



RIS Diary

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January 2005

RIS High-Level Conference on Asian Economic Integration in Tokyo

RIS organized the High-Level Conference on Asian Economic Integration: Vision of a New Asia in Tokyo on November 18-19, 2004 in collaboration with the Council on East Asian Community (CEAC), Tokyo; Development Research Centre for the State Council of China (DRC), Beijing (Research Department of Foreign Economic Relations); Global Security Research Institute (G-SEC), Keio University, Tokyo; Malaysian Institute of Economic Research (MIER), Kuala Lumpur; and with the support of Sasakawa Peace Foundation (SPF), Tokyo.

Hon'ble Mr Koichi Kato, Member of Japanese Diet delivered the inaugural address. The inaugural session was chaired by Ambassador Sudhir Devare, Vice-Chairman, RIS. Professor Ito Kenichi, President, CEAC; and Shri B.J. Panda, Hon'ble Member of Indian Parliament also addressed the inaugural session besides a statement of the Indian Ambassador in Japan. Hon'ble Mr Kato also released the RIS book *Towards an Asian Economic Community: Vision of A New Asia* during the inaugural session. Dr. Nagesh Kumar, Director-General, RIS extended the vote of thanks.

The theme of the first session was Relevance of an Asian Economic Community and Possible Approaches. It was chaired by Professor Eisuke Sakakibara, Keio University and former Vice-Minister of Finance, Japan. The session had a presentation of the theme paper by Dr Nagesh Kumar. The presentation was commented upon by distinguished panelists, viz: Dr Rodolfo C. Severino, Former Secretary-General, ASEAN; Prof. Zhang Xiaoji, Director-General, Research Department of the Foreign Economic Relations, DRC; Professor Toshihiko Kinoshita, Waseda University, Tokyo; Professor Fukunari Kimura, Keio University, Tokyo; and Dr Eric Teo, Council Secretary, SIIA.

The second session was devoted to Regional Trade and Investment Liberalization: Trends and Potential. It was chaired by Professor M. Ariff, Executive Director, MIER. Key presentations were made by Professor Shujiro Urata, Waseda University on Japan; Dr Djisman Simandjuntak, Chairman, CSIS, Jakarta, on ASEAN; Prof. Yao Chao Cheng, Academic

Dean, Faculty of International Trade, Shanxi University FE, Taiyuan, on China; Dr Rahul Khullar, Ministry of Commerce and Industry, on India; Dr Chan-Hyun Sohn, Senior Fellow, KIEP, Seoul, on Korea; Dr Tiziana Bonapace, Chief, Trade Policy, TTD, UN-ESCAP on the broader regional picture.

The theme of the third session was Monetary and Financial Integration in Asia chaired by Professor Toshihiko Kinoshita, Waseda University and formerly Head of Research, Japan Bank of International Cooperation. Key Presentations were made by Dr Masahiro Kawai, Tokyo University; Ambassador Manaspas Xuto, Executive Director, International Institute for Trade and Development, Bangkok; and Dr Sharad Bhandari, Regional Economic Monetary Unit, ADB, Manila.

On second day of the Conference, the first session addressed the theme of Prospects for Regional Cooperation for Energy Security



(From left): Prof. Shujiro Urata, Dr. Djisman Simandjuntak, Prof. Yao Chao Cheng, Prof. M. Ariff, Dr. Tiziana Bonapace, Dr. Rahul Khullar, and Dr. Chan-Hyun Sohn at a Session of the Tokyo Conference.

which was co-chaired by Ambassador Shashank, former Foreign Secretary, India and Dr Rodolfo C. Severino. It had key presentations by Dr. Ryouichi Komiyama, Institute of Energy Economics of Japan,



(From left): Hon'ble Mr. Koichi Kato; Mr. Anup Thakur (Minister, Embassy of India in Tokyo); Prof. Ito Kenichi; Ambassador S.T. Devare; and Dr. Nagesh Kumar at the Inaugural Session of the Tokyo Conference.

Tokyo; Professor Tsugio Ide, G-SEC, and former Vice-Minister, EPA, Japan; and Dr Rajiv Kumar, Chief Economist, Confederation of Indian Industry, New Delhi.

The following session had a panel discussion on the Strategic Relevance of Asian Economic Integration co-chaired by Ambassador Aftab Seth, President, G-SEC, Keio University, Tokyo and Prof. Zhang Xiaoji. It had key presentations by Dr Eric Teo; Professor Mukul Asher, National University of Singapore; and Professor Brij Tankha, Delhi University.

The Concluding Session on A Roundtable Discussion on the Way Forward was co-chaired by Ambassador Sudhir Devare. The key panelists were Professor E. Sakakibara; Professor M. Ariff; Ambassador Shashank; Ambassador Aftab Seth; Dr Isabelle Saint-Mezard, Centre for Asian Studies, University of Hong Kong; and Dr C. Rammanohar Reddy, Editor, *Economic and Political Weekly*, India.

Based on the presentations and discussions, the Conference came out with a Tokyo Consensus (see Box). The Tokyo Conference was the follow-up of the New Delhi Conference on "Building a New Asia: Towards an Asian Economic Community held on March 10-11, 2003. All the material and presentations of the conference can be downloaded from the RIS website www.ris.org.in.

The Tokyo Consensus

The High-level Conference on Asian Economic Integration: Vision of a New Asia was organized by RIS in Tokyo on 18-19 November 2004 in collaboration with premier think-tanks of other Asian countries namely the Council on East Asian Community, Tokyo; the Development Research Centre of the State Council of China, Beijing; The Global Security Research Institute of the Keio University, Tokyo and the Malaysian Institute of Economic Research, Kuala Lumpur, with the support of the Sasakawa Peace Foundation, Tokyo. It had participation of eminent scholars, experts and policy makers from China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, and Thailand. The participants have been affiliated with premier think-tanks of Asia, besides the organizing institutions such as the Asian Development Bank, the UN-ESCAP, the International Institute of Trade and Development, Bangkok; Korea Institute for International Economic Policy, Centre for Strategic and International Studies, Jakarta; Singapore Institute of International Affairs, Shanxi University of Finance and Economics, Taiyuan; Institute



(From left): Dr. Eric Teo, Dr Rodolfo Severino, Prof. F. Kimura, Prof. Zhang Xizoji, Prof. E. Sakakibara, Dr. Nagesh Kumar at a Session of the Tokyo Conference.



