



## FEATURE ARTICLE

### Time for Just Looking East Over

Ambassador Shyam Saran, Chairman, RIS  
Former Foreign Secretary, Ministry of External Affairs

In recent months, India has articulated a strategic doctrine of sorts for the Asia-Pacific region. This expresses a preference for open, inclusive and multipolar (read “balanced”) arrangements for the region’s evolving economic and security architectures. This is the reason for welcoming the expansion of the East Asia Summit (EAS) to include both the US and Russia, and the setting up of the ASEAN plus eight Defence Ministers’ Meeting as its symmetrical security counterpart. India has also categorically acknowledged that ASEAN must remain the nodal centre of this emerging architecture since it is the best platform for reconciling the differing interests of major players in the region. Finally, we consider that the different economic and security fora in the region, such as ASEAN-plus-one, ASEAN -plus-three and the EAS, are parallel processes without an inside track or an outside track. This rejects the notion favoured by China that the ASEAN -plus-three, the latter comprising China, Republic of Korea and Japan, forms some kind of an exclusivist “core” around which the new architecture should evolve.

What should be heartening for India is the clear resonance of its approach in the Hanoi Declaration on the commemoration of the fifth anniversary of the East Asia Summit, adopted on October 28, 2010, which spoke of the need to establish an “open, inclusive and transparent, and outward-looking forum” in the region. And significantly, the Indo-US Joint Statement of November 8, 2010 declares, in similar terms, the commitment of the two countries “to work together and with others in the region for the evolution of an open, balanced and inclusive architecture in the region.” This is a rare instance where India’s strategic posture is aligned with almost all the major actors in the Asia-Pacific.

The ASEAN perspective towards recent developments in Asia-Pacific is a complex mix of attitudes, in particular towards China, not very different from our own. There is a recognition that the economic destiny of the region and its prosperity are dependent upon greater economic and trade engagement with a still rapidly growing China. At the same time, there is a fear of over-dependence on China and becoming its economic appendage. In this context, the only other rapidly growing continental size economy, India, is seen as a major partner providing the region some room for manoeuvre and possibilities for more diversified economic relationships. Singapore, for example, describes India and China as the two wings which will enable the ASEAN bird to soar towards higher levels of prosperity. Therefore, the importance of ensuring an economic architecture which permits increased engagement with India and China as well as opportunities for more diversified economic relationships with all major economies.

On the security side, the situation is more complex and challenging. There is undoubtedly growing anxiety over the rapid augmentation of security assets by China, in particular its naval force projection capabilities and its recent assertive posture. There was a broad consensus that China seeks to achieve a level of dominance that would give it effective veto over the security decisions and choices of countries of the region. In response, these countries have adopted a number of coping measures. One, there is a significant, if not too visible, acquisition of enhanced military capabilities as an insurance policy. Two, there is encouragement of increased security cooperation both within ASEAN as well as externally with other friendly naval powers such as the US and India. The objective is not to form a containment ring around China but rather acquire levers to encourage China to become part of more balanced, diversified and loosely structured security arrangements in the region instead of pursuing unilateral dominance.

While there is fear of getting embroiled in an incipient Sino-US competition and rivalry for dominance in the region, India’s growing profile is generally seen as benign. In fact, the sentiment in virtually all the countries I visited was that India was not doing enough to establish a much stronger presence in the region. However, this comes with a caveat: India should steer clear of becoming an instrument of US attempts to construct a reverse “string of pearls” around China, which would inevitably and adversely impact on the stability and economic welfare of the region. There is a fine dividing line which most of the countries draw between promoting balance without practising containment. This is not easy and the one policy can easily be misjudged for the other and often is. The only way such misjudgements can hopefully be avoided is through deeper and regular engagement among the countries concerned. On the one hand, there must be a firm rejection of unilateral assertions of the so-called “core interests” by any country which impinge on the vital interests of other countries in the region, in particular the freedom of navigation and the security of sea-lanes.

On the other hand, the temptation to build exclusivist, countervailing security arrangements to cope with the emerging security challenge is fraught with risk. China shows a disturbing tendency to swing from arrogance of newly found power to a siege mentality rooted in its earlier history of weakness and humiliation. Neither should be encouraged. The ASEAN countries seem to understand this instinctively. So should India.

(Excerpted from the *Business Standard*, 17 November 2010).

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## India and Malaysia Signs Comprehensive Economic Cooperation Agreement

Mr. Anand Sharma, Minister for Commerce and Industry and the Malaysian International Trade and Industry Minister signed an 'Agreement towards implementing Comprehensive Economic Cooperation Agreement' (CECA) between India and Malaysia at Kuala Lumpur in the presence of the Prime Ministers of India and Malaysia. The Agreement is an indication of the conclusion of CECA negotiations and it outlines the broad contours of the CECA. The signing of the Agreement would lead to the signing and implementation of the India-Malaysia CECA. In trade in goods, the Agreement proposes that the CECA commitments between India and Malaysia would be more liberal than those under the ASEAN-India Trade in Goods Agreement. In trade in services, the Agreement envisages that under the CECA, trade in services will be progressively liberalized on a preferential basis, with substantial sectoral coverage, including Movement of Professionals and Skilled Persons, Cross-border Supply, and Telecommunications Services to provide commercially meaningful market access to both parties. Similarly, the investment chapter under the CECA will include commitments leading to progressive liberalisation of investment regimes in order to promote investments and create a liberal, facilitative, transparent and competitive investment regime. The CECA will also include economic cooperation in areas such as

infrastructure development, creative industries, tourism, SMEs, business facilitation, science and technology, and human resource development.

The proposed Agreement also stipulates CECA implementation timelines. The entire CECA with legal texts would be signed by 31 January 2011 and would be implemented on 1 July 2011. It may be recalled that India and Malaysia are parties to the India-ASEAN Trade in Goods Agreement signed in August 2009 and both countries have implemented it with effect from 1 January 2010. The India-Malaysia CECA envisages being more liberal compared to the commitments under the ASEAN FTA. The CECA is envisaged to lead to growth in bilateral trade and investment resulting in economic benefits to both India and Malaysia.

Malaysia is the 3rd largest trading partner of India amongst ASEAN countries. India-Malaysia trade increased from US\$ 3.38 billion to US\$ 8.01 billion between 2004-05 and 2009-10 after reaching a peak of US\$ 10.60 billion in 2008-09. The main exports of India include petroleum products, metals, machinery, meat, chemicals, spices and cereals; our main imports include petroleum products, electronic goods, edible oil, wood, chemicals and metals.

(Excerpted from the *Press Release*, Ministry of Commerce and Industry, 27 October 2010).

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## Singapore Reaffirms Ties with Japan, India

Singapore's Prime Minister, Lee Hsien Loong held bilateral discussions with Japanese Prime Minister, Naoto Kan and Indian Prime Minister, Manmohan Singh on the sidelines of the ASEAN Summit in Hanoi in October 2010.

The Singapore Foreign Ministry said both Prime Ministers reaffirmed the excellent state of relations between Singapore and Japan, and agreed to further strengthen economic and political links. Both leaders also welcomed the expansion of the East Asia Summit (EAS) to include the United States and Russia, and committed to work closely on promoting regional economic integration.

Meanwhile, Singapore's Prime Minister, Lee discussed with Indian Prime Minister, the growing trade relations between Singapore and India. Both sides also reviewed ways to enhance cooperation on the India-Singapore Comprehensive Economic Cooperation Agreement signed in 2005.

Giving his views on the ASEAN Summit,

Mr. Lee said that it has been a useful meeting, the main issue of course is ASEAN Connectivity Initiative which the meeting has adopted. And it is an over-arching umbrella which organizes many of the things we are trying to do to bring the countries closer together amongst ourselves and also together with our cooperation partners. It has had some resonance with many of the ASEAN countries and the dialogue partners too.

