



# RIS Diary

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## Focus on Monetary Cooperation in Asia

### RIS/ADB Seminar on Monetary and Financial Cooperation in Asia

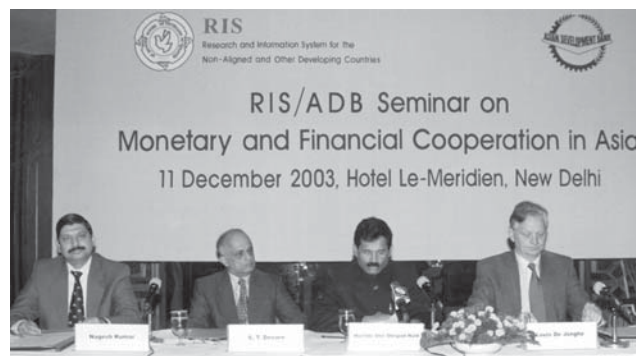
RIS has developed some proposals for broader schemes of regional economic integration, including monetary and financial cooperation, to be implemented in a phased manner, with Japan, ASEAN, China, India and Korea (JACIK) providing the core in the first phase. These proposals were earlier debated at the International Conference on Building a New Asia organized by RIS in March 2003 (see *RIS Diary*, April 2003).

As a part of follow-up activities to carry forward its work on different aspects of economic cooperation in RIS, jointly with Asian Development Bank, New Delhi, organized a Seminar on Monetary and Financial Cooperation in Asia in New Delhi on December 11, 2003. Shri Shripad Naik, Hon'ble Minister of State for Finance, Government of India delivered the inaugural speech. Ambassador S.T. Devare, Vice-Chairman, RIS; Mr Louis De Jonghe, Country Director, ADB; and Dr Nagesh Kumar, Director-General, RIS also addressed the inaugural session. In his inaugural address Shri Naik said that the issues of regional importance in the global context, merit serious thought and collective action. The Asian

community now needs to focus on the economic cooperation front which can tilt the balance of power in our favour.

The first business session on Monetary and Financial Cooperation in Asia, chaired by Ambassador S T Devare, had three presentations: Economic Integration and Re-emergence of Asia (with focus on Monetary and Financial Cooperation) by Dr Pradumna B. Rana, Director, Regional Economic Monitoring Unit, ADB, Manila; Financial and Monetary Cooperation in Asia: Problems and Prospects by Dr Mihir Rakshit, Project Director, ICRA; and Towards an Asian Economic Community by Dr Nagesh Kumar.

Dr Ashok Lahiri, Chief Economic Advisor, Ministry of Finance, Government of India chaired the second session on Global and Regional Economic Outlook. This session had two presentations: Asian Economic Monitor by



*Shri Shripad Naik, Hon'ble Minister of State for Finance (third from left) at the inaugural session of the Seminar. Others in the picture (from left to right) are: Dr Nagesh Kumar, Director-General, RIS; Ambassador S.T. Devare, Vice Chairman, RIS; and Mr. Louise De Jonghe, Country Director, ADB.*

Dr Srinivasa Madhur, Principal Economist, ADB/REMU; and India's Long-run Growth Performance by Dr Sudipto Mundle, Chief Economist, ADB/INRM. Dr Suman Berry, Director-General, NCEAR and Dr Shubhashis Gangopadhyay, Director, IDF were the main Discussants. The participants, among others, included representatives from business and industry circles, research institutes, academia, government departments, and media.

### RIS/SACEPS Workshop on Monetary Cooperation in South Asia



*(From left): Prof Rehman Sobhan, Executive Director, SACEPS, Dhaka, Shri Muchkund Dubey, President, CSD; Dr Arjun Sengupta, Chairman, SACEPS and Dr Nagesh Kumar, Director-General, RIS at the RIS/SACEPS Workshop.*

RIS jointly with South Asia Centre for Policy Studies (SACEPS), Dhaka, Bangladesh organized a Workshop on Monetary Cooperation in South Asia: Potential and

Prospects on December 23, 2003 in New Delhi. The workshop began with remarks by Dr Nagesh Kumar, Director-General, RIS; Prof Rehman Sobhan, Executive Director, SACEPS, Dhaka; and Dr Arjun Sengupta, Chairman, SACEPS.

As is well known, monetary cooperation among the SAARC countries has attracted a lot of attention as one of the areas of potential cooperation. RIS has prepared a study on this subject. The workshop was organized to discuss the issues raised in this study, as well as to discuss the issue for macroeconomic coordination in Asia.

Shri Muchkund Dubey, President, CSD, New Delhi chaired the first session on monetary cooperation in South Asia; potential and prospects. Dr Mirza Allim Baig, Research Associate, RIS made the thematic presentation. Dr Saman Kelegama, Executive Director, Institute for Policy Studies, Sri Lanka; Professor I N Mukherji, School of International Studies, JNU; Professor Sunanda Sen of Academy for Third World Studies and Dr Ramgopal Agarwala, Senior Advisor, RIS were the panelists.

The second session on macroeconomic coordination in South Asia was chaired by Dr Sudipto Mundle, Chief Economist, ADB, New Delhi. The panelists in this session were: Dr Ramgopal Agarwala, Senior Advisor, RIS; Dr Arjun Sengupta and Prof Rehman Sobhan.

## South Asia Development and Cooperation Report 2004

The *South Asia Development and Cooperation Report 2004* is the third in the series of Reports launched by RIS to provide an analysis of the macro-economic performance of South Asian economies against the background of global trends and the policy challenges being faced by them with a special focus on the role that regional economic integration could play.

The Chapters of the Report focus on topics such as global economic trends and South Asia; reforms and global economic integration of South Asia; macroeconomic performance and outlook of South Asia: growth, structural transformation and stabilization; trade performance and competitiveness; foreign direct investment and global production networks; regional economic integration in South Asia: lessons from different approaches; transport infrastructure: present status and potentials for cooperation; biotechnology in South Asia: issues, concerns and opportunities for cooperation; and development with a human face.