(From left): Prof. T. Ide, Dr. Rajiv Kumar, Ambassador Shashank, Dr Rodolfo Severino, and Mr. R. Komiyama at a Session of the Conference.

of South East Asian Studies, Singapore, National University of Singapore, Institute of Developing Economies, Tokyo; Tokyo University, Waseda University, Keio University, Delhi University, Confederation of Indian Industry, among a number of others. The Conference was inaugurated by Hon'ble Mr Koichi Kato, Member of Japanese Diet. The inaugural session was also addressed by Hon'ble Mr B.J. Panda, Member of Indian Parliament and was attended by Hon'ble Mr Sachin Pilot, Hon'ble Mr V.P. Singh Badnore and Hon'ble Mr Akhilesh Yadav, members of Indian Parliament and had a statement of the Ambassador of India.

This Note represents an agreed summary record of the discussion at the Conference.

The Conference noted that there was optimism about the development prospects of Asia with the reforms and sustained rapid growth of China and India, the recovery of Japan from a decade old recession, rise of middle class as source of final demand, and growing technological dynamism of Asian countries. Over the past decade Asian countries have also integrated themselves within the region as evident from high and growing

proportion of intra-regional trade and investments. There is also an attempt to build on this 'functional' or market-driven cooperation to more formal institutionalized cooperation as clear from numerous sub-regional or bilateral free trade arrangements. In particular, China, Japan, India and South Korea are all working on ASEAN+1 FTAs. China, Japan, Korea and India are also considering bilateral FTAs between themselves. Through the emerging web of FTAs a virtual Asian economic community is emerging. There is need for building on these subregional and bilateral attempts a broader framework. The conference noted that a broader regional approach such as a regional FTA framework subsuming the bilateral and subregional FTAs will generate substantial welfare gains for each of the partners in a larger Asian economic community. The regional FTA combining Japan, ASEAN, China, India and Korea (JACIK) could be broadened to include other Asian countries in a phased manner. The monetary and financial cooperation also has the potential of creating hundreds of billions of additional income besides providing a basis of exchange rate stability by building an institutional infrastructure for pooling even a marginal (such as 5%) proportion of their substantial foreign exchange reserves and launching an Asian currency unit as a sort of Asian SDR or a unit of account. The development of Asian bond markets, cooperation among the Asian export-import banks and in stock markets will also be fruitful.



From left: Mr. B.J. Panda, Hon'ble Member of Indian Parliament addressing the Tokyo Conference.

Energy security provides another fruitful area of cooperation against the background of high dependence of the region on imported sources of energy and fast growing demand. The cooperation could take the form of an Asian Energy Forum to discuss common problems, pooling resources for joint exploration, develop common infrastructure, a common strategic reserve, an Asian energy market, and protection of sea-lanes. There was a case for technological cooperation in Asia in energy saving technologies, non-conventional resources of energy, but also in addressing digital divide and problems of health and malnutrition.



A session of Tokyo Conference in progress.

Finally, the Conference emphasized on the need of including civil society in this dialogue and highlighting the socio-economic dimension and evolving a unique Asian socio-economic development model which will keep social equity and competitiveness at the center of growth.

The Conference felt that the larger countries of Asia viz., Japan, China, and India need to provide leadership to the process of regional cooperation in Asia while ASEAN's role in bringing them together is recognized. The regional economic integration and economic interdependence will also provide for peace, security and facilitate reconciliation

with history in Asia and will lead to an Asian identity.

The think-tank community of Asia has a critical role to play in realizing the dream of building a New Asia by showing the way forward to the policy makers with specific proposals for implementation. Various networks of Asian think-tanks that have come up recently such as New Asia Forum, NEAT, ASEAN-ISIS among others need to coordinate and work together. The research and exchange of views between think-tanks and policy makers through conferences like this need to continue. Involvement of civil society such as parliamentarians, media, citizen groups, private sector, among others in the think-tank interactions would also be useful for broadening the constituency of regional cooperation.

ASEAN Secretary-General delivers the Fifteenth India-ASEAN Eminent Persons Lecture

RIS jointly with the Ministry of External Affairs organized the India-ASEAN Eminent Persons Lecture by H.E. Mr. Ong Keng Yong, Secretary-General, ASEAN on October 18, 2004 in New Delhi. H.E. Mr. Ong spoke on Forging ASEAN-India: Partnership for the 21st Century. Mr. Rao Inderjit Singh, Hon'ble Minister of State for External Affairs, chaired. Dr. Nagesh Kumar, Director-General, RIS delivered the welcome address. Mr. Rajiv Sikri, Secretary (East) Ministry of External Affairs, extended a vote of thanks.

In his lecture H.E. Mr. Ong Keng Yong suggested a ten-point agenda for advancing ASEAN-India People-to-People Partnership. He called for: introducing more segments of people's sector into ASEAN-India dialogue partnership to broaden and deepen the foundation of this relationship; increasing knowledge of ASEAN and India at all levels of society through more information exposure in mass media; identifying 10 Indian cities for twinning with 10 ASEAN cities (sister cities' concept); intensifying efforts to connect relevant non-governmental bodies in ASEAN and India dealing with development and welfare of women; innovating cultural exchange programmes/projects to extend coverage and reach to target audience; initiating dialogue among civil society organisations on promoting public health, environment protection and inter-civilisation relations; improving e-linkages among the national



From right: Mr. Rajiv Sikri; H.E. Mr. Ong Keng Yong; Hon'ble Mr. Rao Inderjit Singh; and Dr. Nagesh Kumar at the India-ASEAN Eminent Persons Lecture.

organisations responsible for youth affairs in ASEAN and India; instituting exchange programmes for 10 Indian universities and 10 counterpart universities in ASEAN; inspiring more intellectual interactions between ASEAN and India through more conferences, lectures and seminars; and implementing agreed plan of actions for grassroots cooperation between ASEAN and India.