He also said that he expects progress, whether it is in transportation, IT, whether it is reduction of institutional obstacles, these are practical ways we can deepen our cooperation.

However, the Prime Minister was of the opinion that the other major item on this meeting is the admission of Russia and the United States to the EAS. It is a significant step forward... bringing in two important players which can make significant contributions to the Asia Pacific.

(Excerpted from the *channelnewasia.com*, 30 October 2010).

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## Commerce Minister Inaugurates India Show In Singapore

Mr. Anand Sharma, Union Minister of Commerce and Industry, inaugurated the "India Show" in Singapore in the presence of his Singaporean counterpart Mr. Lim Hng Kiang, Minister for Trade and Industry at the Suntec International Convention and Exhibition Centre. 'India Show' is an initiative of the Ministry of Commerce and Industry, Government of India to promote "Brand India" and the Indian industry in potential markets for Indian products, technologies and services. More than 90 companies have participated in the Show notable among them being Tata Group, ISRO, EXIM Bank, Amul, TVS Logistics, Sula Vineyards, Usha International, Emaar-MGF Land, Mahindra World City and Tea Board. Tata Nano car has been exhibited in Singapore for the first time. The India Show from 14-16 January 2011 is being organized jointly by the Ministry of Commerce and Industry and Confederation of Indian Industry.

Addressing a Symposium on 'Indovations: Ideas for the World,' The Minister said: "We view Singapore as being the first step for forging a broader economic integration into ASEAN and East Asia." He recalled that Singapore was the first country with which India signed a Comprehensive Economic Cooperation Agreement (CECA) in 2005. The India-Singapore CECA has resulted in more than doubling the trade since 2005. Noting that Singapore now is the second largest source of FDI into India, the Minister recounted the enormous opportunities the Indian infrastructure sector provides for Singaporean funds and encouraged Singapore to invest in India especially in the iconic Mumbai Delhi Industrial Corridor (DMIC).

The bilateral trade between Singapore and India had been growing around 20 per cent annually reached US\$ 8.65 billion in 2005 and US\$ 13.79 billion during January-November 2010. Total FDI inflows received from Singapore are US\$ 11.47 billion. Top sectors attracted FDI from Singapore are from telecommunication, services, petroleum and natural gas, computer software and hardware and construction activities.

(Excerpted from the *Press Release*, Ministry of Commerce and Industry, 14 January 2011).

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## East Asian Economies Need to Cooperate on Currency to Transform Economic Recovery into Balanced Growth

According to the the latest edition of ADB's *Asia Economic Monitor* regional exchange rate cooperation, if handled wisely, can ensure intra-regional exchange rate stability while allowing inter-regional flexibility; thus helping promote intra-regional trade and investment, and rebalance the region's sources of growth.

Emerging East Asia's large, long-standing trade surpluses against developed economies' increasing debt have raised tensions culminating in calls for emerging East Asia to allow its currencies to appreciate to match its growing economic strength. Asia's swift recovery from the recent global crisis is also drawing foreign investment to the region. Managing capital inflows to prevent asset price bubbles has also become a concern.

Mr. Iwan Azis, Head of ADB's Office of Regional Economic Integration, was of the view that rapidly growing interdependence in trade and finance and the increasing importance of spillovers and contagion effects within the region make regional exchange rate cooperation essential. At the same time, regional currency flexibility against major currencies outside the

region would help emerging East Asia better manage capital flows and respond to external shocks.

The report suggests the best way forward would be for East Asian economies to adopt informal monitoring zones for their exchange rates against an external reference currency or a basket of currencies. Any big shift outside those non-binding zones would prompt confidential discussions to reduce deviations. Over time these arrangements could become more formal.

The V-shaped recovery has run its course in emerging East Asia and the challenge for the region is to put in place national policies that will translate swift recovery into long-term growth, said Mr. Azis.

Risks to the outlook for the region are also higher than they were six months ago. Policy challenges stem from the relatively weak recovery in advanced economies, potentially destabilizing capital inflows, inflation and asset price bubbles in some countries, and protectionism.

(Excerpted from *egovmonitor*, 13 December 2010).  
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## ESCAP Urges Regional Cooperation

Regional countries must pursue closer financial cooperation in tapping their foreign reserves to finance development projects, says the Bangkok-based UN ESCAP. Mr. Nagesh Kumar, the chief economist, said the region would benefit from such an arrangement in light of their huge investment needs and room to improve people's incomes.

The existing US\$ 120 billion foreign exchange reserve pool in the multilateral Chiang Mai Initiative only delivers liquidity support in terms of financial arrangements.

There should be a new financial architecture that can issue bonds of triple A rating for regional central banks to subscribe to. The region has accumulated a large amount, but central banks are investing them in assets offering negative returns, said Mr Kumar.

He said such cooperation would create a cheaper borrowing source for financing regional development. The investment would help to increase people's incomes and create new demand Asia-Pacific economies will likely slow down to 7 per cent in 2011 from 8 per cent this year. The Thai economy will grow by 4.5 per cent next year, with a strong chance for upward revision in line with growth in China and India, ESCAP pointed out in its year-end economic assessment report.

Mr Kumar said Asia Pacific has recovered strongly from the severe 2008-09 recession.

However, there will be challenges in moving forward, as international trade within the region will see a slight decline.

He further said effects from the US administration's plan for congressional approval to extend tax breaks were doubtful, as increases in consumer and fiscal spending would have a more direct result in stimulating the economy. Money injections through bond buying programmes in developed economies will result in more foreign capital inflows to the region, said Mr Kumar.

He said such inflows have a damaging effect, causing asset prices to shoot through the roof while also putting upward pressure on commodity and food prices. On top of that is currency appreciation, which adds to the burden of the private sector's adjustment. Mr Kumar said policymakers could implement measures stemming the free flow of foreign capital to reduce the impact, while regional governments should use the capital inflows to improve their social safety nets.

ESCAP forecasts the Chinese and Indian economies will grow by 9 per cent and 8.7 per cent, respectively, in 2011 with an upside risk. Both economies played a strong role in boosting intra-regional trade this year.

(Excerpted from the *Bangkok Post*, 16 December 2010).  
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## India to Engage Indonesia, Thailand for Trade Pacts

Giving a further thrust to its Look East policy, India would soon engage Indonesia and Thailand into negotiations to enter into comprehensive trade agreements, like the ones it has with Japan, Malaysia and South Korea.

Even as Prime Minister Manmohan Singh arrived in Hanoi from Kuala Lumpur on the third-leg of his three-nation tour covering Japan, Malaysia and Vietnam, sources said that India is moving its internal processes to have a comprehensive dialogue with Indonesia and Thailand on economic pacts.

Even as India looks to connect more aggressively with the South East Asian region economically, culturally and politically, there are rumblings in Beijing which recently said that India's Look East policy is an excuse to 'encircle China.'

India recently concluded its negotiations with Japan for a Comprehensive Economic Partnership Agreement and with Malaysia for a Comprehensive Economic Cooperative Agreement, which will see newer markets, open up on the goods, services and investment fronts. The two agreements will usher in a new era of cooperation and broad-basing of economic relationship between India and the other South East Asian economies.

The move is a positive development in the fields ranging from trade in goods and services, investment, free movement of people, intellectual property, competition, improvement of the business environment, etc. The move also affirms India's determination to continue working for the further expansion and strengthening of the economic partnership with S-E Asian nations.