RIS research, team led by Dr. Nagesh Kumar, Director-General, RIS, includes Dr. K.J. Joseph, Senior Visiting Fellow; Dr. Ram Upendra Das and Dr. Sachin Chaturvedi, Fellows; and Dr. Mirza Allim Baig, Mr Prabir De and Dr. Saon Ray, Research Associates, RIS, with inputs from Dr. Ramgopal Agarwala, Senior Advisor, RIS.

In fact, since the launch of the first Report in the series in 1999, the *SADCRs* have become among the very few sources of comprehensive economic analysis available for the South Asia region as a whole. The SAARC Network of Researchers on Global Financial and Economic Issues at its first Meeting held in Colombo in early 1999, appreciated the launch of the series by RIS and gave a mandate for preparation of such Reports on a regular basis. Therefore, the present Report, like its predecessor issued in 2002, is being prepared by RIS under the auspices of the SAARC Network of Researchers.

An early draft of the present Report was presented and discussed at the Sixth Meeting of the SAARC Network of Researchers, held in Islamabad on December 8, 2003. RIS plans to organize release and discussions on the Report in New Delhi in January 2004 followed by other SAARC capitals. As per the recommendation of the meeting of SAARC Network, some advance copies of the Report were sent to the Twelfth SAARC Summit held in Islamabad in January 2004.

## Monetary Cooperation in South Asia: Potential and Prospects

The broad objective of the study examines the potential and prospects of monetary

cooperation in South Asia. It discusses the rationale for monetary integration, examines the feasibility of Optimum Currency Area (OCA) in the region and makes some policy recommendations. Another contribution on the subject prepared at RIS is a policy note on the single currency in South Asia that proposes a way forward for a currency union with a parallel currency to begin with. Both the papers were presented at RIS/SACEPS Seminar on Monetary Cooperation in South Asia held in New Delhi on December 23, 2003 as reported elsewhere in the Diary. Contact for further details, [dgooffice@ris.org.in](mailto:dgooffice@ris.org.in).

## Regional Cooperation for Energy Security in Asia

Energy consumption of developing Asian economies like India, China, South Korea, Indonesia and Thailand are increasing rapidly. To meet this increasing demand for energy, these emerging economies will have to increase and diversify their domestic supplies and sources of energy—both conventional as well as non-conventional. Some of the options that are available to India are: discovering new energy sources in the country; increasing energy import and diversifying sources of import; demand side management and improvements in efficiency of energy use and diversifying to alternative energy forms. In this regard, India needs to explore cooperation possibilities with the new economies of Central Asian countries, which have vast resources of oil and natural gas, with the immediate neighbours in the BIMST-EC countries for exploration and exploitation of their abundant natural gas and renewable energy resources and with ASEAN countries, China, Japan and Korea for Asian energy and economic cooperation through the creation of emergency energy network; joint management of strategic oil reserves, development of a natural gas market in Asia and improvement of energy efficiency and renewable energy. The RIS study explores into India's energy cooperation possibilities with other countries. Contact for further details, [barnali@ris.org.in](mailto:barnali@ris.org.in).

## Agriculture Market Access After Cancun: Demystifying Formula from the Developing Countries Perspective

The WTO Cancun Ministerial Text issued by the Conference Chair Mr. Derbez leaned heavily on the joint EC-US "framework paper" on Agriculture. This bias complicated the negotiation process by mystifying the approach to agriculture market access pillar. RIS has undertaken a study to make some simulation results based on alternative formula submitted to the WTO. In the light of the simulations the

RIS study suggests the negotiating issues for market access modalities under AoA. Contact for further details, [rajeshmehta@ris.org.in](mailto:rajeshmehta@ris.org.in).

## Implications of the WTO Tariff Proposals for Indian Industry

The process of non-agriculture market access negotiations is being conducted by Negotiating Group of Market Access (NGMA) under the premises of WTO. In this direction NGMA has been proposing different approaches for negotiations with the main emphasis on non-linear formula. Further to its studies on Non Agricultural Market Access, RIS has been looking at implications for specific industries. In this context a position paper was prepared and discussed with the representatives of the paper and newsprint industry at the request of the Ministry of Commerce and Industry and Central Pulp and Paper Research Institute (CPPRI). CPPRI has now approached us for launching a detailed study for the benefit of the industry.

Another study prepared for the benefit of the industry relates to the impact of the tariff proposals for small scale industries. A number of products have been reserved for exclusive manufacture by Indian small-scale industries. The ongoing trade liberalization and globalization talks can adversely affect these industries. RIS has undertaken a study to assess the implications of present round of World Trade Organisation (WTO) negotiations on Indian products, which are for exclusive manufacture by small-scale sector.

As a first step the analyses of the Uruguay Round Commitments, Doha declaration and member countries' proposals, with special emphasis on the developing countries taking India as the case study, has been conducted. Further the structure and levels of bindings, base rates from where negotiations would start and tariff incidence for the products reserved for the exclusive manufacture of Indian small-scale industries has been studied. Finally the likely post negotiations scenario for Indian small-scale industries has been presented. Contact for further details, [rajeshmehta@ris.org.in](mailto:rajeshmehta@ris.org.in).

## Foreign Direct Investment, Development and WTO: The Case of India

The study, sponsored by the Asian Development Bank, discusses the experience of India in mobilizing and employing FDI inflows (and outflows) in its process of development. It also briefly summarizes the approach of India towards international investment agreements in general and towards the attempt of developed countries in establishing a GATT type framework for

*continued on page 3*

# National Consultations on ASEAN-India Vision 2020



Shri Rajiv Sikri, Special Secretary (ER), Ministry of External Affairs (middle), Dr Nagesh Kumar, Director-General, RIS (left) and Shri C.M. Bhandari, Joint Secretary (MER), Ministry of External Affairs at the National Consultations on ASEAN-India Vision 2020.

