



Seminar on India-Sri Lanka FTA: Trends and Prospects

The free trade arrangements/regional trading arrangements (FTAs/RTAs) have become important aspects of India's trade policy. Therefore, it is important to examine and discuss the emerging trends and patterns resulting from the India-Sri Lanka Free Trade Agreement (ISLFTA) which was signed in 1998 and became effective from April 2000. At present negotiations are going on to expand the scope the ISLFTA to cover trade in services and investments. The ISLFTA can also be seen as a limited laboratory experiment in regional economic cooperation within South Asia – as a precursor to South Asia FTA (SAFTA) launched this year.

In order to discuss the issues involved in the aforesaid process, RIS organized a Seminar on India-Sri Lanka FTA: Trends and Prospects in New Delhi on 20 April 2006. Dr. Arjun K. Sengupta, Chairman, RIS chaired the Seminar. Thereafter discussion was led by Dr. Saman Kelegama, Executive Director, Institute of Policy Studies of Sri Lanka, Colombo and Professor I. N. Mukherji of the School of International Studies, JNU,



(From left): Ambassador Shashank; Dr. Nagesh Kumar; H.E. Mr. C.R. Jayasinghe; Dr. Arjun K. Sengupta; Professor I. N. Mukherji; and Dr. Saman Kelegama at the Seminar.

who presented the Sri Lankan and Indian perspectives respectively. Remarks were made by H.E. Mr. C.R. Jayasinghe, High Commissioner of Sri Lanka, Ambassador Shashank, former Foreign Secretary, Ambassador I.P. Khosla, President,

Association of Indian Diplomats, Dr. Nagesh Kumar, DG-RIS, among other participants. A large number of participants from government, business and industry, and academic circles attended the seminar and participated in the discussion.

Seminar on East Asia Summit: Strategic and Economic Issues

East Asia Summit held in Kuala Lumpur in December 2005 was an important milestone in the direction of launching broader regional cooperation in Asia. With leaders of ASEAN, Japan, China, South Korea, India, Australia, and New Zealand, EAS is widely seen as a Forum that could spark off a process of community building in East Asia, culminating eventually into an Asian Economic Community as proposed by India. RIS has been following the emerging trends and development in this respect as a part of its work programme on Asian Economic Integration.

To take stock of the emerging strategic and economic configuration in the post-Kuala Lumpur phase, RIS organized a Seminar on the East Asia Summit: Strategic and Economic Issues on 26 April 2006. Ambassador A. N. Ram, former Secretary (ER), Ministry of External Affairs chaired the event. Dr. Eric Teo Chu Chew, Council Secretary,



(From left): Professor Muchkund Dubey; Mr. Rinzing Wangdi; Ambassador A N Ram; Dr. Eric Teo Chu Chew; and Dr. Nagesh Kumar at the Seminar.

Singapore, Institute of International Affairs, Singapore and an eminent analyst and commentator on Asian affairs, made a presentation to initiate the discussion. The Seminar was also addressed by Professor

Muchkund Dubey, President, Council for Social Development, and Mr. Rinzing Wangdi, Secretary (ER & Coord.), MEA. It had an extensive open discussion by a large number of participants.

Towards an Asian Economic Community: An Agenda for Action

RIS has been conducting a major research programme on Asian Economic Integration since 2002 supported by the Sasakawa Peace Foundation. The research conducted under the framework of the programme has found a compelling case for an Asian Economic Community (AEC). It was shown that such a grouping would facilitate fuller exploitation of the region's considerable resources for expediting the process of its development. Besides conducting the studies on various areas of cooperation, the Programme has involved a series of high-level conferences organized in collaboration with other Asian think-tanks in New Delhi (March 2003), Tokyo (November 2004), Taiyuan, P.R. of China (September 2005), and New Delhi (November 2005). A new institutional network New Asia Forum, has been set up with a dedicated website www.newasiaforum.org, and *New Asia Monitor*, a new quarterly journal, besides other outreach activities.

As a result of the research, policy dialogue and advocacy undertaken, there is now a greater awareness in Asia of the relevance of broader regional economic integration. Asian leaders including two successive Indian Prime Ministers have articulated the vision of an Asian Economic Community at their speeches at the ASEAN Summits, among other forums. India and Japan have also agreed to work together to build an Asian Economic Community during the visit of Prime Minister Koizumi to India in April 2005. A new forum East Asia Summit (EAS) was launched in December 2005 in Kuala Lumpur with participation of all major Asian countries, viz. ASEAN countries, Japan, China, South Korea, India and also Australia and New Zealand. EAS is widely expected to launch a process of formation of an East Asian Community (EAC) which could be an important step in the direction of pan-Asian economic integration and formation of an Asian Economic Community.