The trade agreements are also expected to foster new business opportunities, enhance competitiveness of the private sectors of India and other Asian countries, and encourage closer partnership between those private sectors, from SMEs to infrastructure-related enterprises. This would bring about increased prosperity and stability for both the countries and contribute to the peace and prosperity of the Asian region.

The goods FTA will bring tariffs down to zero by 2016 for thousands of products. India is currently negotiating with ASEAN for a comprehensive economic agreement to include services, investment, movement of naturalised persons, and easier visa regimes.

India reiterated its commitment towards the ASEAN+6 regional integration initiative of Comprehensive Economic Partnership in East Asia.

(Excerpted from the *rediff.com*, 28 October 2010).  
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## East Asian Countries Pledge to Move Economic Cooperation, Integration to Next Level

The Asian Development Bank (ADB), President Haruhiko Kuroda, said that the East Asian countries must move regional and global economic cooperation and integration to the higher level, contributing to enhancing regionalism and global cooperation. He made the proposal at the fifth East Asia Summit (EAS) that was held in Vietnam's capital Hanoi city on the sideline of the 17th ASEAN Summit.

In his speech at the EAS, ADB President held an economic outlook for developing Asia. He said the speed and depth of Asia's recovery from the global economic downturn is a surprise. According to Kuroda, the V-shaped recovery model that he suggested last year is now a fact, with Asia's gross domestic product expecting to be 8.2 per cent in 2010, compared to that of 5.4 per cent in 2009. The robust economic recovery was driven hard by a strong revival in exports, said ADB President.

However, the East Asian economies are now facing some risks and challenges including unemployment, maintaining both fiscal discipline and recovery target, avoiding protectionism as well as ill-managing monetary and foreign exchange policies, according to Kuroda.

To solve these problems and maintain recovery and ensure financial stability to the region, the President suggested that East Asian countries should bring the process of cooperation and integration to a new level, such as putting into force the region's free trade agreements, boosting cross-border investment by developing cross-border infrastructure, and greater exchange rate cooperation.

(Excerpted from the *Xinhua*, 31 October 2010).

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## Raising ASEAN-India Relationship to New Level

Leaders of ASEAN countries and Indian Prime Minister Manmohan Singh attended the 8th ASEAN-India Summit in Hanoi on October 30, 2010, chaired by Vietnamese Prime Minister Nguyen Tan Dung.

Delegates at the summit expressed their pleasure with the good relations between ASEAN and India that have produced positive results in cooperation in economics, science, technology, environment, healthcare, tourism and cultural exchange.

ASEAN delegates applauded India's "East-oriented" policy, and India considered the ASEAN-India relationship a key pillar in this policy and one of the important foundations for cooperation and unity in Asia.

The delegation also said they hoped India would continue to support ASEAN in achieving its goals of unity in the region and narrowing the development gap through important programmes and plans, including a roadmap for building an ASEAN Community and the Initiative for ASEAN Integration (IAI). ASEAN also hoped India would back ASEAN's key role in regional and international forums.

The two sides agreed to do their best to effectively carry out cooperation agreements,

especially the working plan for the 2010-2015 periods, focusing on economics, IT, biology, food, energy, healthcare, medicine, education and human resources development.

Together with implementing an India-ASEAN FTA, the two sides need to accelerate negotiations on agreements related to investment and services.

India committed to actively support ASEAN to build its community and narrow the development gap, increase its capacity to deal with global challenges, and cooperate to develop the Greater Mekong Sub-region. It would also assist business development and English training centres in Cambodia, Laos, Myanmar and Vietnam.

Both sides affirmed their determination to raise ASEAN-India relationship to a new level and carry out the working plans. They also agreed to hold a summit to commemorate the 20<sup>th</sup> anniversary of the establishment of ASEAN-India relationship in 2012 and create an ASEAN-India group of experts to research and make detailed proposals to further the partnership.

(Excerpted from the *VOVNews*, 30 October 2010).

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## Chinese Premier Calls for Deepening East Asian Cooperation

At the Fifth East Asia Summit (EAS), in October 2010, Chinese Premier Wen Jiabao said that the EAS had boosted the mutual understandings among all the member states and promoted peace, stability and development in the region since its establishment five years ago.

Addressing the EAS, Chinese Premier said the summit had stuck to the orientation of the strategic forum "led by leaders" and launched fruitful dialogue and cooperation in five key fields, namely finance, energy, education, bird flu control and disaster rescue.

Currently the regional and international situation is experiencing profound and complicated changes and the East Asian countries are facing new chances and challenges for further development, he said.

China is ready to work together with other parties to deepen East Asian cooperation by upholding the established principles and purposes of the EAS, he added.

While centrality of ASEAN must be respected in the process of East Asian integration, efforts are also needed to enable the existing mechanism to play their role, such as the summit between China and ASEAN (10+1), the summit between ASEAN, China, Japan and South Korea (10+3) and the summit of China, Japan and South Korea, said Premier Wen.

He added that China would like to discuss with all its partners the proposals for the economic integration in East Asia and jointly promote the regional peace, stability and development. He also highlighted that China has steadfast determination, explicit policy and positive measures to develop a relationship based on good-neighbourliness and mutual benefits.

He said, he believed with the joint efforts by all the partners, cooperation in the East Asia would make constant progress and reach a higher level.

The participating leaders spoke highly of the achievements made by East Asian cooperation, vowing to join hands to achieve common prosperity and create a brighter future for regional cooperation.

At the fifth EAS, leaders of ASEAN and six dialogue partners gathered to discuss strategic issues of relevance to the region.

(Excerpted from the *Xinhua*, 30 October 2010).

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## East Asia Summit – From Vision to Action

Dr. Manmohan Singh, Prime Minister of India

I reaffirm India's commitment to the East Asia Summit (EAS) process. India's engagement with South East and East Asia has been a pillar of our foreign policy since the 1990s. We have participated in each of the Summits and in many sectoral meetings. India believes in the centrality of ASEAN's role in the EAS process.

This is a special summit, marking the 5th Anniversary of the EAS. The EAS has come a long way since its first meeting in Kuala Lumpur in December 2005. Today, it has become an integral part of the regional architecture and a purposeful vehicle for community building in the region.

The EAS process has over the years grappled with immediate challenges such as disaster management and pandemics and energy security in 2007, the global economic crisis in 2008 and the climate change negotiations in 2009. This is an addition to the ongoing task of creating structures and institutions which lead to the overall goal of forging a wider Asian community encompassing the economic, political, security, social, cultural and people-to-people spheres.

The economic weight is shifting in favour of Asia, and it is seen as the engine of global growth. It has weathered the global economic crisis well. The EAS process is creating prosperity in the region, and helping to bridge gaps between sub-regions and nations in Asia. We are on the right track.

I welcome the entry of the United States and Russia as participants in the EAS process. The EAS will benefit from their experience while remaining an ASEAN-led process.

I would like to complement ERIA for their work in promoting regional integration by providing useful research and practical policy recommendations on regional connectivity, trade, investment, energy and the environment. ERIA has submitted a report on the Comprehensive Asian Development Plan (CADP) and identified three corridors for building infrastructure, connectivity and industrial activity that will support the realization of a community in the region. One of these is for a Mekong-India Economic Corridor.

India welcomes further progress on a Comprehensive Economic Partnership Agreement for East Asia (CEPEA) process. Till last year we

had signed CEPA Agreements with Singapore and ROK and a Trade in Goods Agreement with ASEAN. In the last one year we have completed negotiations on a CEPA with Japan and Malaysia. An Agreement on Trade in Services and Investment is under negotiation with the ASEAN.