As per the mandate of the ASEAN-India Summit, RIS has been nominated by the Ministry of External, Government of India, to coordinate the network of think-tanks from India and ASEAN countries as well as preparation

of the ASEAN-India Vision 2020 Paper. The paper will be finalized in consultation with the think-tanks from the ASEAN countries before adoption at the third ASEAN-India Summit in Laos in 2004.

As mandated, RIS has prepared a Draft Concept Paper from Indian side. In order to finalize the paper, RIS organized National Consultations on ASEAN-India Vision 2020 in New Delhi on December 26, 2003 involving different stakeholders and experts to receive their views and comments the Draft Paper prepared by it. Shri Rajiv Sikri, Special Secretary (ER), Ministry of External Affairs, Government of India chaired the consultations which were divided in five broad working groups to facilitate thematic discussion on the contents of the paper. These five working groups dealt with issues related to the future of ASEAN-India partnership; economic cooperation in trade, investment, monetary and finance; science and technology, HRD, pharma, agriculture, and SMES; and tourism and culture, people-to-people contacts and academic networks. More than 80 participants, including senior officials from different ministries/ departments of Government of India; representatives from business and industry circles, research institutes, etc. and diplomats, took part in the intensive discussions on various aspects of the issues raised in the RIS paper.

*continued from page 2*

investment in WTO, in particular. The study begins with a discussion of the evolution of India's policy towards FDI in the context of economic reforms of 1991. It then summarizes the approach of India towards the international investment agreements including bilateral investment treaties, TRIMs and the possible multilateral framework on investment. It outlines the broad trends and patterns in FDI inflows and outflows since especially in the 1990s after the policy reforms. It examines the impact of FDI in terms of various parameters of development. It also highlights the role of government policy in determining the impact of FDI inflows. Finally, it drives some policy lessons for the Asian Development Bank and its member governments for their FDI policy and some considerations for their approach to the discussion on the proposed multilateral framework on investment in WTO. Contact for further details, [nkumar@ris.org.in](mailto:nkumar@ris.org.in).

## Impact of Trade Liberalization on Import Demand in India: A Panel Data Analysis for Commodity Groups

The objective of this study is to examine the impact of liberalization on price elasticities of imports at a commodity level for broad

commodity groups and at an aggregate level for the Indian economy over the period 1993-1997. Liberalization is implemented by reducing tariff and non-tariff barriers and relaxing exchange controls. The impact of tariffs and market-based exchange rate is introduced in the import price of the commodity. Relative price (import/domestic) elasticities for each commodity group using panel data of six countries over five years are estimated. Contact for further details, [rajeshmehta@ris.org.in](mailto:rajeshmehta@ris.org.in).

## Policy Notes Prepared for the Government

- **ASEAN-India Summit:** RIS prepared a Note on ASEAN-India Partnership and Beyond and submitted it to the Government of India to serve as inputs for the preparations for the ASEAN-India Summit held on October 7, 2003.
- **Twelfth SAARC Summit, January 4-6, 2004:** The following Notes were prepared and submitted to the Government as inputs for the preparation:
  - Economic Cooperation in the SAARC Region;
  - Road to a Single Currency for South Asia; and

- Moving Forward on SAFTA.
- **SAARC Network of Researchers:** RIS represented India at the Sixth Meeting of the SAARC Network of Researchers and Seminar on Poverty Alleviation held in Islamabad on December 8-9, 2003. RIS was also part of the Indian Delegation at the Seminar on Regional Poverty Profile, organized by the SAARC Secretariat and UNDP in Kathmandu on December 11-12, 2003.
- **Indian Ocean Rim-Association for Regional Cooperation:** RIS represented India at the meeting of the Indian Ocean Rim Academic Group held in conjunction with IOR-ARC Ministerial Conference in Colombo, Sri Lanka on October 7, 2003.
- **India-South Korea Joint Commission:** RIS prepared a Note on India-South Korea Economic Partnership to serve as inputs for the Joint Commission meeting held in December 2003.
- **WTO Negotiations:** Note on WTO Non-Agricultural Market Access Modalities Post-Cancun Scenario were provided to the Ministry of Commerce.

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

- Represented India at the meeting of the Indian Ocean Rim Academic Group held in conjunction with IOR-ARC Ministerial Conference in Colombo, Sri Lanka on October 7, 2003.
- Participated in the first Consultation Meeting on Technology, Development Strategies and International Trade Rules (TEDIT), organized by the International Centre for Trade and Sustainable Development (ICTSD) in Geneva on October 20, 2003.
- Participated in the Thirty-Third Meeting of the Board of Governors of the Institute for Studies in Industrial Development, New Delhi on October 30, 2003.
- Participated in a luncheon meeting with Mr Heng Swee Keat, Permanent Secretary of the Ministry of Trade and Industry, Singapore and Chief Negotiator of the Comprehensive Economic Cooperation Agreement, in New Delhi on October 31, 2003 hosted by the High Commissioner of Singapore, New Delhi.
- Was a Discussant at the Book Discussion Meeting on *Economic Reforms and Performance: China and India in Comparative Perspective* by Dr Subramanian Swamy, organized by the India International Centre, New Delhi on November 3, 2003.
- Was a key Panelist on Trade, Investment and Development: A Post-Cancun Perspective at the international conference on The Doha Development Agenda: Cancun and After organized by Rajiv Gandhi Institute for Contemporary Studies in collaboration with China Association for International Friendly Contacts (CAIFC), China in New Delhi on November 7, 2003.
- Delivered Keynote Address at the seminar on Promoting SME Business Synergies: Focus – Africa, ASEAN and CIS, organized by The National Small Industries Corporation Ltd at Pragati Maidan, New Delhi on November 20, 2003 coinciding with the India International Trade Fair.
- Chaired a Session at the National Symposium on Relevance of GM Technology to Indian Agriculture and Food Security, organized by Gene Campaign in New Delhi on November 26-27, 2003.
- Co-chaired the session on Regional Cooperation: Indian Experience at the First India-Serbia and Montenegro Dialogue, co-sponsored by the Centre for Policy Research, New Delhi and Institute of International Policy and Economics, Belgrade and held in New Delhi on December 5-6, 2003.
- Keynote Address at the seminar on WTO: Post-Cancun – Issues and Implications organized by the Foundation for Peace and Sustainable Development in collaboration with the Department of Business Economics, University of Delhi South Campus on December 5, 2003 in New Delhi.
- Made a presentation at the ASEAN-India Academic Exchange Programme organized by the Educational Consultants India Ltd. and the Ministry of HRD on December 18, 2003.