Building on the work done during 2002/06, RIS has now launched a new phase of the programme for 2006/09 with the support of Sasakawa Peace Foundation, Tokyo. During this phase, the particular focus of the project would be on the agenda for action towards the vision of Asian economic integration developed earlier. The studies will be conducted on the roadmap for a possible East Asia Comprehensive Economic Cooperation Arrangement and its possible contours as inputs for the East Asia Summits.

There will be greater involvement of parliamentarians, business and industry and media besides the think-tanks to take the proposals towards implementation. RIS also proposes to continue and further strengthen the ongoing institutional networking and outreach activities. In particular, the regional development institutions such as Asian Development Bank, the Economic and Social Commission for Asia and Pacific (ESCAP) of the United Nations, and the Regional Centre in Colombo of United Nations Development Programme (UNDP/RCC) will be involved in the programme. Contact for details: dgoffice@ris.org.in

Feasibility of SACU-India-Mercosur (SIM) Economic Partnership

As is well known, during the last one year India, Brazil and South Africa (IBSA) had been engaged in negotiations to enter into South-South cooperation and strengthen economic partnership. There are significant synergies between these countries as they have substantial capabilities in different sectors. During India's engagement it has been decided to expand the cooperation with Brazil and South Africa to that between India, Mercosur and SACU for the technical reason that Brazil and South Africa are members of two different custom unions, namely Mercosur and SACU and are bound to maintain a common external tariff with other partners. Therefore, India is to explore the possibility of trade negotiations with Mercosur and SACU group of countries. To frame India's position and understand the issues involved, the Department of Commerce, Ministry of Commerce and Industry, Government of India has entrusted RIS to conduct study on trade in industrial goods and investment as part of exploring the possibility of trade arrangement with Mercosur and SACU. Apart from conducting the study on trade in industrial goods and investment RIS will also prepare a synthesis report covering also inputs from the studies on agricultural goods and trade in services conducted by others. Contact for further details: dgoffice@ris.org.in.

South-South Cooperation in IT: Lessons from India's Success

Exchange of development experiences between developing countries is an important aspect of South-South Cooperation. In that context, emergence of India is an important player on the global scene in the area of IT software and it has attracted attention from the development community on taking

lessons from Indian success for other developing countries. Earlier RIS studies have documented the factors especially public policy measures that led to India's success in the sector and possible lessons for other developing countries especially in the context of lesser developed ASEAN (CLMV) countries. Building on the earlier work, the present study will put the India achievement in a national and international perspective. It will study (a) implications and externalities of the rise of IT software industry for different parameters of national development, and (b) role of policies and institution-building in building capabilities and draw lessons for other developing countries. The study is being conducted in conjunction with the Southern Development Solutions programme launched by the UNDP, New York (South-South Cooperation Unit). Contact for further details: dgoffice@ris.org.in.

India's Economic Relationship and Prospects of Trade and Investment with China

The Department of Commerce, Ministry of Commerce and Industry has assigned RIS to prepare annual report on India's economic relationship and prospects of trade and investment with China. Apart from providing an overview of the state of the economy of China its implications for India, RIS study will focus on and examine: developments in the trade relationship of China in the last one year and their economic significance for India; China's bilateral trade relationships with other major trading partners; regional agreements; developments in WTO relating to China that will impact India and the issues such as disputes/position in multilateral trade negotiations, etc.; and China's policy on Overseas Development Assistance and its impact on India in terms of projects/sectors. The study will also have a chapter on strategic and political relationship. Contact for further details: dgoffice@ris.org.in.

Traditional Knowledge and Benefit Sharing with Developing Countries

In the context of commercial exploitation of biodiversity and traditional knowledge by corporations, benefit sharing is an area of increasing international debate at the different levels of policy making including at WHO, WTO and WIPO. RIS is participating in an international project launched by University of Central Lancashire supported by the European Commission on "Sharing with

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Talk on Japan's Foreign Policy in Retrospect

RIS has a major programme of research and advocacy on broader regional cooperation in Asia. As part of this programme, we have organized high-level conferences on Asian Economic Integration from time to time. RIS has been following the emerging trends and development in building an Asian economic community, in which Japan, being the largest economy of Asia, has to play a major role.