Indian economy is expected to grow at the rate of 8.5 per cent this year. We hope to achieve a growth rate of 9.10 per cent next year. This will encourage two way trade between India and ASEAN Member States

At the 4th East Asia Summit, EAS member countries had supported the establishment of the University as a non-state, non-profit, secular and self governing international institutional institution to bring together the brightest and the best in East Asia. I am happy to report that the Nalanda University Bill has been passed by both Houses of the Indian Parliament earlier this year. The Nalanda Mentor Group will act as the Interim Governing Board of the University till such time as the members of the Governing Board have been nominated. The statutes of the University are being drafted. Land has been acquired for the University. We invite EAS member countries to participate in this project. I hope that Nalanda University will be an important element in the community that we hope to build in the East Asian region.

India supports a collaborative approach to energy issues. Our present energy policy involves adopting a multi-pronged strategy by broadening our energy mix, including nuclear energy.

We want positive outcome in Cancun, at the 16th Conference of Parties. It should build upon the Copenhagen Accord. India is doing everything possible within the limitation of her own resources to contribute to the global action on climate change. Under our ambitious National Action Plan on Climate Change, we have embarked upon measures to improve energy efficiency, reduce energy intensity and enhance the share of renewable energy in the energy mix.

In near future, we believe that Asia's growth and intra-ASEAN trade can make an important contribution to global recovery.

(Excerpted from the Speech delivered at the Fifth East Asia Summit, Hanoi, 30 October 2010).

## Nalanda University – An International Institution of Excellence

We underscored the importance of education as a key in promoting human resources development, bridging the development gap, enhancing regional competitiveness and in achieving sustained economic recovery and development. We shared the need to promote educational exchange, including in the areas of science and technology and people-to-people interactions, as well as innovation cooperation. We appreciated the steps taken by India including the enactment of the Nalanda University Act for early establishment of Nalanda University as an international institution of excellence with continental focus. We welcomed the proposal to convene an EAS Education Ministers' Meeting in 2011.

– H.E. Mr. Nguyen Tan Dung, Prime Minister of the Socialist Republic of Vietnam, at Fifth East Asian Summit, Hanoi, 30 October 2010.

## Role of Aid in Catalyzing Growth and Prosperity

Masahiro Kawai, Dean and CEO, Asian Development Bank Institute

The global development architecture is changing rapidly. The impacts of the global financial crisis, the emergence of new donors, and the growing international focus on aid effectiveness are some of the important factors influencing the new environment. Asia is well-placed to contribute to this process of change and debate. Our region's development experience has long been recognized as unique and exemplary. The rapid industrialization, economic development, reduction of poverty, and the expansion of economic opportunities have transformed Asia and opened new horizons for hundreds of millions of people in the region. We should draw on this experience as we consider how best to move forward.

Aid effectiveness must be judged by outcomes. And compared to other regions, few experts would dispute that the development outcomes in Asia have been very impressive. Both aid donors-including Japan, the ADB, the World Bank, and more recently the Republic of Korea-and recipient countries have worked hard to produce impressive outcomes.

The East Asian development model highlights the importance of investment in human capital and trade-related infrastructure, and the critical role of the aid-trade-investment nexus. This practical approach to development assistance has followed the wisdom of the philosophy, "Give a man a fish and you feed him today. Teach a man to fish and you feed him for a lifetime." Essentially, the focus has been to strengthen the capacity of the aid recipient country to stand on its own feet and sustain growth and development by its own efforts.

As our economies formulate new strategies to maintain growth momentum, continue to improve livelihoods, and work toward inclusive growth, they will need more than just knowing how to fish. To compete in the global marketplace they will need high-quality fishing-rods, well-equipped boats and strong fishing lines, and the bait and tackle that are best suited to their level of skills development and national conditions. It is true that the policies that were once effective when Asia was largely a low-income, capital-poor region are less likely to be effective today and in the future. But the winning combination remains the same: countries need capacity and knowledge, and the tools to use them for productive purposes. Moving forward we need to apply this combination in a number of areas.

A fact of modern economic growth is that as countries grow richer and accumulate more capital per worker, the relative importance of

productivity rises, while the relative importance of capital accumulation falls, as marginal returns on capital diminishes. Structural policies that promote productivity growth hold the key to sustaining the region's medium- and long-term growth and allowing the region's people to make further progress in raising the standard of living and quality of life.

Asia has been investing in the second element of growth, human capital-through investment in primary and secondary schooling and basic health-and needs to step up such investment to higher levels. Thirdly, trade has been a core ingredient of the region's past success, as it will be in the future. Here East Asia stands out: Starting with Japan and the newly industrialized economies (including the Republic of Korea), many developing economies-like middle-income ASEAN countries, the People's Republic of China and some low-income ASEAN countries-have adopted outward-oriented policies in a sequential manner, focused on trade and investment, and achieved rapid industrialization. Development assistance has provided supporting infrastructure and helped reduce trade costs and integrate these economies with the regional and global markets. In South Asia, India-which successfully pursued services-sector-oriented economic growth-is now "Looking East" to boost its trade and investment ties with its East Asian neighbours.

Fourth, massive investment in infrastructure-in roads, water, energy and other services-is critical for economic development and job creation, and to promote private sector-driven investment. Finally, Asia's financial sector needs to be further developed by strengthening institutional and prudential regulatory and supervisory frameworks, and making financial services more accessible to small-and medium-sized enterprises and households.

We should adapt our region's experience and highlight the role of aid in catalyzing national and regional growth and prosperity. A number of Asian economies have shown that it is possible to achieve this transition in only one generation. The Republic of Korea, in particular, moved successfully from a developing to a developed country and has impressively emerged as a donor country. We should use the experience and knowledge gained from this progress to help others duplicate this remarkable achievement.

(Excerpted from the Keynote Speech delivered at the First Asian Development Cooperation Meeting, Seoul, 19 November 2010).

## Asia Learns Painful Lessons from Euro Zone Crisis

The idea that countries as different as Japan and Laos, or Singapore and Myanmar, might share the same money has always been a vision for future generations, not the here and now.

But policymakers have at least been heading in the direction of closer cooperation by formalising the network of emergency central bank loans they set up in Chiang Mai, Thailand, in 2000 to try to prevent a repeat of the 1997/98 Asian financial crisis.

Any notion, that the Chiang Mai Initiative (CMI) could form a springboard to more ambitious monetary coordination looks doomed since the bailouts of Greece, and now Ireland, have exposed the frailties of a common currency area with infinitely deeper economic and institutional roots than Asia can offer.

"The key message from Europe for Asia is that it undermines any argument that currency union is a sensible way forward towards closer integration," said Peter Drysdale, emeritus professor of economics at Australian National University (ANU) in Canberra. "That was never a persuasive argument, but it has close to zero credibility now," Drysdale added.

The nations of Europe painstakingly knitted together their economies, and then their exchange rates, over the course of nearly half a century before they were ready to create the euro.

Even then, as the current crisis has exposed, the fathers of the single currency left gaping institutional holes that they are now scrambling to fill by creating mechanisms to enforce fiscal discipline and, as a last resort, enable sovereign debt restructuring. Governments in Asia, by contrast, pride themselves in not poking their nose into their neighbours' business.

It took the 10 members of the Association of South East Asian Nations along with China, Japan and South Korea -- ASEAN Plus Three -- a decade to turn the CMI's complex web of bilateral currency swap agreements into a single, uniform facility. The \$120 billion, ungainly named Chiang Mai Initiative Multilateralisation agreement, finally took effect in March.

But don't expect leaders to conclude that the moral from Europe's debt mess is to get a move on.

(Excerpted from the *Reuters*, 6 December 2010).

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## East Asia in Reconstruction

Yang Danzhi, The Institute of Asia-Pacific Studies, Chinese Academy of Social Sciences.