The lecture was followed by question-answer session. This Lecture Series,

coordinated by RIS on behalf of the Government of India, is a prestigious programme and has involved lectures delivered by Prime Minister Mahathir of Malaysia and Prime Minister Thaksin Shinawatra of Thailand, among others. A large number of audience representing government departments, business and industry circles, academia, foreign and Indian media attended the lecture and participated in the question-answer session.

Seminar on From Bali to Vientiane: Road Map for India-ASEAN Partnership

The Indian Council of World Affairs (ICWA) jointly with RIS and the Council for Security Cooperation in the Asia Pacific (CSCAP) organized a seminar on "From Bali to Vientiane: Road Map for India-ASEAN Partnership in New Delhi on November 24, 2004. Ambassador A N Ram, Chairman, CSCAP-India, presided over the event. The main speakers at this well attended seminar were Prof S D Muni, Jawaharlal Nehru University; Prof C. Raja Mohan, Jawaharlal Nehru University; and Dr Nagesh Kumar, Director-General, RIS. The presentations were followed by an intensive discussion on the agenda of the ASEAN-India Summit.

Meeting of the RIS Governing Council

The meeting of the RIS Governing Council took place on October 4, 2004. Dr. Arjun K. Sengupta, Chairman, RIS and National Commission on Enterprises for the Unorganized/ Informal Sector, Government of India chaired the Meeting of the RIS Governing Council. The Meeting reviewed the progress of RIS work since the last Meeting of Governing Council and discussed the future work programme.

Discussion Meeting on TRIPs Regime and Access to Essential Medicines

RIS organized a Discussion Meeting on TRIPs Regime and Access to Essential Medicines on December 3, 2004. Dr. Ellen T. Hoen, Head, and Dr. Pascale Boulet, Legal Adviser of Access to Essential Medicines Campaign, Medecins Sans Frontieres (MSF), an international humanitarian aid organisation initiated the discussions. Dr. S.P. Shukla, former Member of Planning Commission chaired the Discussion Meeting. Participants to the Meeting included representatives from government departments, business and industry circles.

Southeast Economic Cooperation: Exploring Mekong-Ganga Partnership

This project has been undertaken jointly by RIS and CUTS, Jaipur. The broad objective of the project is to analyse the present status and future prospects for trade and investment between India and the three countries in the GMS, viz. Cambodia, Lao PDR and Vietnam. Apart from identifying certain areas of mutually beneficial cooperation, the study intends to come up with an advocacy document for public education on development oriented South-South Cooperation. As the countries under study are the less developed among the ASEAN, the proposed initiative has to be seen against the backdrop of India's commitment towards helping ASEAN bridging the development divide between Old and New ASEAN member countries as stated in the framework agreement between India and the ASEAN, and the India-ASEAN Vision 2020 as proposed by RIS and ASEAN-India Think Tanks. An inception Workshop took place on October 8, 2004 in New Delhi.

The study is currently in progress. Contact for further details: jose@ris.org.in

India's Trade in Audio-Visual Services under the GATS

RIS is conducting this study on behalf of the Department of Commerce, Govt. of India. The study would analyze the export potential in the audio visual services sector, particularly in films, televisions, radio, music, etc., where there is still uncertainty on the impact of the liberalization undertaken by India autonomously, so as to make suggestions on how we can move forward in our negotiations in the WTO and making binding commitments in the areas relating to audio-visual services. The study will explore the potential for India for enhancing trade in this sector through an in-depth analysis of India's trade with selected WTO member countries.

It will also identify various barriers faced by Indian audio-visual services exporters and discriminatory treatments meted out to the Indian Service suppliers in these countries. The study would also suggest remedial measures that can be taken by the Government for their removal, through bilateral or multilateral negotiations. Contact for further details: dgoffice@ris.org.in

Some Dimensions of Employment in the Export Sector of India

The study sponsored by the Department of Commerce, Ministry of Commerce and Industry is attempting to estimate the employment generation in merchandise export sector. On the basis of literature survey, a quantitative analysis of employment intensity and elasticities of economic activity in overall

RIS Designated on the ACD Network of Think-Tanks

The Government of India has designated RIS as the Academic Arm Unit from India for the Asia Cooperation Dialogue (ACD). RIS will be part of the network of ACD Think-Tanks that has been put in place by all 25 concerned countries to further strengthen the ACD process and provide academic support to the ACD prime mover projects. Prof. K.J. Joseph, Visiting Senior Fellow, RIS represented RIS at in the ACD Think Tanks symposium, held at Bangkok on December 15-17, 2004.

industry as well as for specific sectors, the study will make an assessment of existing employment as well as the potentials of job creation in the sector. The analysis would also identify new areas in which export potential and employment potential are high but do not find a place in existing export basket and require some policy changes which may be specified. It would come out with specific suggestions for increasing employment in export sector including the focus on export sectors which generate high employment. Contact for further details: dgoffice@ris.org.in

Implications of the WTO Tariff Proposals on Indian Paper and Newsprint 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. The main objective of this study is to send early signals to the Indian paper industry regarding the progress of negotiations. In other words, we would try to analyse the impact of WTO/NGMA approaches on the Indian paper industry as and when the new proposals gets unleashed. RIS has already prepared a position paper. The Central Pulp and Paper Research Institute (CPPRI) has requested RIS to undertake a long-run project on this subject. Contact for further details: rajeshmehta@ris.org.in

National Consultation on Biosafety Guidelines and Cartagena Biosafety Protocol: Bridging the Gap

This project is sponsored by the Ministry of Environment and Forests (MoEF). Since the first Meeting of the Parties (MoP-1) of Cartagena Biosafety Protocol the work agenda before developing countries and for India in particular, has expanded immensely. The Conference of Parties (CoP) to the Convention on Biological Diversity (CBD) though discussed some of these issues earlier as well, still lot more needs to be addressed at the policy level. Some of these issues are emanating not only from the implementation

of national biosafety guidelines but also from the ratification of Cartagena Protocol.