- Panelist at the Round Table Discussion on “Is SAARC at the End of the Road: Alternatives for India” organized by PHD Chamber of Commerce and Industry in New Delhi on December 30, 2003.

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

- Made a presentation on “The Issues of Non-agriculture Market Access” at the Conference on Issues at Cancun and the Way Forward, sponsored by the Delegation of the European Commission to India, Bhutan, Nepal, Sri Lanka and the Maldives, and organised by Administrative Staff College of India in New Delhi on October 8, 2003.
- A discussant on “Regional Trade Policies” in the Workshop entitled Trade Policies of the South Asian Countries organized jointly by ICRIER and World Bank in New Delhi on October 16-17, 2003.
- Made a presentation on “Food Safety Regulations and Processed Food Products: A Developing Country Perspective” at the Workshop on Agricultural Diversification and Vertical Integration in South Asia, organized jointly by FICCI, ICRISAT and IFPRI, in New Delhi on November 5-6, 2003.
- Presented a paper “SPS Measures and Non-Tariff Barriers: Perspectives of Small Holder Livestock Producers in Developing Countries” (co-authored with J. George) at International Workshop on Livestock and Livelihoods: Challenges and Opportunities for Asia, organized by NDDDB, and FAO at Anand (Gujarat) on November 10-12, 2003.

## **Dr. K.J. Joseph, Sr. Visiting Fellow**

- Delivered lecture on ICT and the Economy, at the Academic Staff College, JNU on November 16, 2003.
- Delivered lecture on Technological Changes in Less Developed Countries: Analytics and Methods at VV Giri National Labour Institute, Noida for the refresher course in Research Methodology on November 18, 2003.
- Delivered a keynote address on “Globalisation and Indian Electronics Industry” at the Workshop on Electronics Sweatshops, organized by Centre for Education and Communication, jointly with Asia Monitor Resource Center, Hong Kong on December 2-3, 2003, New Delhi.

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

- Delivered two lectures on the topic of WTO during the 41<sup>st</sup> Diploma Course in Development Journalism for mid-career journalists from Europe, Asia, Africa, and South America at the Indian Institute of Mass Communication, New Delhi on October 27 and 29, 2003.
- Made presentation on “Trade-Development Linkages: Implication and Policies for the South Asia Region” at the Sixth Meeting of the SAARC Network of Researchers on Global Financial and Economic Issues, held in Islamabad, on December 8-9, 2003.
- Participated in the Planning Workshop for the preparation of SAARC Regional Poverty Profile 2004 organized by SAARC Secretariat

and UNDP in Katmandu, Nepal on December 11-12, 2003.

## **Dr. Sachin Chaturvedi, Fellow**

- Presented a paper on Asian Regional Needs and Priorities: The Agenda Ahead, at the Asia Cooperation Dialogue (ACD) on Biotechnology organized by DBT on October 6-7, 2003.
- Keynote address on Trade and Environment Issues and Free Trade Agreements in Asia: The Post Cancun Challenges at the Workshop on Trade and Biodiversity at IUCN’s Asian Regional Conservation Forum (RCF), held in Colombo on December 11, 2003.
- Presented a paper on “Relevance of GM Technology to Indian Agriculture and Food Security” organized by Gene Campaign on November 26-27, 2003.
- Presented a paper on Evolving a National System of Biotechnology Innovation: Some Evidence from Singapore at the International Symposium on New National Innovation System organized by STEPI, Seoul on October 28-November 1, 2003.
- Presented a paper on “Emerging regime of Intellectual Property Rights and Challenges Before India” at Indian Institute of Advanced Study, (IIAS), Shimla on November 12, 2003.

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

- Made presentation on “Agriculture Issues Confronting SA” and chaired the Session on Non-Agricultural Market Access under the Regional Seminar cum Training Programme on “Post Cancun Agenda for South Asia”, jointly organized by South Asia Watch on Trade, Economics and Environment (SAWTEE), Kathmandu and Consumer Unity and Trust Society (CUTS), Jaipur in Kathmandu on November 30-December 2, 2003.
- Facilitated a Capacity Building Session on ‘Critical Chain Project Management: An Effective Methodology for Optimizing Project Resources’ under the programme on ‘Imperative of Project Implementation and Monitoring’ for senior officers of engineering departments of Haryana Government, organized by Haryana Institute of Public Administration (HIPA), Gurgaon on November 20, 2003.

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

- Attended India-France Investment Summit, held at the French Senate, Paris on November 13, 2003.
- Made a presentation on “Changing Profile of Regional Integration Arrangements in South and Southeast Asia” at the International Workshop on Facilitation of Trade and Transport Cooperation between India and China, organised by South Asia Research Society, Kolkata, (sponsored by ICSSR) and held at Kolkata on November 26-28, 2003.

## **Dr. Saon Ray, Research Associate**

- Participated in the Indo Korea Economic Summit held on December 10, 2003 at New Delhi.

# Seminar on Economic Cooperation between India and Central Asia

RIS, jointly with Confederation of Indian Industry (CII), organized a half-day Seminar on Economic Cooperation between India and Central Asia, in New Delhi on October 17, 2003. Shri Digvijay Singh, Hon'ble Minister of State for External Affairs, Govt. of India, delivered the inaugural address. Dr Nagesh Kumar, Director-General, RIS; and Mr. V.K. Mathur, Chairman, CII Central Asia Committee also addressed the inaugural session.