Entry of US and Russia into East Asia Summit (EAS) will turn the organization into a platform where big powers compete. The established equilibrium and political order in East Asia are undergoing delicate changes at a time when the world is still struggling to recover from the effects of the global financial crisis and its ensuing repercussions.

Such changes stem from strategic adjustments in the East Asia policy of the United States. As the world's dominant power, the US has long been the most important external factor affecting East Asia's political and economic landscape.

Washington's attitude toward East Asian cooperation has always been consistent. It will remain as an observer if the cooperation process does not pose a threat to what it views as its own vested interests in the region. However, once cooperative momentum is considered a challenge to its national interests, the US will intervene and stop the process. This was clearly embodied in Washington's efforts to suffocate the East Asia Economic Sphere concept proposed by Malaysia and the East Asian Monetary Fund advocated by Japan in the 1990s.

However, what the US currently cares about most in the region is getting a share of the dividend created by the accelerated integration in East Asia, and at the same time, guarding against a possible challenge by some emerging regional powers to US dominance.

By signing the Treaty of Amity and Cooperation with Southeast Asian countries, the US has actively involved itself in a series of forums spearheaded by the ASEAN and the Mekong River Commission conferences. Washington has also staged a string of bilateral and multilateral military exercises with some East Asian allies in a bid to

strengthen already-established alliances. Washington has also shown great enthusiasm toward participating in East Asian cooperation in a wider and deeper manner.

Russia, now on the way to rejuvenation, has once again shown great interest in participating in East Asian cooperation. However, due to disagreements among ASEAN members, Russia has previously been excluded from the East Asian cooperation process.

To include the US and Russia into the ASEAN aims to realize its own strategic intentions in the region. For a long time, ASEAN has been the driver for closer East Asian cooperation. This is the outcome of mutual compromises and struggles among relevant parties. However, ASEAN's role has also been viewed with widespread suspicion from outside, due to its evasive attitude toward resolving some core problems. Such strategic intentions are embodied in its active efforts to include the US and Russia, as a way of offsetting the growing influence of some emerging regional powers.

However, the participation of the US and Russia will certainly make things more complicated and possibly add some uncertainties to the otherwise well-advancing East Asian cooperation process. Within the foreseeable future, the EAS would be a beyond-geographic concept with as many as 18 members, including such big powers as the US, Russia, China, Japan and India. This will make the EAS a platform for games playing and power plays among the powers and between the powers and ASEAN itself.

(Excerpted from the *xinhuanet.com*, 29 October 2010).

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## Where India Stands in Asia

Anoop Singh, Director, IMF's Asia and Pacific Department.

Asia continues to lead the global recovery and India, the second fastest growing major economy in the world, has remained in the vanguard. In the IMF's recently released Asia-Pacific Regional Economic Outlook, it was predicted that, on average, Asia will grow by 8 per cent in 2010. While economic activity in the region has moderated towards a more sustainable pace in recent months, it remains robust. We are, therefore, projecting Asia as a whole to grow by 7 per cent next year, compared with global growth of about 4 per cent.

Notwithstanding India's higher growth rate, it has several similarities with others in the region. The strength of private domestic demand has been a key part of the story this year all over Asia, including India. Spending on consumer durables has been robust here, while investment has also been buoyant, with infrastructure investment playing a particularly important role in the past year. Impressive export growth and strong, but somewhat volatile, capital inflows have been other common themes that India has shared with the other countries in the region.

Common economic positions imply some common risks. A deterioration of the external environment represents the most significant risk to the region. A weaker-than-expected recovery of final demand and an exacerbation in sovereign and banking vulnerabilities in advanced economies would adversely affect Asia, including India, through the real, financial, and confidence channels. It is important to note that while India's gross exposure to external demand is less than that in many other Asian countries, its integration with the global economy has been especially rapid in recent years, raising external risks in proportion.

The main short-term policy challenge for Asian policymakers is to manage the exit from policy stimulus now that a recovery is under way across the region. Closing output gaps-actual growth is fast nearing or, in some instances, exceeding the economy's potential growth-and emerging

pressures in both goods and asset prices suggest that the time has come to normalize fiscal and monetary policy stances in most of Asia (outside of Japan). Monetary policy stances, however, still remain generally accommodative, although several countries have started taking steps to normalize them. And, normalizing the fiscal stance now would allow governments to create policy space to cope with adverse shocks in future.

On this front, India has started ahead of the rest of Asia. Reflecting its earlier recovery from the crisis, India began the exit, in particular on the monetary front, before other countries. Inflation has posed a particular challenge for India, where it picked up earlier and has been significantly higher. Our analysis suggests that both supply and demand conditions have affected inflation in India. In particular, food prices tend to transmit to generalized inflation in developing countries such as India faster than in more advanced economies.

Further, our analysis also suggests that the closing output gap has adversely affected core inflation, minus food and fuel, in India. With inflation inertia also especially high in India, it was appropriate for the RBI to start tightening early and in a consistent but gradual fashion.

It's clear not just that Asia is well placed to continue to lead global growth but also that India will remain among the leaders in Asia. Despite some of the differences and unique macroeconomic challenges India faces, it shares with Asia the common theme of continued economic integration with the rest of the world, something that brings both sizeable benefits and some risks. That's why prudent monetary and fiscal policies, combined with structural reforms, remain key.

(Excerpted from the *livemint.com*, 24 October 2010).

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## East Asia Summit: Where is Europe?

Jonas Parello-Plesner, Senior Policy Fellow, European Council on Foreign Relations

During the Bush-administration there was no American interest in joining the East Asia Summit (EAS), perceived as another talk shop with concrete results. The Obama administration reversed all that. It both signed up for Asian multilateralism – the Treaty of Amity and Cooperation with ASEAN – and made sure it brought something to the negotiation table. At the Asian Regional Forum in Hanoi in May – normally a dull meeting (including the EU) with minimal impact on global headlines – the US, backed by the countries of South East Asia, brought up the South China Sea issue with China. The ripples of that encounter are still lapping up against the shores around Asia.

Russia first pushed itself into the EAS at the original 2005 gathering in Kuala Lumpur, where Putin showed up as a special guest of the chair. Since then, Russia has shown its consistent interest in being involved, and signed the treaty of Amity and Cooperation. That paid off, and Russia would like the US from 2011 onwards – be joining at the top-level.

The story of EU involvement, unfortunately, is a sad one. Originally there were differing views inside the EU on whether to try to join the EAS when it was set up in 2005. There were also differing views whether the EU should sign the admission ticket, which is the treaty of Amity and Cooperation with ASEAN. The EU decided to sign up collectively in late 2006, and it was ASEAN's turn to be bureaucratic. It demanded a treaty change, as the EU is not a state entity. That, and other national concerns, prompted France to go it alone and sign up individually. The UK government proposed to follow suit but never found a suitable occasion to take matters further. Germany stayed with the common European platform. Since then, the ASEAN amendment was completed in May this year, and the EU is potentially (finally) in a position to be invited to join the East Asia Summit.

But there are still questions to answer before the EU decides that it should join (or before it would be allowed to join) the East Asia Summit.

First, who will be Mr. or Mrs. Europe? At the moment, Asians are probably – and rightly – worried that inviting the EU would entail a huge delegation. Add to that Asian uncertainty about whether the big EU countries that signed up bilaterally would also demand an individual seat. That makes the lack of an Asian invitation to the EU quite understandable.