At present, national legislation on biosafety is governed by the Environment Protection Act, 1986. The objective of this Act is to protect the environment, nature and health in connection with the application of genetic engineering in producing GMOs. The 1989 Rules for the 'manufacture, use import, export and storage of hazardous micro organisms, genetically engineered organisms or cells' issued by the Ministry of Environment and Forests constitute the legally binding framework for GMOs in India. The 1989 rules call for the development of bio-safety guidelines, which were issued by the Department of Biotechnology in 1990. The biosafety regulatory framework consists of the 1989 Rules issued by the MoEF as elaborated and revised by the 1990, 1994 and 1998 guidelines issued by the Department of Biotechnology. The 1989 rules mandate the creation of three competent authorities with specific functions assigned for each of them, which are Institutional Biosafety Committee (ISBC), Review Committee on Genetic Manipulation (RCGM), Genetic Engineering Approval Committee (GEAC).

RIS is launching research studies and will later organize a National Consultation on the above stated issues in collaboration with the Government of India, Ministry of Environment and Forest (MoEF). Apart from subject experts, practitioners and policy makers, people from key international organizations would be invited to be part of the exercise. Contact for further details: sachin@ris.org.in

Policy Notes prepared for the Government

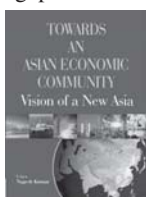
- Some Points on India-ASEAN Partnership and Future Directions were sent to PMO on October 18, 2004 as inputs for preparation towards India-ASEAN Business Summit 2004.
- Note on Products which are sensitive to import for WTO Negotiations. An analysis based on Kelkar Committee for the Ministry of Commerce on October 8, 2004.

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Books

TOWARDS AN ASIAN ECONOMIC COMMUNITY: Vision of a New Asia, 2004 by Nagesh Kumar (ed.) and published jointly with Institute of Southeast Asian Studies (ISEAS), Singapore.

The book makes a case for an Asian Economic Community that would be broader in coverage than the current programmes for economic cooperation in the region. It argues that the community is evolving in a phased manner with Japan, ASEAN, China, India and Korea (JACIK) providing the initial core group that can be expanded to cover other parts of Asia subsequently, as in Europe. The analysis presented in the book shows that regional economic integration could act as a new engine of growth and generate hundreds of billions of additional output and assist Asia regain its place in the world economy that it had until the eighteenth century. The book also examines the emerging patterns of regional integration in JACIK region and presents an analysis of the potential and prospects of cooperation in the areas of trade, money and finance, technology and investments.



Discussion Papers

#84 India's Export by Countries and Commodities: On the Estimation of a Forecasting Model Using Panel Data by Rajesh Mehta and Parul Mathur

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. Individual country/commodity analysis takes into account the country/commodity wise characteristics such as non-tariff barriers, language differences, locational/distance differences, preferential and other trading arrangements, etc. The general framework of the econometric model for forecasting of India's export by selected destinations and its selected commodities at the 6-digit HS classification level is also developed in the paper.

#85 Industrial Restructuring and Export Competitiveness of the Textiles and Clothing Sector in SAARC in the Context of MFA Phase-Out by Ram Upendra Das

Traditionally, the textiles and clothing industry has been considered as one of the relatively more labour-intensive manufacturing industries in which developing countries have had comparative advantage mainly on account of cheap labour. Through econometric explorations the present paper observes a situation characterized as factor intensity reversal in South Asian countries necessitated by structural transformation within the industry due to increasing use of their scarce factor. The paper argues that implementing such a change in the production process in these countries would not be easy, especially in the post-MFA regime and thus regional cooperation in this sector could be one of the ways of meeting the post-MFA challenges. In this context, the paper explores the prospects for horizontal specialization with the help of strengthening trade-investment linkages in this sector in the SAARC region.

#86 Towards a Free Trade Area in South Asia: Charting A Feasible Course for Trade Liberalisation with Reference to India's Role by Indra Nath Mukherji

Initiated since December 1995, negotiations under SAPTA have been based on Positive List approach. A large number of products have however been offered concessions exclusively to Least Developed Countries (LDCs). India has offered the largest number of concessions, particularly favouring LDCs with tariff preferences ranging from 50-100 per cent. This paper examines the impact of tariff concessions on India's preferential trade in the first three rounds of SAPTA negotiations in relation to its total bilateral trade with Bangladesh, Maldives, Pakistan and Sri Lanka covering the period 1996-97 to 2002-03. The paper also suggests a few modalities to meet the required prerequisites for a smooth transition from SAPTA to SAFTA.

#87 Regional Cooperation for Poverty Alleviation and Food Security in South Asia by Sachin Chaturvedi

This paper explores the various options available within the framework of regional cooperation for addressing issues like poverty alleviation and food security in the Asian region. This becomes important in the context of Doha Development Agenda (DDA) which has called for linking up trade with poverty reduction efforts. The paper suggests joint marketing of various products from Asian developing countries for increasing the market profile,

apart from collectively addressing issues like introduction of new technologies for enhancing productivity.

Journals

- **South Asia Economic Journal** (Vol. 5 No. 2) July-December 2004

Contents: *Assessing the Impact of Financial and Capital Market Reforms on Firms' Corporate Financing Patterns in India* by Sayuri Shirai; *Stock Market and Foreign Exchange Market in India: Are They Related?* by Alok Kumar Mishra; *Competing for Global FDI: Opportunities and Challenges for the Indian Economy* by Sadhana Srivastava and Rahul Sen; *Capital Mobility and Informal Wage in a Small Economy—Two Examples* by Sugata Marjit, Saibal Kar and Punyabrata Sarkar; *Liberalization Measures in India's Coffee Sector: Analytical Implications for Market Structure and Consumer Welfare Analyses in Developing Countries* by M.R. Narayana; *Economic Value of Conservation: The Case of the Asian Elephant* by Ranjith Bandara; *Notes; Review Article; Book Reviews; and Document.*

- **New Asia Monitor**, Vol. 1 No. 3, October 2004.