RIS organized a Talk on Japan's Foreign Policy in Retrospect by Ambassador Akira Sugino from Japan on 24 May 2006. Ambassador A.N. Ram, former Secretary (ER), Ministry of External Affairs chaired the Talk. The participants included Mr. Rinzing Wangdi, Secretary (ER & Coord.), MEA, Mr. Rajshekher, Director (East), MEA, among others. Dr. Rajesh Mehta, Senior Fellow, RIS welcomed the participants on behalf of RIS.

Ambassador Sugino had joined the Japanese Foreign Ministry in 1959 just after the Pacific War when Japan, recovering from her defeat, maneuvered an independent foreign policy under the leadership of Prime Minister (Foreign Minister) Yoshida. The three principles of Japan's Foreign Policy were: 1) that Japan will stay as a member of the free world, 2) that Japan will strive for solidarity with Asian nations, and 3) that Japan will actively participate in the international cooperation centered around the United Nations. Although Japan had suffered severe losses during the Second World War at the hands of US, she had to forge an alliance with the US later on, conceding extensive rights to military bases within Japanese territories, because of deepening East-West confrontation. Japan's new



Mr. Rinzing Wangdi; Ambassador A.N. Ram; Ambassador Akira Sugino; and Dr. Rajesh Mehta at the programme.

constitutional law was based on the draft prepared under the orders of General MacArthur, the Supreme Commander of the Allied Nations, with an aim to demilitarise and democratise Japan. It was in this period only that Japan had to make efforts to normalise her relations with Russia and China with which she had fought imperialist wars earlier. Japan also had to make special efforts to improve relations with the Asian countries like Korea which had earlier suffered Japanese militarism. Under American military protection Japan focused on economic reconstruction in the 1950s and 1960s and by 1970 Japanese economy had grown the largest, next only to the US. However, close

relations with the US and its image as a US ally did, to a certain extent, hinder Japan's relations with countries like Russia and Asian countries like Korea, China. Ambassador Sugino also pointed out that the future task before the Japanese Foreign Policy would be to give her people a sense of purpose, which has been affected due to the reactive foreign policy of Japan. After suffering a severe economic slowdown and stagnating economy, the Japanese economy is again going robust. With changing geo-political relations Japan, being one of the largest Asian economies, is expanding her economic cooperation and becoming a significant player in international arena.

Continued on page 2 **(Current Research/Advisory Activities)**

Developing Countries – from Biodiversity to Human Genomics”. The other partner institutions are University of Preston, United Kingdom; University of the Witwatersrand; University of South Africa; Centre d’Ethique, France; Vilnius University (VU), Vilnius, Lithuania; and University of the Philippines (UP), Manila, Philippines. Despite the central significance of this especially in context of economic implications for the indigenous community, these have hardly been discussed or researched in depth. Benefit sharing occurs mainly in two areas: human genetic banking for the purpose of pharmacogenomics or population genomics research (human genetic resources), and use of traditional knowledge from indigenous communities mainly by the pharmaceutical industry to

develop new products (non-human genetic resources).

This project seeks to establish an interdisciplinary team of economists, ethicists, lawyers, medical doctors, specialists in gender studies, representatives of indigenous communities and policy-advisors from five continents. The teams will study four paradigmatic international case studies (from India, South Africa, Iceland, and Kenya) to provide a profound state-of-the-art analysis for benefit sharing in the context of human and non-human resources. Based on this comparative research, the main aim of this project is to promote policy developments by developing an “economies/ethics health check” for benefit sharing agreements involving vulnerable groups and communities

in the area of human genetics. Contact for further details: sachin@ris.org.in.

Policy Notes prepared for the Government of India

- A comprehensive Note on Relevance of APEC for India was prepared and made available to the Ministry of External Affairs on 10 April 2006 for internal discussion.
- Note on South Asian Performance and Challenges Ahead was made available to the Department of Economic Affairs, Ministry of Finance on 1 July 2006.
- Final versions of Chapters 6 and 7 of India – Japan Joint Study Group were submitted to the Ministry of External Affairs, Government of India.