Europe is no longer a compelling world power, with a natural right to occupy several seats just to satisfy question of internal coordination and the big power aspirations of individual member states. The fact that there are many Europeans in the negotiating rooms also doesn't bring better results. The EU must wake up to a new reality, particularly in Asia, where it doesn't have an automatic seat at the table. Accordingly, the EU should make it clear to the Asians that, if invited in 2011, Europe will be a one-person show, roughly equivalent to Obama and Medvedev.

Secondly, the EU needs to bring clear priorities to the negotiating table; its strong priorities would be free trade and the demand for a genuine and concerted push in completing WTO-free trade negotiations. Free trade is an area where the EU currently has a more coherent position than the US, which remains hampered by Congress and a blind-eyed focus on the appreciation of the renminbi as the only international cure to trade issues. The Asians would listen and appreciate to a European message. Another priority area could be climate change.

In short, it could be done with a compelling and coherent voice that would be listened to by the rest of the summit. The EU is not present at the EAS. It should be. With one president.

(Excerpted from the *East Asia Forum*, 30 October 2010).

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## India's 'Look East' Ties East Asia Forum

Mahendra Ved, New Delhi

Indian Prime Minister's three-nation visit to Malaysia, Vietnam and Japan marked a reassertion of India's resolve to 'Look East' to achieve its strategic, geopolitical and economic goals. Closely preceding the visit of US President Obama and the G20 summit in Seoul, this tour was of significant strategic importance.

The highlights of the tour were: the signing of a commitment to expand trade with Malaysia; a number of pacts with Vietnam; and an understanding with Japan on nuclear energy. Besides the large consumer base, the East Asia region is rich in raw materials and energy, which India badly needs for its future development.

India has obvious constraints in its own region, where the SAARC has not done too well. It is hardly surprising that India's External Affairs Minister, recently pointed to the dynamic growth rates posted in trade and investment in East Asia and Southeast Asia.

Cooperation between India and ASEAN has moved at a fast pace since India launched its economic reforms and the Look East Policy in the 1990s. There is great potential for trade and investment between India and ASEAN.

The President of India's visit to Laos and Cambodia formed a backdrop to Indian Prime Minister's visit to the region. The state visits have, in the past, been largely ceremonial in nature. But now, business delegations accompany the Head of State. President's delegation had 45 business persons. This is a recent trend and constitutes a significant change that allows economic ties to drive bilateral and multilateral relations.

The President said the engagement with Cambodia and Laos was set to substantially expand, and would be taken forward bilaterally and through ASEAN. In Laos, India extended a credit line of US\$ 72.55 million to finance two power projects.

Further, Prime Minister of Malaysia, had urged India to conclude the CECA. Trade with Malaysia and ASEAN could double and, in some cases, even triple. The CECA is expected to facilitate the flow of trade and investment between the two nations further. The focus areas of cooperation include construction, road and transport management, information technology, pharmaceuticals and biotechnology.

Malaysia has emerged as a major potential investor in India, with planned investments in power, oil refineries, telecommunications and electrical equipment industries, besides highway and other infrastructure development projects. Also, there are more than 400 Indian companies, including 61 Indian joint ventures, operating in Malaysia.

Many leading Indian companies have made substantial investments in a number of ASEAN countries and, conversely, ASEAN countries have made investments in India. Many consumer products have entered Indian homes, and ASEAN firms are vying for a slice of India's US\$ 500 billion infrastructure pie. The Indo-ASEAN FTA, Indo-Thai FTA and India-Singapore CECA are central to building relationships. Together, India and ASEAN could amount to the creation of a huge market embracing a combined population of nearly 1.8 billion, with strong economic and political clout.

(Excerpted from the *East Asia Forum*, 13 November 2010).

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## Revival of Nalanda Bringing Asia Together

The 21st century belongs to Asia, with the revival of ancient Nalanda University, one can hope to bring Asia together and create a universal spirit because of its special relevance to Buddhist philosophy of men living in harmony with men and men living in harmony with nature. The ancient Nalanda University was established in about 5th century B.C. or earlier, was pre-eminent for over seven centuries. During its prime time, it housed more than 10,000 international students and 1500 teachers from all over the region as far as from places like China and Tibet, Mongolia, Korea, Japan, Sri Lanka and also Turkey. This ancient seat of learning was not only a centre of teaching and learning but it also sent learned scholars and experts for sermons, debates and to set up learning centers for spreading knowledge and to enlighten larger section of people in far away places.

The idea of reviving Nalanda, the great ancient centre for Buddhist learning located in the State of Bihar in India, was floated by former President of India, Dr. A. P. J. Abdul Kalam, during his state visit to Singapore in 2006. In Singapore too, the President projected this project as a 'model for evolving a happy, prosperous and peaceful society in our planet' and helpful in the 'evolution of the enlightened citizen.'

Later, at the second East Asia Summit (EAS) in Cebu, the Philippines in 2007, Prime Minister of India stressed again that India intended to redevelop Nalanda University as a centre of inter-faith dialogue. In this endeavor, India welcomed cooperation from member countries from EAS, which agreed to strengthen regional educational cooperation by tapping the region's centers of excellence in education.

To move things forward, the Government of India established an 11-member Nalanda Mentor Group (NMG) headed by noble laureate Amartya Sen to make proposals that would facilitate the revival of Nalanda as a Centre for Cultural Exchange between East Asia and South Asia. Following this, Singapore hosted the inaugural meeting of the NMG in 2007. Till date, five meetings of the NMG have been held and in the course of their meetings agreed and reiterated the objective of the Nalanda University to provide contemporary studies in philosophy and history, business and management, languages and literature, ecology and environment, and international relations, among others. The Group unanimously in their fourth meeting, adopted to use the 'Nalanda Seal' in the emblem of the Nalanda University.

At their fifth NMG meeting in India in February 2009, members of the NMG reaffirmed that the Nalanda University should become unique place of learning, of high scholarship, centre of academic excellence aimed at becoming one of the best universities in the world meant for high caliber students and scholars. It was also recommended to have an inaugural Rector for the Nalanda University to the Indian Government.

The Group also decided to add the School of Information Sciences and Technology to the earlier proposed six schools that would form part of the forthcoming University. The List of Proposed Schools is:

School of Buddhist Studies, Philosophy and Comparative Religions; School of Historical Studies; School of International Relations and Peace Studies; School of Business Management and Development Studies; School of Language and Literature; School of Ecology and Environmental Studies; and School of Information Sciences and Technology.

Recently at the 4th East Asia Summit in 2009, the Heads of State and Government of the ASEAN Member States supported the establishment of the Nalanda University as a non-state, non-profit, secular and self governing international institution with a continental focus that would bring together the brightest and the most dedicated students from all countries of Asia, irrespective of gender, caste, creed, disability, ethnicity or social economic background to enable them to acquire liberal and human education.

Apart from this, the effective networking and collaboration between the Nalanda University and existing centers of excellence in the EAS participating countries to build a community of learning where researchers, academicians, students and scholars can work together symbolizing the spirituality that unites all mankind was encouraged. In that context, reference was made to Chulalongkorn University of Thailand and Institute of South East Asian Studies (ISEAS) of Singapore as the academic institutions of distinction for collaboration.

Initially, in order to implement the project, India, the host country would make significant contribution to encourage appropriate funding arrangements on voluntary basis from governments and other sources including public private partnership as may be decided by the Governing Body which will be composed of members nominated by interested EAS participating countries. The Planning Commission has already allocated Rs. 50 crore as endowment fund in the form of special grant for the commencement of the project. The Government of Bihar has already acquired about 500 acres of land in Rajgir and another 500 acres is scheduled to be acquired for the proposed Nalanda University.

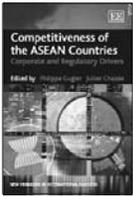
Recently, with the special Act of Parliament in August 2010, the Nalanda University became the legal entity and stands alone as autonomous international university in the world. Prime Minister of India was of the opinion that this would be a shining example of cooperative action in the field of education.