- **RIS Diary**, Vol. 2 No. 4, October 2004.

Outside Publications of RIS Faculty Members

Chaturvedi, Sachin. 2004. "Economic Burden, Food Insecurity, Nutritional Deficiency: Policy Options before Developing Countries". In *Biotechnology for Food and Nutritional Security*. by Vibha Dhawan (ed.), TERI Press.

Chaturvedi, Sachin. 2004. "Free Trade and Environment". *Deccan Herald*, December 21.

Das, Ram Upendra. 2004. "Is Indo-Thai FTA Trade Creating?". *The Economic Times*, Friday, November 12.

De, Prabir. 2004. "How Do Different Categories of Infrastructure Affect Development? – Evidence from Indian States". *Economic and Political Weekly*. October 16. Vol. 39. No. 42.

De, Prabir. 2004. "International Container Port System Concentration: What Does it Look Like?" *Journal of International Logistics and Trade*. Vol. 2, No. 1.

Kumar, Nagesh. 2004. "Host Country Policies and Quality and Quantity of Foreign Direct Investment: Implications for India" in *Indian Economy and Society in the Era of Globalisation and Liberalisation - Essays in Honour of Prof A M Khusro*, by C H Hanumantha Rao, B B Bhattacharya, and N S Sidharthan (eds.). New Delhi: Academic Foundation.

Kumar Nagesh. 2004. "Towards an Asian Economic Community: A Longer-term Vision of Sino-Indian Partnership" in *Panchsheel and the Future: Perspectives on India-China Relations* by C.V. Ranganathan (ed.). New Delhi: Samskriti in association with the Institute of Chinese Studies.

Kumar Nagesh. 2004. "The Indian FDI Experience in a Chinese Comparative Perspective." *Economic Journalist*. No. 75, October-December.

Kumar Nagesh. 2004. "Arrival of India Inc. on the Global Scene." *The Financial Express*. October 16.

Kumar Nagesh. 2004. "ASEAN-India Summit: Issues for India." *The Financial Express*. November 11.

Kumar Nagesh. 2004. "What Lessons Do Our FTAs Hold for the Future?" *The Economic Times*. November 16.

Kumar Nagesh. 2004. "Countdown for Asian Economic Integration." *The Financial Express*. December 28.

Mehta, Rajesh (co-author). 2004. "WTO Regime and Auto-Component Industry". *Times Group Machinist*, Vol. 7, Issue 5, September-October.

Mehta, Rajesh. 2004. "The Swiss Formula is a Risky One?". *Financial Express*, October 2004.

Dr Nagesh Kumar, Director-General

- Made a presentation on SAFTA and Industrial Restructuring in South Asia at 762 Wilton Park Conference on "South Asia: What Are the Benefits of Regional Economic Cooperation?" organized in cooperation with SACEPS, Dhaka, London, UK on October 11-12, 2004.
- Participated in the Meetings of the Board of Governors and the Annual General Body of the Institute for Studies in Industrial Development (ISID) held in New Delhi on October 15, 2004.
- Made a presentation on Trade and Investment: A Post-Cancun Perspective at the Seminar on WTO Negotiations: India's Post-Cancun Concerns organized by the International Trade and Development Division, CSDILE, School of International Studies, JNU and sponsored by the Planning Commission and ICSSR in New Delhi on October 18-19, 2004.
- Chaired the session on Potential Areas of Conflict at the Seminar on Future of Trade Talks, organized jointly by Rajiv Gandhi Institute of Contemporary Studies and Liberty Institute, in New Delhi on October 20, 2004.
- Panelist in the session on bilateral/regional trade agreements and the multilateral trading system at ICC India-FICCI Conference on Doha Development Agenda: Issues and Options, held in New Delhi on October 28, 2004.
- Participated in the Interactive Session with Prof Eisuke Sakakibara, Former Vice Finance Minister of Japan and accompanying seven-member delegation, organized by the CII in New Delhi on November 5, 2004.
- Participated in the Third Meeting of the India-China Joint Study Group, in Beijing, China, on December 1-3, 2004.
- Made a presentation in the session Global Change and Sustainability of SAARC at the Regional Dialogue on Global Change and the Future of SAARC: Challenges and Prospects, organized by FES, India in New Delhi on December 8-10, 2004.
- Key Presenter in the session on Overcoming Barriers to Trade and Investment at the Commonwealth Business Council SAFTA Roundtable on Achieving the South Asia Free Trade Agreement (SAFTA): A Public Private Partnership? organized in association with the Council for Social Development, New Delhi and Department for International Development (DFID), UK on December 15, 2004 in New Delhi.
- Made a keynote presentation on Towards an Asian Economic Community at the Indian Congress of Asian & Pacific Studies (ICPAS) Seventh Conference, organized under the auspices of the Institute of Chinese Studies, Centre for Study of Developing Societies in New Delhi on December 22, 2004.