Dr. Nagesh Kumar, Director-General

- Participated in the informal Meeting of SACEPS Executive Board in New Delhi on 12 April 2006.
- Chaired the Meeting of the Expert Group on a Consistent Interpretation of the Precautionary Principle/Approach in Application to Different Agreements, held on 17 April 2006.
- Participated in the Steering Committee Meeting of the 34th World Marketing Congress, organized by the Institute of Marketing & Management, New Delhi on 21 April 2006.
- Participated in the Editorial Luncheon with Mr. Michael Elliott for a discussion on "Is There Room for Two? India-China and then Global Economy, organized by the TIME Magazine in News Delhi on 28 April 2006.
- Made a presentation on India's External Trade Challenges with respect to recent changing world trade patterns at the Corporate Checkmate, organized by the Japan Institute of Management Studies in New Delhi on 29 April 2006.
- Participated in the Luncheon Meeting with the Members of Parliament, Japan, organized by CII in New Delhi on 1 May 2006.
- Participated in the First Meeting of the Working Group on "Challenges and Opportunities of Globalization on External Sector" for formulation of the Eleventh Five Year Plan, organized by the Planning Commission in New Delhi on 8 May 2006.
- Chaired the Seventh Audit Committee Meeting of India Habitat Centre, New Delhi on 12 May 2006.
- Participated in the Indian component meeting of the India-Japan JSG held in New Delhi on 29 May 2006.
- Participated in India-Japan JSG Meeting held in Tokyo on 6-7 June 2006.
- Made a presentation on the RIS study *Towards an Employment-Oriented Export Strategy* in the Ministry of Commerce and Industry, New Delhi on 12 June 2006.

Dr. Rajesh Mehta, Senior Fellow

- Made a presentation on Non-Tariff Barriers and South Asia at the Session on Non-Agriculture Market Access in the South Asia Consultation on WTO and South Asia: Strategies Beyond Hong Kong, organized jointly by Centad and UNDP-Colombo on 21-22 April 2006.
- Jury Member for Exim Bank International Economic Development Research Annual (IEDRA) Award 2006, and examined entries related to International Economics, Trade & Development and related Financing.
- Prepared a paper on Impact of WTO on India and as Group Coordinator presented coordinator report on WTO and South Asia

at the *South Asian Journal* Conference on Envisioning South Asia organized by the South Asian Free Media Association (SAFMA) on 29-30 April.

Dr. S.K. Mohanty, Fellow

- Participated in the First Sub-Regional Workshop on Trade and Environment in the Pacific, organized by UNESCAP in Suva, Fiji on 7-8 June 2006.

Dr. Sachin Chaturvedi, Fellow

- Made a presentation on Biosafety and Trade Related Issues at the Short-term Orientation Course on Biosafety and Biotech Regulations, organized by TERI School of Advanced Studies in New Delhi on 7 April 2006.
- Made a presentation on the Labelling, Traceability and Trade related Issues at the National Consultation on Regulation of Genetically Modified Food, organized by BCIL on 27 April 2006.
- Made a presentation on Impact of Globalization on Select MDGs: Assessing Policy Options at Commonwealth Parliamentary Association/ 21st Century Trust, held on 13-19 May 2006 in Bangalore.
- Made a presentation (in absentia) on Prior Informed Consent, Benefit Sharing and Kani Case in India at the Project Meeting, organized by University of Cape Town and Welcome Trust on 1-2 June 2006 in Cape Town, South Africa.
- Made a presentation on New Technologies in Agriculture: What are the Policy Issues at the International Conference on Sustainable Agriculture for Food and Nutritional Security, organized by TERI in New Delhi on 26 May 2006.
- Made a presentation on Biotechnology and Trade Related Issues at TERI School of Advanced Studies, New Delhi on 8 June 2006.

Dr. Ram Upendra Das, Fellow

- Course-leader for the course on SAARC Integration in the First SAARC Chamber Academy, organized by EUROCHAMBERS, Brussels and SCCI on 24-27 May 2006 at Kandy, Sri Lanka.
- Made a presentation on Potential of Trade and Economic Cooperation between India and Pakistan in the Workshop on Infrastructural Linkages between the Pakistan-Punjab and Indian-Punjab, organized by the Centre for Research in Rural and Industrial Development (CRRID) on 12 May 2006 in Chandigarh.
- Made a presentation on Trade and Investment Cooperation between India & GCC under the Comprehensive Economic Cooperation Agreement in the Interactive Session on India-GCC Free Trade Agreement,

jointly organized by the Ministry of Commerce & Industry and Confederation of Indian Industry (CII) on 4 May 2006 in Mumbai.

