabilities and expertise built over recent years at a number of think-tanks in different parts of Asia.

The Nikai proposals are quite consistent with the vision of Prime Minister Manmohan Singh when he called for a pan-Asian FTA combining all the EAS members, as a way forward towards an Asian Economic Community as an 'arc of advantage.' Therefore it seems that the two nations "committed themselves to work together to promote the vision of an Asian Economic Community" as proposed by India. The proposed East Asian Comprehensive Economic Partnership Arrangement could be a major building bloc of the proposed East Asian community or an eventual Asian Economic Community.

Therefore, among the first priorities for the coming East Asia Summits could be to create a framework for regional cooperation in trade and investment among the participating countries, by coalescing various ongoing FTAs between ASEAN and its dialogue partners and between the dialogue partners. By providing a seamless market to the EAS (or Asian) businesses and industry, such an arrangement will help in efficiency-seeking restructuring of Asian industry and could emerge as an engine of growth. And care must be taken in designing the programmes of regional economic integration so that it represents regionalism with an 'Asian Face.'

(Excerpted from the *Financial Express*, 20 June 2006).
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ASEAN is India's Gateway to the Asia-Pacific

T. K. Bhaumik,
Reliance Industries Limited

The Indo-ASEAN FTA is by far India's most significant move towards regional integration. As an emerging economic power, India has to secure its due place among the dynamic Asian economies, this must be hailed as a highly welcome move.

Since India's 'Look East' policy, interdependence and integration of the ASEAN

economies has deepened significantly through accelerated FTA, Investment Area Programmes and a programme for integrated network of production, besides a vast network of economic and technical cooperation programmes amongst themselves.

ASEAN has signed FTAs with China, Korea and Japan, whereas its individual member-countries like Singapore, Thailand, and Vietnam have several bilateral FTAs with countries like USA, Japan, Australia, etc. ASEAN and its members have been working as catalysts towards a larger FTA within the APEC grouping. ASEAN has been at the driver's seat of the vehicle of regionalism, inviting its own choice partners and creating network of trade linkages across and beyond Asia.

India has been actively pursuing integration network within South Asia and

South East Asia through FTAs. It has already signed CECA with Singapore and Sri Lanka, besides an FTA with Thailand, and is committed to full implementation of SAFTA and BIMSTEC FTAs. India is also pursuing FTA dialogue with the GCC countries, Korea on the East and Australia on the extreme of the Pacific.

ASEAN is India's gateway to the Asia-Pacific. Therefore in the making of the highly integrated Asia-Pacific economic community India will be considered as one of the significant players which is stepping into 'noodle bowl' of trade. In a way, we are heading towards an Asian trading order that is more aggressive than the multilateral trading order.

(Excerpted from *The Financial Express* April 3, 2006).
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Further Readings

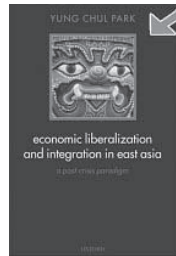
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Economic Liberalization and Integration in East Asia : A Post-Crisis Paradigm

Yung Chul Park
Oxford University Press, 2006

ISBN: 0-19-927677-3

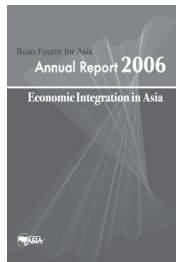
In this book the author argues for the continuing validity of an 'East Asian' model of economic development that differs distinctly from the Washington Consensus. He argues that, while this model was undermined to some extent by the 1997-98 financial crisis, it remains robust and important in explaining economic events in East Asia. In doing so, he covers the accomplishments and failures of the East Asian development model and the reform agenda for a new East Asian paradigm for post-crisis development.



BFA Annual Report 2006: Economic Integration in Asia

Institute of Boao Forum for Asia,
P R China, 2005

The BFA Annual Report 2006 extends its coverage on the developments in trade in services, investments flows including FDI in the Asian region and other important issues apart from the trade in goods covered in the previous year report. This report gives a special emphasis to smaller economies within the region, particularly Cambodia, Vietnam, and Lao PDR within ASEAN, in order to understand the impact of emerging economies of Asia on these smaller countries. The report reveals both the strength as well as the weaknesses of the emerging economies. It also reports findings that in spite of the removal of textile quotas, some smaller low income countries have managed to expand trade alongside China and that some smaller countries are receiving significant capital flows relative to their size. The report analyses that trade in services is becoming an important source of economic output to many countries in the region and it can supplement the trade gap in manufactured goods existing from poor infrastructure in those countries.



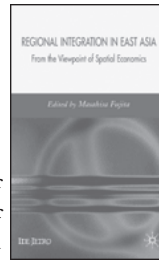
Regional Integration in East Asia : From the Viewpoint of Spatial Economics

Mahahisa Fujita
Palgrave Macmillan,
December 2006

ISBN : 0-230-01895-5

With the expansion of markets and deepening of economic interdependency beyond state borders, there is new political challenge arises to effectively integrate the interdependent economies into a harmonious unity through the creation of new super-state institutions.

The author in his book analyzed the recent dynamism of the global economy with particular focus on East Asia and examines the prospects of regional integration in East Asia.



Phantom of the China Economic Threat: Shadow of the Next Asian Crisis

Chi Lo
Palgrave Macmillan, 2006

ISBN : 1-4039-8788-2

The fear that China's competitive stress would trigger another Asian crisis, as China gobbles up foreign demand and capital at the expense of Asia, is flawed. This book seeks to analyze and dispel the myths behind the political rhetoric of the China economic threat to the global economy, and to identify the real risk for Asia behind the perceived China threat. The book combines rigorous research thoughts, data, facts and economic logic with real world examples and anecdotes to elaborate the arguments. Conventional thinking is debunked and the findings are provocative and irresistible.