The Central Asian Republics comprises of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. Their strategic importance and rich endowments of natural and human resources present tremendous scope for economic engagement with India. In fact, these countries in recent time have also displayed economic dynamism. But India's present level of economic relations is abysmally low. The purpose of the RIS-CII seminar was to debate on various issues related to potentials and constraints of strengthening our economic relations with the region.

In his inaugural address the Hon'ble Minister Shri Digvijay Singh highlighted the sectors in which India and countries of Central Asia are cooperating and can cooperate like pharmaceutical, steel, construction, hydro-carbon, hospitality, mining, food processing, information technology, etc. He underlined that we stand now at a new phase in cooperation because the economic prosperity of the Central Asian region also means a varied and diverse market for Indian goods so close to home.

Both the historical precedence of the Silk Route and the globalised market today demand that there must be greater economic cooperation between India and its crucial neighbourhood in Central Asia, said the Hon'ble Minister.

Programme of the seminar spread over two working sessions. The first session on Geo-Strategic Perspectives and Framework for

Trade and Investments was chaired by Dr S.R. Hashim, Member, Union Public Service Commission. It had two Panel Discussions on: Strategic and Economic Potential and Business Environment and Trade Linkages. The panelists in this session were: Air Commodore Jasjit Singh, Director, Centre for Strategic and International Studies; Dr Raj Chhikara, Visiting Senior Fellow, RIS; Mr P. Stobdan, Research Fellow, IDSA; Mr Anil Chugh, Larsen and Toubro; Mr P K Mahapatra, Director, Ministry of Commerce, Govt. of India; and Dr Ram Upendra Das, Fellow, RIS.

Mr. Rajiv Sikri, Special Secretary(ER), Ministry of External Affairs, Govt. of India,



(From left): Shri Digvijay Singh, Hon'ble Minister of State for External Affairs, delivering the inaugural address; Dr Nagesh Kumar, Director-General, RIS; Mr. V.K. Mathur, Chairman, CII Central Asia Committee; and Ms. Supriya Banerjee, Head CII's International Desk.

chaired the second working session on Trade and Investment: Focus on the Energy Sector. The panelists included: Ms Barnali Nag, Research Associate, RIS; Mr S.N. Jha, Director, India Petrocom Pvt Ltd; Mr Bikash Bora, Ex-Chairman and Managing Director, ONGC and Oil India Ltd; and Dr Nimmi Kurian, Associate Research Professor, Centre for Policy Research.

A large number of representatives from government, business and industrial circles, diplomatic missions, research institutes, academia and media attended the seminar and participated in the discussions on the issues that were raised by the panelists during their presentations.

## Discussion Meeting on Geographical Indications and Traditional Knowledge

RIS has been analyzing various challenges that concern WTO negotiations. The TRIPS Agreement, among other issues, has thrown up a set of new issues which concern India, such as protection of geographical indications and that of traditional knowledge. Keeping this in view RIS organized a discussion meeting on Geographical Indications



(From left) Dr Suman Sahai; Dr Doris Estelle Long; Dr T.K. Viswanathan, Dr Anwarul Hoda, and Dr Nagesh Kumar at the discussion meeting.

and Traditional Knowledge on December 4, 2003. Dr T.K. Viswanathan, Secretary, Legislative Department, Ministry of Law and Justice, Government of India, chaired the meeting. Dr Doris Estelle Long, Professor, The John Marshall Law School, Chicago made a thematic presentation. Dr Anwarul Hoda, former Deputy Director General, WTO and currently Research Professor, ICRIER, New Delhi and Dr Suman Sahai of Gene Campaign, New Delhi were the main discussants.

## MoU between EDRI, Ethiopia and RIS

Ethiopian Development Research Institute (EDRI), Addis Ababa, and RIS have agreed to sign an MoU to promote academic cooperation in the area of international economic issues from the perspective of developing countries. The MOU recognizes that capacity building is essential for the policy-making processes and business decisions in the realms of international and development economies. Considering that academic spillovers among the developing countries have their own advantages, EDRI and RIS have agreed to facilitate academic cooperation initiatives in the areas of joint research; policy-briefs for national and international fora; and capacity building.

## Books

**Reforms, Labour Markets, and Social Security in India** by Ramgopal Agarwala, Nagesh Kumar and Michelle Riboud, (eds), Oxford University Press, New Delhi for the World Bank Institute and RIS.

This volume analyses social security policies for India focusing on the unorganized sector, which accounts for 90 per cent of India's labour force. The authors contend that existing social security policies for the formal sector cannot simply be extended to the informal one. They highlight the need for an alternative for this vulnerable segment of the workforce. The essays draw upon relevant experiences of developed as well as developing countries in this area to support the argument. The volume stresses the need for a unique social security system designed specifically for India. Cautioning against mere import of existing systems from other countries and juxtapositioning these in the Indian framework, the contributors suggest several alternatives for policy-makers.



**Indian Industrial Tariffs: Towards WTO Development Round Negotiations** by Rajesh Mehta, 2003.



**RIS Annual Report 2002/03**



## Policy Briefs

#8 **Energy Cooperation in South Asia: Potential and Prospects**

#9 **International Financial Architecture: Continued Need for Reform**



## Discussion Papers

#61 **Evolving a National System of Biotechnology Innovation. Some Evidence from Singapore** by Sachin Chaturvedi.

This paper attempts to look into the dynamics of National System of Biotechnology Innovation (NSBI) in the wider framework of its role in the economic development. The evidence from Singapore shows that sectoral approach in NSBI may help developing countries in finding a niche for growth instead of broadening the area of investment within biotechnology.