- Key Speaker on Regional Trade and Economic Cooperation: Analytical and Policy Issues at the Workshop on WTO-related Issues for Government Officials in the SAARC Region, organized by TERI on 3 May 2006 in New Delhi.
- Made a presentation on Investment Cooperation between India & GCC under the Comprehensive Economic Cooperation Agreement in the Interactive Session on India-GCC Comprehensive Economic Cooperation Agreement, jointly organized by FICCI and the Ministry of Commerce & Industry, Government of India on 1 May 2006 in New Delhi.
- Participated in the Meeting of Joint Study Group (JSG) on the Feasibility of Establishing Comprehensive Economic Cooperation Agreement (CECA) between India and Malaysia, organized by the Ministry of Commerce & Industry on 20 April 2006 in New Delhi.
- Made a presentation on SAARC: Potentials and Problems at Special Course for Afghan Diplomats, organized by the Foreign Service Institute, Ministry of External Affairs on 18 April 2006 in New Delhi.
- Made a presentation at National Seminar on Rules of Origin, organized by World Customs Organization, Brussels, at National Academy for Customs, Excise and Narcotics (NACEN), Government of India on 13 April 2006 in Faridabad.

Dr. Pooja Sharma, Fellow

- Made a presentation on economic cooperation between India and East Asia, at the Project Inception Workshop on Asian Development Bank Study on Economic Cooperation between East Asia and South Asia., held on 1-2 June 2006 in Manila, Philippines.

Dr. Somesh K. Mathur, Fellow

- Paper on Growth Accounting for Some Developed, Newly Industrialized and Developing Countries from 1966-2000: A Data Envelopment Analysis was accepted for presentation at the Spring Meeting of Young Economist held at Seville, Spain on 26-28 May 2006.

Dr. Prabir De, Associate Fellow

- Participated as discussant in a Dialogue on India – China Economic Cooperation, organized by the Maulana Abul Kalam Azad Institute of Asian Studies, Kolkata on 3 April, 2006.

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Training Programme for IFS Probationers

On behalf of the Foreign Service Institute, Ministry of External Affairs RIS organized a Training Programme Global Economic Regime and India's Economic Engagements for IFS Probationers (2005 Batch) at RIS on June 12-16, 2006. The programme began with an introductory session by Dr. Nagesh Kumar, Director-General, RIS and Dr. Ram Upendra Das, Fellow, RIS. The topic covered during the training programme were: emerging international regime concerning bio-diversity and international trade in GMOs; world trading system and development, textiles and clothing: meeting the challenges of a quota-free environment; India's trade performance under reforms; FDI in a globalized economy: theory and Indian experience; regional economic cooperation in South Asia: potentials and constraints; India's economic integration with ASEAN; rules of origin (ROO); conceptual issues and India's negotiating concerns; emerging trends in East Asian regionalism: strategic options for India; regional economic integration in ASEAN; and Asian energy cooperation. Special workshops at which trainees made their own presentations were also held during



IFS Probationers at the valedictory session of the programme with Prof. Muchkund Dubey and Dr. Ram Upendra Das.

the course of the programme. The experts, who addressed the trainees, included: H.E. Mr. See Chak Mun, High Commissioner of Singapore; Mr. Talmiz Ahmad, Director-General, ICWA; Dr. Nagesh Kumar, Director-General, RIS; Mr. B.S. Bishnoi, Joint Secretary (MER), Ministry of External Affairs; Mr. D.K. Nair of the Confederation

of Indian Textile Industry; New Delhi; Dr. Ram Upendra Das, Fellow, RIS; Dr. Sachin Chaturvedi, Fellow, RIS; and Dr. Pooja Sharma, Fellow, RIS. Professor Muchkund Dubey, President, Council for Social Development, New Delhi delivered the Valedictory Address. Dr. Ram Upendra Das was the course coordinator.

Training Workshop on International Economic Issues

RIS on behalf of the Government of India has been organizing training programmes on different aspects of International Economic Relations for the officers of the various departments. Recently, RIS organized a special Training Workshop on International Economic Issues for officials of the Cabinet Secretariat on June 22-23, 2006 at RIS. The topic covered during this special training programme were: WTO negotiations and implications for developing countries; WTO agreement on agriculture: The post-Hong Kong debate; TRIPS, public health and traditional knowledge; some perspectives of commercial diplomacy; international trade flows and security concerns; FDI in a globalized economy: theory & Indian experiences; regional economic cooperation in South Asia: potentials and constraints; and emerging trends in east Asian regionalism: strategic options for India. The faculty for the programme included experts from RIS, the Government of India, and other research institutions. Dr. Ram Upendra Das was the course coordinator.