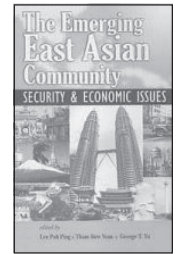
The Emerging East Asian Community: Security and Economic Issues

Editors : Lee Poh Ping, Tham Siew Yean & George T. Yu
Penerbit UKM: Bangi, 2006

ISBN : 9-679-42764-1

The East Asian Summit was both a milestone and a setback for regional integration. It marked the first tangible step towards the long cherished goal of forming

an EAC. Many of the issues that have plagued the formation of Asian regional groupings in the past and, as indeed a new one, like the role of China, in the formation of East Asian Community, and old issues like the membership and the structure and the role of ASEAN in this community found importance in this book. This book is an attempt to consider such issues and the security and economic aspects that underlie many of these issues. The book takes both a comparative approach and an individual country analysis.



Enhancing Regional Cooperation in Infrastructure Development Including that Related to Disaster Management

United Nations, ESCAP
March, 2006

ISBN: 92-1-120466-6

Adequate infrastructure in the four key sectors of transport, telecommunications, energy and water considered in this study is a prerequisite for opening up access to global trade and investment flows, increasing the competitiveness of production and services and thus sustaining the region's economic growth. The study prepared for the sixty-second session of the Commission (Jakarta, 6-12 April 2006), analyses the role of infrastructure and its socio-economic linkages as well as regional initiatives in creating, maintaining and utilizing infrastructure with a focus on financing such investment. It identifies a number of specific options for strengthening regional cooperation in these areas.



Labour Markets in Asia: Issues and Perspectives

Editors – Jesus Felipe and Rana Hasan
Palgrave Macmillan Limited, 2006

ISBN: 0-230-00791-0

The present volume argues that while labour market reforms may be necessary in some specific cases, by no means are labour market policies the main explanation for the widespread increase in unemployment and underemployment across Asia and country



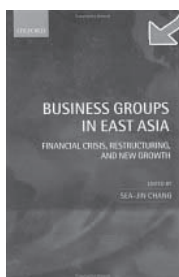
specific studies undermine the case for across-the-board labour market reforms. In this report, the different authors presented country-specific reforms that target the particular policies which may inhibit employment creation. Further, the authors also argue that the governments in the developing Asia must give top priority to the objective of full, productive and decent employment and should propose growth-promoting and human capital policies to achieve these objectives.

Business Groups in East Asia: Financial Crisis, Restructuring, and New Growth

Editor : Sea -Jin Chang
Oxford University Press, 2006

ISBN: 0-19-928734-1

The 1997 Asian Crisis principally affected Thailand, Indonesia, Malaysia, and Korea as well as other East Asian countries heavily dependent on intra-regional trade. Banks and other financial institutions quickly become insolvent, and heavily indebted industrial firms went bankrupt. Many of these firms were affiliated with the business groups of this region, yet most groups did not immediately collapse, indeed they proved remarkably robust, some surviving and even prospering. This book examines these East Asian business groups and presents important up-to-date data on their subsequent restructuring following the Asian Crisis.



specific studies undermine the case for across-the-board labour market reforms. In this report, the different authors presented country-specific reforms that target the particular policies which may inhibit employment creation. Further, the authors also argue that the governments in the developing Asia must give top priority to the objective of full, productive and decent employment and should propose growth-promoting and human capital policies to achieve these objectives.

Economic Integration in East Asia: Trends, Prospects, and a Possible Roadmap

Pradumna B. Rana

This paper reviews trends in East Asian regionalism in the areas of trade and investment, money and finance, and infrastructure. It prevents various measures of trade and financial integration. An important finding of the paper is that increasing trade and financial integration in the region is now starting to lead to a synchronization of business cycles in a selected group of countries, further

enhancing the case for monetary integration among these countries.

(ADB Working Paper Series on Regional Economic Integration No.2, July 2006).

Monetary and Financial Cooperation in Asia: Emerging Trends and Prospects

Ramkishan S. Rajan

Ever since the currency crisis of 1997-98 there has been a great deal of interest in enhancing regional economic cooperation in Asia. It is important to keep in mind that economic regionalism is multidimensional nature. The focus of this paper is on policy initiatives underway in Asia to enhance monetary and

financial regionalism and the analytical bases for these initiatives, rather than on examining the de facto level of financial and monetary links that already exist (which may or may not have been facilitated via regional policy mechanisms). There are many gradations of monetary and financial regional cooperation, ranging from the weak form involving regional policy dialogue and surveillance, on the one hand, to exchange rate and monetary coordination, on the other. To maintain focus, this paper concentrates more narrowly on "medium forms" of monetary and financial regionalism, broadly defined as the development of regional liquidity arrangements and regional financial markets.

(RIS Discussion Paper, No.107, 2006).

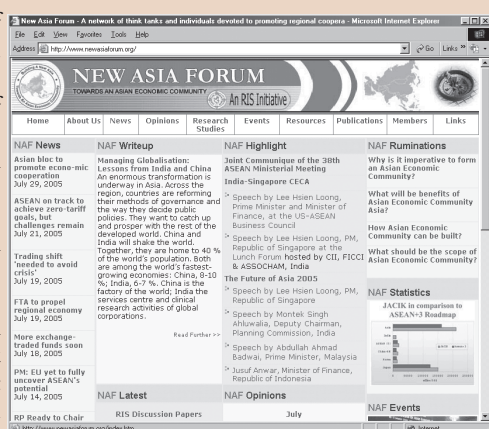
New Asia Forum

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

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

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