#62 **Short-term Forecasting of India's Export: Developing a Framework by Countries and Commodities** by Rajesh Mehta and Parul Mathur.

The existing country-wise models have not given due attention to the trade sector since most of them have been built keeping in view specific objectives, and a systematic effort is still required for building a short-term econometric forecasting model for India's export sector. It is with this view that this paper intends to fill one of the gaps in the existing macro-econometric models for the trade sector. The main objective of this paper is to develop a framework for forecasting of India's annual exports at regular intervals, which would be carried out for principal trading partners and their principal commodities.

#63 **Rise of Service Sector Outward Foreign Direct Investment from Indian Economy: Trends, Patterns, and Determinants** by Jaya Prakash Pradhan

The rise of service sector outward FDI (O-FDI) activities has emerged as one of the most important aspects of Indian economy during nineties. The present paper reviews the recent trends and patterns and tries to identify determinants of such investment.

#64 **India's Monetary Integration with East Asia: A Feasibility Study** by Sweta Chaman Saxena.

This paper examines the relevance of India's monetary integration with East and Southeast Asia in particular the existence of the economic criteria for a common currency. The analysis in this paper shows that significant complementarities in trade exist among these countries, most of them experience similar shocks and labour mobility is already present. These results point to the fact that the cost of adopting a single currency may be minimal, while huge benefits could accrue from enhanced trade. The paper also recognizes the importance of yen for the success of the monetary union in Asia.

#65 **Liberalization, Foreign Direct Investment Flows and Economic Development: The Indian Experience in the 1990s** by Nagesh Kumar.

This paper reviews the Indian experience with FDI since the 1991 in a comparative East Asian perspective. The structure of the paper is as follows: Section 2 summarizes the evolution of Indian government's policy towards FDI. Section 3 examines the trends and patterns in FDI inflows in the 1990s. It also comments on the determinants of FDI inflows in India. Section 4 examines the impact of FDI in terms of various parameters of development. Section 5 discusses the emerging

trends in the MNE activities in knowledge-based industries in India, viz. IT software and global R&D activities. Section 6 concludes the paper with some remarks on policy lessons.

#66 **How Do Infrastructure Facilities Affect Regional Income? An Investigation with South Asian Countries** by Prabir De.

This paper tries to find out the role played by infrastructure facilities in economic development across South Asian countries over the last quarter century. The findings are statistically very significant to warrant major changes in future regional policies in order to remove rising regional disparities in both infrastructure and income. This also has a strong bearing on the success of poverty removal policies as the poor are regionally concentrated in such diverse and heterogeneous region of the world.

## Journals

● **South Asia Economic Journal**, Vol. 4(2), July-December, 2003. **Special Issue on Financial Liberalization, Corporate Financial Structuring and Governance: The Case of India**

Articles: *Financial Sector Reforms and Corporate Governance of Banks in Developing Economies: The Indian Experience* by T.G. Arun and J.D. Turner; *Regulation as an Augmentor of Competition: The Indian Experience with the Banking Sector* by N. Nagarajan; *Financial Liberalization in India and the Bank Lending Channel of Monetary Transmission* by Abhaysingh Chavan and Rajendra R. Vaidya; *Dividend Policy and Agency Theory: Evidence from Indian Firms* by Ronny Manos; *Microfinance and the Poverty of Financial Services: A Perspective from Indian Experience* by Sanjay Sinha and Meenal Patole. **Review Article, Book Reviews, and Documents.**

● **Asian Biotechnology and Development Review**, Vol. 6(1), November 2003.

Articles: *International Experience in Human Resource Development in Biotechnology: Achievements and Lessons Learnt* by Tatsuji Seki, Toshiomi Yoshida, Takuya Nihira and Edgar DaSilva; *Status of Regulation of Genetically Engineered Products in Selected Countries – An Analysis* by S.R.Rao; *Global Bioethics and International Governance of Biotechnology* by Minakshi Bhardwaj; *Biotechnology Policy of the Government of Tamil Nadu and the Scope for Development* by S. Felix. **Bio News, Country Profile, Document, Bio Web, and Bio Stats.**

## Outside Publications of RIS Faculty Members

Baig, Mirza Allim *et al.* 2003. "Exchange Market Pressure and the Reserve Bank of India's Intervention Activity". *Journal of Policy Modeling*, Vol.25(8), pp.727-748, November.

Chaturvedi, Sachin. 2003. "Agricultural Biotechnology and Emerging Trade Regime at WTO: Some Issues of Concern". In *Trade and Biodiversity* (ed.). IUCN Regional Biodiversity Programme, Colombo, October.

George, J. 2003. "Patently Absurd: Bartering Away Innovative Intellectual Capabilities". *The World Trade Review*, Issue No. 21, Vol. 3, 1-15 November [www.worldtradereview.com].

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Kumar, Nagesh. 2003. "Use and effectiveness of performance requirements: What can be learnt from the experience of developed and developing countries?" In: *The Development Dimension of FDI: Policy and Rule-Making Perspectives*. Geneva: UNCTAD.

Mehta, Rajesh. 2003. "Challenging Avenues in Sanitary and Phytosanitary Agreement for India: A Case study of Processed Food Products", in *Agriculture Diversification in South Asia*, IFPRI.

De, Prabir. 2003. "Container Port System Concentration". *Transportation Quarterly*, Vol. 57, No. 4.

De, Prabir. 2003. "Indian Ports in the Era of Globalisation". *World Port Development*, Vol. 3, No. 10.

## Forthcoming Events

- Seminar to launch the *South Asia Development and Cooperation Report 2004* on January 27, 2004. Shri K.C. Pant, Deputy Chairman, Planning Commission and Chairman, RIS will chair the Seminar.
- RIS-SACEPS Brainstorming on Economic Cooperation in South Asia, January 28, 2004.
- ASEAN-India Consultations on Vision 2020, February 19-20, 2004.
- International Conference on India-China Economic Cooperation, March 11-12, 2004.
- Second Asian Conference on Biotechnology and Development, being organized by RIS with the support of UNESCO, and Department of Biotechnology, Government of India, IUCN and CII in New Delhi on April 7-8, 2004.