However, at this juncture, one expect that there would be drastic change in the expansion of knowledge with the emergence of new branches of science and technology, peace, ecology, environment and business management and development studies in new Nalanda. With the revival of Nalanda, there would be development of new orientation to modern knowledge along with the tradition of original ethos and vision. We Indians' look forward to see Nalanda as an icon of the Asian renaissance and wish that this Nalanda project could become an inspiration for the future of Asia where all religions – Hindus, Muslims, Christians and Buddhists and other faiths can live in peace and harmony together.

### Further Readings

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- India Set to Open Trade With South-east and East Asian Nations, Rajesh Rai and Gurdeep Singh, *OneIndia news*, 14 January 2011.
- Moving Beyond Afta. *Bangkok Post*, 3 January 2011.
- Textiles, Machinery from Singapore to Cost Less. *The Hindu Business Line*, 2 January 2011.
- India-ASEAN Services Deal Hits Roadblock. *Business Standard*, 15 December 2010.
- Australia Keen To Broaden Economic Ties With India. *Economic Times*, 13 December 2010.
- SE Asia Considers Single Currency. *The Jakarta Post*, 9 December 2010.
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- India-NZ FTA Talks Make Progress. *Indian Weekender*, 2 December 2010.

## Competitiveness of the ASEAN Countries: Corporate and Regulatory Drivers

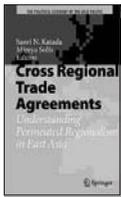


Editors: Philippe Gugler and Julien Chaisse  
Edward Elgar Publisher, 2010  
ISBN-10: 184980124X  
ISBN-13: 978-1849801249

In an age in which it is increasingly necessary for nations to consider their competitiveness and at a time when the world economy is facing recession, this book explores the possible trajectory of ASEAN - arguably one of the most dynamic areas in the world - as a regional economic and political bloc.

This important and timely study focuses on the role of FDI in advancing the performance of ASEAN and the competitiveness of its firms, whereas other studies typically focus solely on the role of trade. The book presents a comprehensive view of ASEAN's experiences over the past decade, addressing the industrial competitiveness of ASEAN and analysing the role of MNEs against the background of the challenges of integration.

## Cross Regional Trade Agreements: Understanding Permeated Regionalism in East Asia



Editors: Saori N. Katada and Mireya Solis  
Springer, 2010  
ISBN-10: 3642098193  
ISBN-13: 978-3642098192

An unacknowledged key feature of East Asian FTA diplomacy is the region's active cross-regional preferential trading relations. In sharp contrast to the Americas and Europe, where cross-regional initiatives gained strength after the consolidation of regional trade integration, East Asian governments negotiate trade deals with partners outside of their region at an early stage in their FTA policies. The book asks three main questions: Are there regional factors in East Asia encouraging countries to explore cross-regionalism early on? What are the most important criteria behind the cross-regional partner selection? How do cross-regional FTSs (CRTAs) influence their intra-regional trade initiatives? Through detailed country case studies from China, Japan, South Korea, Singapore, Thailand and Malaysia, it shows the ways in which these governments seek to leverage their CRTAs in the pursuit of intra-regional trade integration objectives, a process that yields a much more permeated regionalism.

## National Strategies for Regional Integration: South and East Asian Case Studies



Editors: Joseph Francois, Pradumna Rana and Ganeshan Wignaraja  
Anthem Press, 2011  
ISBN-10: 0857289934  
ISBN-13: 978-0857289933

Regional integration is gathering momentum in Asia. This study examines the diverse experience of regional integration of South and East Asian economies during the last two decades and offers lessons for latecomers. The global economic crisis is expected to merely dampen rather than halt the pace of Asian integration. Global recovery will give renewed impetus to Asian integration. East and South Asia include the world's largest and most dynamic open economies alongside several least developed countries. Using a set of country cases based on a similar

framework, the study addresses an important policy question: how can each country's integration with its neighbours and more distant regional economies be improved? Of the eight country studies, five are from South Asia (India, Pakistan, Bangladesh, Nepal, and Sri Lanka) and three are from East Asia (the People's Republic of China, Thailand, and Singapore). The country cases—which differ by per capita income, country size and location—provide fascinating insights on the relationship between regional economic performance and strategies for regional integration at the country level.

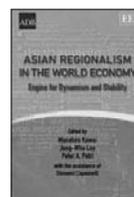
## Integration in Asia and Europe: Historical Dynamics, Political Issues, and Economic Perspectives



Editors: Paul J.J. Welfens, Franz Knipping and Suthiphand Chirathivat  
Springer, 2011  
ISBN-10: 3642066852  
ISBN-13: 978-3642066856

Broadening and deepening of economic and political integration are hallmarks of the EU and ASEAN. This book critically analyses the economic and institutional changes in both Europe and Asia. There is considerable potential for instability, but one also finds regional growth opportunities. Comparative policy analysis and evaluation of various cooperation strategies are presented. Emphasis is on banking, financial market dynamics, ICT, and macroeconomic policies as well as trade, energy, and environmental issues. Legal aspects are combined with historical and economic perspectives. Due emphasis also is on the impact of China and the role of international organisations. The comparative analysis of EU and ASEAN integration suggests important policy choices, including those at the multilateral level.

## Asian Regionalism in the World Economy: Engine for Dynamism and Stability



Masahiro Kawai, Jong-Wha Lee and Peter Petri  
Edward Elgar Publisher, 2010  
ISBN-10: 1848448546  
ISBN-13: 978-1848448544

The structure and policy architecture of the world economy, as it emerges from the historic challenges now underway, will be affected by the dramatic rise of Asian economies and deepening connections among them. This important book examines the dramatic transformation of the Asian economy, the challenges it faces, emerging regional solutions, and how Asia can play a more constructive role in the global economy.

Asia is becoming not just the world's factory, but also its leading creditor, and one of its key sources of dynamism and stability. Key questions are identified and addressed in three areas: Asia's growth and productivity, financial stability, and regional economic integration. In each of these areas, the contributing authors evaluate current trends and the forces shaping the future. They consider whether the region's progress is sustainable and what it will take to make it so. How is Asia reshaping its economy in response to the changing global landscape? More urgently, how can Asia weather the severe, global financial and economic storm originating from the global credit crisis? How will it extend its gains to people left behind? And how can it contribute to better governance and greater prosperity in the world economy? This book covers new ground by connecting theory, assembling detailed evidence on trends and challenges, and offering forward-looking policy prescriptions.



## Globalization and Economic Integration: Winners and Losers in the Asia-Pacific



Editors: Noel Gaston and Ahmed M. Khalid  
Edward Elgar Publisher, 2010  
ISBN-10: 1848448619  
ISBN-13: 978-1848448612

Given the importance of globalization in today's world, this salutary and timely book explores how globalization is specifically shaping the Asia-Pacific.

It investigates future prospects and challenges, identifies the key winners and losers, and concludes in many cases that the portents for globalization are not particularly promising.

Prominent economists and policy scholars examine a wide range of topics pertinent to globalization and economic integration in the Asia-Pacific, encompassing macroeconomic coordination and financial market integration; regionalism and preferential trade agreements; and immigration and labor markets, including gender issues and the impact of outsourcing. Through these analyses, the expert contributors illustrate the importance of market participants and regulators clearly understanding the risks associated with the present stage of globalization. They show that national policy makers need to reconfigure the regulatory framework following international lessons from previous financial crises experienced in the last two decades, and that financial literacy is essential for market participants, especially in emerging economies.