Dr. Rajesh Mehta, Senior Fellow

- Submitted a presentation on "Economic Impact of Avian Influenza Control" at Workshop on Social and Economic Impact of Avian Influenza Control, organized by FAO, UN Office, Bangkok, December 8-9, 2004.
- Made a presentation on "NAMA and Sectoral Elimination of Seven Sectors: An Analysis based on India's Wish and Offer Lists" at Consultation on the Framework WTO Agreement of July 2004: The Way Forward at UNCTAD, New Delhi, October 26-28, 2004.
- Presented a paper and made a presentation on Non-Tariff Barriers Affecting India's Exports at First Technical Workshop of ADB Policy Networking Project, of ICRIER, New Delhi, October 25-26, 2004.
- Presented a paper and made a presentation on International Food Safety Regulations and Processed Food Exports a Case of Indian Poultry (co-author) at a seminar on WTO Negotiations: India's Post-Cancun Concerns, jointly organised by Planning Commission and School of International Studies, Jawaharlal Nehru University, October 18-19, 2004, New Delhi.
- Was a panellist to a number of consultative meetings for India-Thailand FTA: Panellist for a presentation on specific industries: "Transport Equipments and Auto Parts" and "Machinery and Machine Equipments", November 16, 2004 at New Delhi; "Leather and Footwear", "Processed Food" and "Plastic and Rubber" on 2-3 December at Chennai "Auto-components" on December 3, "Chemicals and Plastics" and "Textiles" on December 16, 2004 at Ahmedabad, "Textiles" by Textiles Committee, Bombay, and "Electronic Appliances" on December 17, at Mumbai, "Transport and Auto-Equipment" on December 20, 2004, at Pune.
- Discussant to presentation by Automobile Component Manufacturers Association (ACMA) on Indo-Thai FTA: Implication for Auto-Component Industry at UNCTAD Office, New Delhi on December 10, 2004, on identification of sensitive items.

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

- Made Presentations on "GPTs and Innovation Systems in Developing Countries: A Comparative Analysis of ICT Experiences in India and Thailand", "As the Elephant Follows the Dragon: India's Economic Performance in the last two Decades", and chaired a session on Sectoral Innovation Systems at the Second Globelics conference, held in Beijing October 16-19, 2004.
- Presented a paper on India: Policy Reforms, Performance and the Way Forward

in the Indo-Japan Dialogue on Ocean Security, Tokyo, November 25-26, 2004.

- Delivered a lecture on New Technology and Labour, in the research methodology course held in National Labour Institute, December 6, 2004.
- Chaired the Concluding Session and made a presentation on Towards an Asian Economic Community: Relevance, Approaches and a Way Forward, at the ACD Think Tanks Symposium, December 15-17, Bangkok, Thailand.

Dr S.K. Mohanty, Fellow

- Made a presentation on RTAs in Asia at the UNDP and NSI Conference on Trade, held in Penang, Malaysia on November 22-24, 2004.

Dr Sachin Chaturvedi, Fellow

- Attended a IUCN-Regional Biodiversity Programme, Asia and IDRC; and organised Workshop on "Setting a Research Agenda on Agricultural Biotechnology and Biosafety in Asia", October 12-14, 2004 at Colombo, Sri Lanka.
- Presented papers on Trade Facilitation: WTO Negotiations and Beyond, and Special and Differential Treatment: Issues for Research in the First Consultative Meeting of Asia-Pacific Research and Training Network on Trade (ARTNET) launching meeting at UNESCAP, Bangkok on October 27-29, 2004.
- Presented a paper on Analytical Framework and Statistics for Biotechnology: Drawing from ICT Experience at the Conference on Biotechnology and India's Development organized by Institute for Social and Economic Change, Bangalore on November 22-24th 2004.
- Presented a paper on Implementing SPS/TBT and South Asian Experience: A Primer for Policy Makers and Researchers at the Workshop of the Standards and Rules of Trade (START) Network organized by Danish Institute for International Studies (DIIS), Denmark on December 13-14, 2004.
- Participated in the workshop on Private Finance, Innovation and Pro-poor Health Care, organized by the Open University, Milton Keynes, UK on December 15-17, 2004.

Dr Ram Upendra Das, Fellow

- Made a Presentation for Fifth Meeting of the Expert Group on Preferential Rules of Origin, set up by Ministry of Commerce and Industry, Government of India on October 13, 2004, New Delhi.

Continued on page 8

- Final version of the Study Rules of Origin was sent to the Ministry of Commerce, Government of India on October 21, 2004.
- Note on East Asian Economic Integration: Options for India was prepared for and sent to the Ministry of External Affairs on November 10, 2004.
- An interim Report of the Study on Potential Economic Partnership between India, Brazil and South Africa was submitted to the Department of Commerce, Ministry of Commerce and Industry, on November 23, 2004.
- Note on Towards an Asian Economic Community: Some Proposals was prepared for the Ministry of External Affairs and sent on November 25, 2004.

- Provided inputs on "Average (simple) and Peak Tariffs of Select Countries", the Ministry of Commerce and Industry, December 9, 2004. Subsequently a note "India's Exports Facing Peak Tariffs for exports in USA, Japan, Australia, Canada and EC" was sent to the Ministry of Commerce on December 30, 2004
- Note on Relevance of India's Economic Integration with East Asia: Some Points for the Ministry of External Affairs, Govt of India on December 17, 2004.
- Submitted "2004-05 Revised Forecasts of India's Exports: A Disaggregated Analysis by Countries and Commodities", Paper V of the Research Project in October 2004. The report contains forecasts of India's exports for 10 countries, and 78 commodities.



Hon'ble Mr. Koichi Kato releasing the RIS book Towards an Asian Economic Community: Vision of a New Asia. Also in the picture (on left) is Ambassador S.T. Devare.

RIS in Media

THE ECONOMIC TIMES NEW DELHI
TUESDAY 16 NOVEMBER 2004

PERSPECTIVES



NAGESH KUMAR
D-G, RESEARCH &
INFORMATION SYSTEM

ISSUES
REGIONAL or bilateral free trade agreements (FTAs) have become important aspects of a country's trade policy. Over 300 FTAs are currently in different stages of negotiations. More than half of world trade is now conducted on preferential trade arrangements. How can domestic industry play a more constructive role in the formation of future FTAs?



December 22, 2004

NEWS
Opinion > World

Bigger steps towards Asian integration

Eric Teo Chu Chew Updated: 2004-12-21 09:06

The recent Association of Southeast Asian Nations (ASEAN) Summit held in Vientiane, Laos on November 28-30, could have broken ground in Asian integration and community-building. Optimism high following the conclusion of the 10th ASEAN Summit, as well as the back-to-back summit meetings between ASEAN and its Asian-Pacific partners, China, Japan, the Republic of Korea (ROK), Australia and New Zealand. India's increasing role in Asian integration was of particular significance.