## Discussion Meeting on TRIPS and the Indian Patents Act

Under the provisions of TRIPS Agreement, India is obliged to provide product patents from January 1, 2005. In order to fulfil Indian obligations under the Agreement, a further amendment of the Indian Patents Act 1970 would be needed. Preparations for such an amendment have recently started. In order to brainstorm on the issues for amendment, RIS organized a Discussion Meeting on "TRIPS and the Indian Patents Act" on November 28, 2003 at which Dr B. K. Keayla of the Centre for Study of Global Trade System and Development made a thematic presentation. Professor Muchkund Dubey, Chairman, Council of Social Development, chaired the meeting. A paper entitled "TRIPS Patent System and Doha Declaration - Implementation by India" by B. K. Keayla was also circulated among the participants who took part in the discussion.



(From left): Dr B.K. Keayla; Professor Muchkund Dubey, and Dr Nagesh Kumar at the discussion meeting.

# RIS in Media

## Trade and power

By Prem Shankar Jha

There is an old adage that information is power, and two days into the Cancun meeting of the minister of the WTO, its truth has already been amply demonstrated. For perhaps the first time, not excluding even the Doha meeting of two years ago, India is not isolated. Its bargaining positions have drawn strong and persistent support from other developing countries, and the support is not melting away under pressure from the "Quad" of developed countries and trading blocs — the EU, the U.S., Canada and Japan. The reason is that at Cancun the "developing countries are, for the first time, need with the solid, statistical evidence they need to fight the relentless demands from the Quad to open their economies ever wider to trade and investment.

The information they have collected has enabled them to go on the offensive against the Quad countries and demand that they meet their obligations under the Uruguay Round fully before demanding fresh concessions from the developing countries. So damaging it is that has, for the first time, put the industrialized countries on the defensive.

Much of this information has been collected painstakingly by a Delhi-based organisation, the Research and Information Systems for the Non-Aligned and other Developing Countries (RIS). Set up in 1984 in

country for the developing countries. Its findings make compelling reading.

Developing countries were persuaded to sign on to the WTO commitments by meticulously showed that increase was \$213-510 billion over 10 years. They put a ceiling of their import also 15.93 per cent in September, pushing up the cumulative growth rate to 9.99 per cent during the first half of this fiscal year. Export growth rate during the first five months of this fiscal year (April-August) is 8.99 per cent, compared to 8.99 per cent in the same period last year. For down of \$7 billion, twice as much as the figure during April-September last year.

Going by the provisional foreign trade data released by the ministry on Saturday,

## Sixth WTO Ministerial Unlikely Next Year

AMITI SEN  
New Delhi, Oct 30

The general council meeting of the World Trade Organisation (WTO) held last week indicated that the ministerial may not be held before 2005. This has speculations that a meeting may be held in 2005 to break the deadlock.

Nagesh Kumar, who was in Geneva at the time of the meeting, told FE that since Hong Kong had asked for at least a year's time for preparation to hold the sixth summit, there was little room for a meeting next year.

Dr Kumar said official notification for holding the next ministerial in Hong Kong would be issued in the next few weeks.

## Exports Zoom 16% In Sept

OUR ECONOMIC BUREAU  
New Delhi, Nov 1

Exports jumped to healthy 15.93 per cent in September, pushing up the cumulative growth rate to 9.99 per cent during the first half of this fiscal year. Export growth rate during the first five months of this fiscal year (April-August) is 8.99 per cent, compared to 8.99 per cent in the same period last year. For down of \$7 billion, twice as much as the figure during April-September last year.

## No ROO Means No Room For Making FTA With Thailand Work

AMITI SEN  
New Delhi, Oct

Although the free trade agreement between India and Thailand has been an important agreement, it is not likely to be reached. This is because of the fact that India cannot agree to a Free Trade Agreement (FTA) with Thailand as it would not be able to determine the product to be included in the FTA and led to be kept out.

## India's Free Trade Agreement With Thailand To Boost Trade In Textiles, Other Segments To \$3 Bn

SANKAR BHARADWAJ  
New Delhi, Nov 1

India's Free Trade Agreement (FTA) with Thailand is expected to boost trade in textiles, other segments to \$3 billion. The agreement is expected to be signed in the next few days.

## African Group Seeks Removal Of Cotton Subsidies At WTO

AMITI SEN  
New Delhi, Nov 17

African countries led by Benin have demanded the removal of cotton subsidies at the WTO. They argue that these subsidies are unfair and distort the market.

## Tomorrow, The World

But today it's the regional presence India's building with its economic diplomacy

THERE are three faces to this new agency. One, there are the growing arrangements with the states where India, in a charming city of heart, is really acting as a benevolent big brother with a long-term view. In the early '90s, when the globe abated to multilateralism, regionalism became a dirty word. Says Nagesh Kumar, director-general of think-tank Research and Information Systems (RIS), "India and many others, tried to follow the rules very diligently, but the developing world didn't embrace the regional trade blocs of north, Africa, the EU single market and so on."

As a result, almost 70 per cent of goods that would be traded in the world are now traded within the region. And very recently by the fact that India's inherent strengths, especially its knowledge-based services, was making the world sit up. "There was a shift in the

## Election spectre looms over WTO talks

only issue on the agenda where

## A currency called SAR, it's value Trus

A step-by-step guide to make the unified South Asian currency a reality

By Sankar Bhargava  
New Delhi, Oct 30

Important for the South Asian region, the SAR is a step-by-step guide to make the unified South Asian currency a reality.

**SAR: ACCORDING TO EXPERTS**

The SAR is a step-by-step guide to make the unified South Asian currency a reality. It is a multi-currency system that will be based on the Indian Rupee. The SAR will be a common unit for all South Asian countries. It will be a step-by-step process to create a unified South Asian currency.