## World Bank East Asia and Pacific Economic Update 2010, Vol. I: Emerging Stronger from the Crisis



World Bank  
World Bank Publications, 2010  
ISBN-10: 9780821382752  
ISBN-13: 978-0821382752

The *World Bank East Asia and Pacific Economic Update 2010*, Volume I, is the World Bank's comprehensive, twice-yearly review of the region's

economies. In this edition, the Bank finds that, largely thanks to China, the region's output, exports, and employment have mostly returned to the levels they were at before the crisis. And while countries can grow rapidly in the next decade even in a slower world economy, they need to return to their structural reform agendas with renewed vigor. These agendas can include regional components, with a focus on regional economic integration, and addressing the challenges posed by climate change.

## Island Disputes and Maritime Regime Building in East Asia: Between a Rock and a Hard Place



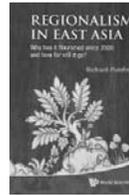
Min Gyo Koo  
Springer, 2010  
ISBN-10: 1441962239  
ISBN-13: 978-1441962232

This book explores the three most prominent island disputes in East Asia: the Dokdo/Takeshima, the Senkaku/Diaoyu, and the Paracel and Spratly disputes.

These island disputes clearly illustrate the puzzling pattern of continuity and mutual restraint in East Asia's territorial conflicts. In dealing with sovereignty issues, East Asian countries have engaged in varied patterns of diplomatic and military behaviours. In some cases, one can find examples of the aggressive use of military force and intransigent bargaining strategies, while in others military inaction

and accommodative diplomacy are equally evident. When and why do disputants pursue conflictual policies? Conversely, why do they at other times seek the containment, if not the resolution, of territorial disputes by shelving thorny sovereignty issues?

## Regionalism in East Asia: Why Has It Flourished Since 2000 and How Far Will It Go?



Richard Pomfret  
World Scientific Publishing Company, 2010  
ISBN-10: 9789814304320  
ISBN-13: 978-9814304320

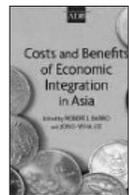
This book examines an important economic development in East Asia during the first decade of the 21st century. Whereas regional arrangements were, with the sole significant exception of ASEAN, conspicuously absent before 2000, they have proliferated since 2000 in both the monetary and trade areas. The book places this political development in the changing nature of the national economies, especially their increasing integration into regional and global value chains with the fragmentation of production processes.

## East Asian Economic Integration: Law, Trade and Finance

Editors: Ross P. Buckley, Richard Weixing Hu and Douglas W. Arner  
Edward Elgar Publisher, 2011  
ISBN-10: 1849808686  
ISBN-13: 978-1849808682

This book analyses recent developments and likely future paths for trade and financial integration in East Asia. It suggests a more coherent, balanced way forward for regional economic integration and analyses implications for institution building in East Asia. East Asia has achieved a high degree of intra-regional trade, investment and GDP correlation, through an expanding web of free trade agreements and production networks. However, financially, most regional economies are linked more closely to North America and Europe than to each other. As trade integration has accelerated, financial and monetary integration has not kept pace. *East Asian Economic Integration* analyses potential reasons and remedies for this phenomenon through a multidisciplinary framework of law, politics and economics.

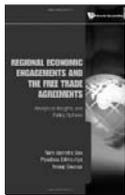
## Costs and Benefits of Economic Integration in Asia



Editors: Robert J. Barro and Jong-Wha Lee  
Oxford University Press, 2011  
ISBN-10: 0199753989  
ISBN-13: 978-0199753987

The book offers quantifiable results from the field's top economists on cooperation and integration in the areas of trade, investment, and finance in Asia. Appealing to scholars, policymakers, and interested general readers, the book is an authoritative diagnosis of initiatives seeking to promote regional economic integration. It examines two broad divisions of cooperation and integration: monetary and financial, and trade and investment. Specific enquiries include such topics as comparisons to other regions such as Eastern Europe and Latin America, the effects of regional FTAs on overall trade and welfare, the distribution of benefits of unevenly distributed resource wealth among the region's economies, the possibility and desirability of an East Asian currency union, business cycle synchronization and its relationship with inflation targeting regime and trade, pre-World War I Asian monetary systems, the computation of the extent of foreign and domestic content in a country's exports, and many more.

## Regional Economic Engagements and the Free Trade Agreements: Analytical Insights and Policy Options



Ram Upendra Das, Piyadasa Edirisuriya and Anoop Swarup

World Scientific Publishing Company, 2010

ISBN-10: 9812839151

ISBN-13: 978-9812839152

Given the recent emergence of China and India as economic powers, trade and economic engagement within the Asia Pacific region has become a significant area of interest to many policy-makers, academics and the general public. As international trade has been increasing among the countries in the region, many have decided to explore possibilities to introduce free trade through negotiating Free Trade Agreements (FTAs) due to its many advantages. This book comprehensively covers the existing economic cooperation arrangements in the region as well as those that are at various stages of study and negotiations.

## Asia's Flying Geese: How Regionalization Shapes Japan



Walter F. Hatch

Cornell University Press, 2010

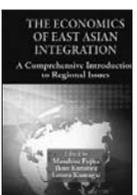
ISBN-10: 080147647X

ISBN-13: 978-0801476471

In *Asia's Flying Geese*, the author tackles the puzzle of Japan's paradoxically slow change during the economic crisis it faced in the 1990s. Why didn't

the purportedly unstoppable pressures of globalization force a rapid and radical shift in Japan's business model? In a book with lessons for the larger debate about globalization and its impact on national economies, Hatch shows how Japanese political and economic elites delayed--but could not in the end forestall--the transformation of their distinctive brand of capitalism by trying to extend it to the rest of Asia. For most of the 1990s, the region grew rapidly as an increasingly integrated but hierarchical group of economies. Japanese diplomats and economists came to call them 'flying geese.' The 'lead goose' or most developed economy, Japan, supplied the capital, technology, and even developmental norms to second-tier "geese" such as Singapore and South Korea, which themselves traded with Thailand, Malaysia, and the Philippines, and so on down the V-shaped line to Indonesia and coastal China. Japan's model of capitalism, which Hatch calls 'relationalism,' was thus fortified, even as it became increasingly outdated.

## The Economics of East Asian Integration: A Comprehensive Introduction to Regional Issues



Editors: Masahisa Fujita, Ikuo Kuroiwa and Satoru Kumagai

Edward Elgar Publisher, 2011

ISBN-10: 0857930117

ISBN-13: 978-0857930118

This volume is intended to be the most comprehensive textbook on economic integration in East Asia. It introduces the reader to various issues related to the topic such as institutional building of FTAs; production networks and the location choice of MNEs; R&D and innovation; infrastructure development and transport costs; international migration and service trade; monetary integration; regional disparity and poverty. It also deals with the critical energy, environmental and agricultural concerns.

## India's Union Budget: Changing Scope and the Evolving Content

Rajeev Malhotra

The paper reflects on the changing scope of the Union Budget and the Finance Minister's speech and assesses the evolving content of these policy instruments in recent years. The analysis undertaken is based on a framework highlighting some inter-related objectives that government budget serves in public policy making. These objectives include the use of budget as a tool for implementing fiscal policy, as an accountability tool for government functioning, a planning tool to operationalise a multi-year plan perspective and as a tool for anchoring policy coherence and coordination. The paper identifies some assessment criteria implicit in these objectives for assessing the budget content and its preparatory process. It suggests several measures and some pending reforms in fiscal policy and the underlying budget processes to address the identified objectives more effectively and makes a case for speeding up their implementation.

(*RIS Discussion Paper No. 171, November, 2010*).

## NEW ASIA MONITOR

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