Equally significant was the holding of the second High-Level Conference on Asian Economic Integration, held in Tokyo in mid-November 2004, organized by the New Delhi-based Research and Information System (RIS) of Non-Aligned Countries. The RIS-organized and Sasakawa Peace Foundation-sponsored meeting was the second in a series, which began in New Delhi last year. The third conference is scheduled to be held in Beijing next year. The Chinese partner in this series of conferences is the Development Research Centre of the State Council.

This series of conferences, actively pioneered by New Delhi-based RIS, directly involves India in East Asian integration. India will be part of the first stage of this integration, which could be officially launched as early as next November in Kuala Lumpur, Malaysia. India has pledged to fully contribute to Asia's economic co-operation and integration, ranging from energy and financial co-operation to IT and trade. It has insisted on how Asia's tremendous financial assets (in terms of forex reserves) could be effectively used to enhance Asia's bargaining power on the world stage with other established or emerging entities, such as the European Union (EU).

by a detailed analysis of complementarities of the possible partners, potential of industrial restructuring and welfare gains, among other parameters. FTAs and RTAs can also be used as experiments in trade liberalisation to prepare the domestic industry for eventual free trade as a part of the multilateral trade negotiations. Sensitive sectors that need to be protected from employment on infant industry grounds could be identified in each particular case put on the negative lists. Rules of origin formulated and enforced in such a manner that the advantage of preferential treatment is confined to only the intended size of the distortions in the case of India's FTA, for instance copper and steel. In the case of copper and steel, rules of origin safeguards and domestic mechanism

Auto firms jittery over Thai FTA

Exports surge despite pressure from rising Re

MONICA GUPTA
New Delhi, 28 December

It was a year of revival for Indian exports. Though exports started the year with 8.7 per cent growth in January, a steady rise of over 20 per cent was maintained for the rest of the year. During March, exports jumped to a record 42 per cent.

The surge resulted in the government reworking export targets and targeting to double India's percentage share (from 0.7 per cent) in global merchandise trade by 2009. The earlier target was 1 per cent of global trade, to be achieved by 2008-09.

It wasn't just exports. Even imports grew at a healthy pace, partly due to high international crude prices pushing up the trade deficit.

"If it was not for the high cost of petroleum, we would not have had a trade deficit to continue in 2005 as well. Apart from the government, which has fixed a target

for the current year are expected to continue in 2005 as well. Apart from the government, which has fixed a target

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DEBATE

What lessons do our FTAs hold for the future?

The free trade or regional trade pacts, which began with the European common market and Nafta, have seized India's imagination. But have India's FTAs with some of its Asian neighbours been a cakewalk all the way? Three experts delve into the matter.

tion costs. We are, in many cases, at a great disadvantage," Mr Munot pointed out.

But Mr Munot acknowledged that the industry would have to face the situation and all that it could get was some more time to prepare itself to compete with Thailand.

Representatives from Bajaj Auto were of the view that the Indo-Thailand FTA was not in the interest of the Indian industry and was skewed in favour of Thailand with very little pickings for India. They were looking at CBUs being put on the sensitive list.

Senior fellow of RIS New Delhi Dr Rajesh Mehta pointed out that the country should not consider the producers' welfare alone, but also had to look at consumer and national welfare. India was negotiating

with ASEAN and China, and there will also be FTAs with Japan and Korea.

He asked the industry to look at a scenario when there would be FTAs in the whole of Asia five years from now.

Deputy director of commerce ministry Geetu Sidhu said that there will be an exchange of list of items between India and Thailand next month for the Indo-Thailand Framework Agreement. Negotiations would have to be completed by March 2005 and tariff reductions would start thereafter.

Everything manufactured in India cannot be put on the sensitive list and only about 10 to 15% of the items could be on this list, Sidhu said.

But with FTAs going to be a reality, the message to the in-

dustry was that it could at best delay the inevitable. The ministry had asked Unctad to identify sensitive items which was being done through consultations with the domestic stakeholders.

A tentative list of items have been identified for tariff reduction by Unctad in the auto industry. Those considered sensitive will not be immediately liberalised and tariffs reduced. About 33% of all auto component items are on this list. This makes the auto industry one of the most protected according to Unctad.

The organisation has identified 24 items to be put on the zero-duty list. Six in the zero to 5% list and 23 items in the moderate tariffs on longer reduction period list.

CHANDRA SHEKHAR
New Delhi, Oct 27

The National Council of Applied Economic Research (NCAER) has questioned the utility of free trade agreements (FTAs) which India has been pursuing vigorously. The latest was the trade agreement with Thailand, which was operationalised with the launch of the early harvest scheme (EHS).

The trade agreement with ASEAN is expected to be operationalised shortly. More FTAs and regional trade agreements (RTAs) are in the pipeline. Negotiations with Singapore and Mercosur group of countries, South Africa Customs

and Gulf Cooperation Council (GCC) are in advanced stages. Bilateral trade agreements are in operation with Nepal and Sri Lanka.

Research inputs for these agreements are coming from RIS (Research and Information System for Non-Aligned and other developing countries). No wonder, the latter has described the NCAER critique as futile, devoid of practical wisdom.

NCAER, in its monthly report Macrotrack says that the government did not do enough homework before signing the FTA with Thailand, that the FTA is politically motivated and not based on cost-benefit analysis. Moreover, that EHS is

not WTO-compatible and FTAs tend to create more problems than they solve.

RIS director general Nagesh Kumar retorts that when more than half the world trade is taking place on preferential basis, there is no way that India can avoid entering into FTAs and RTAs.

"Even the biggest champions of multilateralism like the US and the European Union are pursuing bilateral and regional trade agreements. FTAs/RTAs are the fashion of the day and we can't ignore them", stresses Mr Kumar.