## Pressure Seen On Third World As WTO Meet Begins Today

Trade economists are warning that the WTO meeting in Cancun will put pressure on the Third World. They argue that the meeting will be dominated by the interests of the developed countries.

# Important Visitors/Delegations Received

- H.E. Mr Q.A.M.A. Rahim, Secretary General, and Mr Rajiv Chander, Director, SAARC Secretariat on December 17, 2003.
- Mr Saifullah Syed, Chief, Policy Assistance Branch, FAO Regional Office for Asia and the Pacific, Bangkok, Thailand and Mr Daniel Gustafson, FAO Representative in India and Bhutan, FAO Office, New Delhi on November 4, 2003.
- Ms Lisa Filipetto, Assistant Secretary, Department of Foreign Affairs and Trade and Mrs Michella Marginson, Deputy High Commissioner, High Commission of Australia, New Delhi on December 8, 2003.
- Dr Brahm Prakash, Director, Asian Development Bank, Manila on December 22, 2003.
- Dr Saman Kalegama, Executive Director, IPS, Sri Lanka, Mr Tejeshwar Singh, Managing Director, and Mrs Ritu Vajpayee-Mohan, Consultant from Sage Publications on December 24, 2003.
- Dr Mukul G. Asher, Professor, Public Policy Programme, National University of Singapore on October 14, 2003.
- Shri S.K. Singh, former Foreign Secretary of India; Dr Sanjay Baru, Editor, *Financial Express*; Admiral Mihir Roy; and others for briefings on Asian Economic Community on October 15, 2003.
- Dr Arjun Sengupta, Chairman and Managing Director, Centre for Development and Human Rights on October 3, 2003.
- Mr Clifford Polycarp "Down to Earth" Magazine on October 6, 2003.
- Mr John Wainio, Senior Agricultural Economist and Mr Rip Landes, Senior Economist, ERS, USDA on October 7, 2003.
- Mr. Charles Hankla, Doctoral Student, Department of Political Science, Emory University, Georgia, USA on October 15, 2003.
- Dr Garry Pursell, World Bank, October 17, 2003.
- Dr. K.P.V. Nair of Asia Centre, Kolkata on October 18, 2003.
- Dr Jose Benjamin Falck-Zepeda, Economist/Research Officer, International Service for National Agricultural Research, CGIAR, The Netherlands on October 20, 2003.
- Mr Nizar Assanie, Senior Research Analyst, Asia Pacific Foundation of Canada, Vancouver on October 23, 2003.
- Mr Nguyen, Minh Tuan, Embassy of Vietnam, New Delhi on October 24, 2003.
- Dr N.K. Taneja, Professor and Head, Department of Economics and Mr V.K. Malhotra, Lecturer, Department of Economics, Ch. Charan Singh University, Meerut (U.P.) on October 26, 2003.
- Mr Pankaj Gupta, Senior Director and Mr Sugato Sen, Assistant Director, Society of Indian Automobile Manufacturers (SIAM), New Delhi on October 28, 2003.
- Dr Rajiv Kumar, Principal Economist, Asian Development Bank, Manila on November 1, 2003.

- Mr Tom Rotherham, Associate: CSR, International Institute for Sustainable Development (IISD), Canada on November 3, 2003 for discussion on barriers to trade with OECD countries.
- Shri B L Das, former Commerce Secretary, Government of India, November 4, 2003.
- Mr Peter Draper, Research Fellow, The South African Institute of International Affairs (SAIIA), South Africa, on November 5, 2003.
- Mr G. Jayaseelan, General Manager, The National Small Industries Corporation Ltd, New Delhi on November 6, 2003.
- Dr R N Srivastava, Director, Foundation for Peace and Sustainable Development on November 11, 2003.
- Ms Etsuyo Arai, Area Studies Center, South Asian Studies Group, Institute of Developing Economies (IDE-JETRO), Chiba, Japan on November 12, 2003.
- Mr Chang Qing, Counsellor (Science and Technology), Embassy of the People's Republic of China, New Delhi on November 12.
- Mr Nesar Ahmad, Staff Reporter, *The Bangladesh Observer*, Mr Sabuj Younus, Staff Reporter, *The Daily Jugantor* of Bangladesh and Mr Moresi T. Ruahma'A, Journalist, *The National*, Papua New Guinea; presently trainees at IIMC, New Delhi on November 12, 2003.
- Dr K M Raipuria, former Advisor, Ministry of Consumer Affairs on November 18, 2003.

- Professor Nancy Jaitly, School of International Studies, JNU, New Delhi on November 24, 2003.
- Ambassador M.P.M. Menon, Indian Foreign Service (ret.) on November 25, 2003.
- Prof. Dilip Halder, Department of Economics, Jadavpur University, and Head, Centre for Transportation Studies, Jadavpur University, Kolkata on December 6, 2003.
- Dr R.K. Suri, Head (TA Division), Education Consultants India Ltd. (Ed.CIL), NOIDA on December 8, 2004.
- Prof K.C. Reddy, Director, Centre for SAARC Studies, Andhra University, Visakhapatnam on December 15, 2003.
- Dr Dipyan Datta Chowdhury, Administrative Staff College of India, Hyderabad on December 15, 2003.
- Ambassador A.N. Ram, former Secretary, Ministry of External Affairs, and Ambassador Paramjit S. Sahai, on December 17, 2003.
- Dr Sanjib Baruah, Senior Fellow and Head, Centre for Northeast India, South and Southeast Asia Studies (CENISEAS) of the Omeo Kumar Das Institute of Social Change and Development, Guwahati, Assam on December 19, 2003.
- Dr Pradeep Ray, Lecturer in International Business, School of International Business, The University of New South Wales, Sydney, Australia on December 30, 2003.

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## One Year of RIS Diary



### RIS

Research and Information System for the Non-Aligned and Other Developing Countries

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