India did not sign FTAs in a fit of amnesia, he adds. "India's trade policy is on a sound track



Important Visitors/Delegations Received

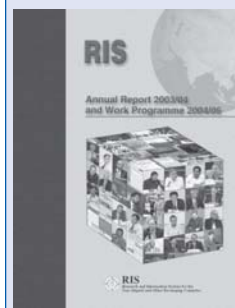
- Mr Edmud Hosker, Director of Trade Policy and Ms Nicola Robinson; Senior Policy Advisor, Department of Trade and Industry, London; Ms Dianna Melrose, Director, Department for International Development, London; Mr Daniel Shepherd, First Secretary (Economic, Trade Policy and Environment), British High Commission, New Delhi on December 8, 2004.
- A delegation consisting of Dr James Walker, Senior Economic Advisor, USAID Asia and Near East Bureau; Dr Brinton Bohling, Senior Trade Advisor, USAID Bureau for Economic Growth, Agriculture & Trade; and Dr Sahid Javed Burki, Economist (Consultant), Washington and Miss Poornima Kamath, Economic Section, Embassy of US, New Delhi on December 16, 2004.
- Ms Anu Bajaj, Regional Trade Advisor, Department for International Development (DFID), London; and Mr Mahesh Mishra, Economic Advisor, DFID India, British High Commission, New Delhi on December 13, 2004.
- Ambassador Jukka Leino, Special Envoy of the Minister for Foreign Affairs, Finland accompanied by the Ambassador of Finland, on October 21, 2004.
- Mr Jean-Joseph Boillot, Financial Consular, Embassy of France, New Delhi on October 6, 2004.
- Mrs Michelle Marginson, Dy High Commissioner, Australian High Commission on October 7, 2004.
- Dr Kathya Mahadevan, Research Scientist, Battelle Memorial Institute, Columbus, OH. and Mr. Hiroshi Kojo, Chief Engineer, Strategic Planning, Honda Motor Co. Ltd. on December 9, 2004.
- Mr Dilip Chinoy, SIAM on October 27, 2004.
- Admiral Mihir Roy and others on November 3, 2004.
- Mr Liaqat Ali, formerly of UNCTAD on November 8, 2004.
- Dr Mukul Asher, Singapore on November 9, 2004.
- Dr Rehman Sobhan on November 22, 2004.
- Dr Sailendra Narain, Chairman, Centre for SME Growth & Development Finance, November 22, 2004.
- Dr. Ashok Gulati, IFPRI, Washington, November 23, 2004.
- Lt. Gen (retd) Dr B S Malik, PVSM, AVSM, Independent Analyst & Advisor on November 24, 2004.
- Shri B S Bishnoi, Jt Secretary (MER), Ministry of External Affairs on December 8, 2004.
- Shri S.G. Mankad, Additional Secretary, Ministry of Finance, Government of India, on December 16, 2004.
- Dr S.M. Naseem, formerly of ESCAP, on December 17, 2004.

- Mr Ray Marcelo, New Delhi Correspondent, *Financial Times* on December 21, 2004.
- Prof Amitab Kundu, JNU on December 24, 2004.
- Prof M. Madaiah, Former Vice-Chancellor, University of Mysore on December 30, 2004.
- Dr Sunil Ashra, Associate Professor, Management Development Institute, Gurgaon on December 30, 2004.

Continued from page 7 (Faculty News)

- Made a Presentation on India-Thailand FTA and India-ASEAN Comprehensive Cooperation Agreement, for MBA Programme organized by IIFT on November 9, 2004, in New Delhi.
- Made a Presentation on India's Look East Policy and the Prospects for Regional Economic Integration at British High Commission, November 18, 2004, in New Delhi.
- Guest Speaker in a Seminar on Implications of India-Thailand FTA for SMEs organized by the Department of Export Promotion, Ministry of Commerce, Government of Thailand, November 26, 2004, in Bangkok.
- Presented a paper in a Workshop on Technological Development, Labour Productivity and Their Implications on Manufacturing Sector Labour in India and Other South & South East Asian Economies organized by University of Kalyani,

RIS Annual Report 2003/04 and Work Programme 2004/05



The *RIS Annual Report 2003/04 and Work Programme 2004/05* has been brought out recently. It can be downloaded from RIS website www.ris.org.in.

Copies of the Annual Report can also be had from the RIS.

Department of Economics, West Bengal and Jamia Milia Islamia University, Academy of Third World Studies, New Delhi on December 21-23, 2004, in Kolkata.

Shri Prabir De, Research Associate

- Paper on India's Look East Policy: Implications of India's Northeast, for the National Conference on Promotion of Border Trade between India's North East and Myanmar: Problems and Prospects, organised by the Indian Council of Social Science Research (North Eastern Regional Centre, Shillong), at Manipur on November 8-9, 2004.

About the RIS

The Research and Information System for Developing Countries (RIS) is an autonomous research institution established with the financial support of the Government of India. RIS is India's contribution to the fulfilment of the long-felt need of the developing world for creating a 'Think Tank' on global issues in the field of international economic relations and development cooperation. RIS has also been envisioned as a forum for fostering effective intellectual dialogue among developing countries.

RIS is also mandated to function as an advisory body to the Government of India on matters pertaining to multilateral economic and social issues, including regional and sub-regional cooperation arrangements, as may be referred to it from time to time. RIS functions in close association with various governmental bodies, research institutions, academicians, policy-makers, business and industry circles in India and abroad. RIS has a consultative status with UNCTAD, NAM and WTO Secretariat and has conducted policy research and other activities in collaboration with other agencies, including UN-ESCAP, UNCTAD, UNU, Group of 77, SAARC Secretariat, Asian Development Bank (ADB), The World Bank, and the South Centre.

RIS publication programme covers books, research monographs, discussion papers and policy briefs. It also publishes journals entitled *South Asia Economic Journal*, *Asian Biotechnology and Development Review*, and *New Asia Monitor* and *RIS Diary*.

RIS Diary appears in January, April, July and October. It is available from RIS or can be downloaded from RIS website.



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