Special Orientation on WTO for Foreign Diplomats

At the request of the Foreign Service Institute, Ministry of External Affairs, New Delhi RIS organized a two lecture session on the International Trading System for the Afghan diplomats on 25 April 2006. In this session Dr. Nagesh Kumar, DG-RIS and Dr. Sachin Chaturvedi, Fellow, RIS addressed the participants on the theme.

Continued from page 4 (Faculty News)

- Presented a paper on Why Trade Costs Matter? at the WTO/ESCAP Second ARTNeT Capacity Building Workshop on Trade Research, held on 17-21 April 2006 in Bangkok.
- Participated in the International Seminar on Developing Countries and Services Negotiations, organized by ICRIER on 6-7 June, 2006 in New Delhi.

Dr. Samir Ranjan Pradhan, Visiting Research Associate

- Participated in the Second ARTNeT Capacity Building Workshop for Trade

Research, organized jointly by UNESCAP and WTO in Bangkok on 17-21 April 2006.

Abinash Dash, Visiting Research Associate

- Participated in the Discussion Meeting on two studies: India and China into WTO – Building Complementarities and Competitiveness in the External Trade Sector; and Employment Implication of Growing Exports – With special focus on Services Exports, organized by the Institute for Studies in Industrial Development on 1 May 2006 in New Delhi.

- Participated in the Seminar on: Hu Jintao's Recent Visit to the US and Africa, organized by ICS (CSDS) on 10 May 2006 in New Delhi.

- Participated in the Seminar on An Assessment of China's development in the next ten years and its implications for the neighboring countries, organized by the Centre for the Study of Developing Societies (CSDS) in New Delhi on 17 May 2006.
- Participated in the International Seminar on Developing Countries and Services Negotiations, organized by ICRIER on 6-7 June in New Delhi.

RIS Policy Briefs

#26 *India-Brazil-South Africa (IBSA) Economic Cooperation: Towards a Comprehensive Economic Partnership*

IBSA constitutes a large and expanding economic space where in the total two-way trade is close to US\$ 400 billion currently. The share of intra-IBSA trade in their total trade has been approximately 2 per cent (about US\$ 5 billion) in 2002. The New Delhi Action Plan has put an ambitious goal for doubling the mutual trade by 2007. To achieve this target several measures will be necessary. To exploit the synergies and potential of cooperation for mutual benefit, IBSA countries can explore an IBSA Comprehensive Economic Partnership Arrangement covering various aspects covered in the Policy Briefs.

#25 *Case for a Robust India-Taiwan Economic Partnership*

India needs to pursue more result-oriented and skilful economic diplomacy if it is to take advantage of mutually beneficial opportunities in engaging Taiwan. On its part, Taiwan needs to engage more deeply with India by shedding some of its cultural and other inhibitions if it is to diversify its global trade and investment risks, and expand its economic space.

#24 *Towards Comprehensive Economic Co-operation between India and Central Asian Republics*

There are several areas where India and Central Asian Republics (CARs) can cooperate for mutual benefit. There is an urgent need to develop an institutional mechanism for promoting such broad-based co-operation. The old approach of forming FTAs is inadequate for that purpose. Comprehensive Economic Co-operation Agreement (CECA), as initiated between India and Singapore, could be a better model for promoting co-operation between India and CARs.

#23 *The Case for an Asian Currency Unit: Need for a Broad-based Approach*

The ACU has a far better chance for success (in terms of becoming a significant regional vehicle currency) if a larger set of countries is included in the basket. In this regard it is imperative that the ACU be broadened from the proposed ASEAN plus Three (APT) countries to also include India, Australia and New Zealand [the other members of the inaugural East Asian Summit (EAS)], all of which have significant financial market depth. It is myopic for monetary and financial regionalism to be limited to only the APT economies while excluding the large and dynamic Indian economy and a mature and well-developed Australian economy, both of which, along with New Zealand, are consciously looking to integrate themselves with the rest of East Asia and have been doing so on a *de facto* basis.

Discussion Papers

#111 *Demographic Complementarities and Outsourcing: Implications and Challenges for India* by Mukul G. Asher and Amarendu Nandy

This paper analyses the implications of differing global demographic trends for India's competitiveness in outsourcing and offshoring. It also briefly notes the implications of differing demographic trends among the Indian states. The paper argues that demographic complementarities with high-income countries provide India with one-time opportunity to sustain its growth rate and occupy all segments of global outsourcing and offshoring activities. India has used the labor cost advantage to gain reasonable market share in these activities. It, however, faces serious internal and external challenges in sustaining its international competitiveness, particularly with respect to labor cost. With sustained focus on human resource development, diversification and upgradation policies India can continue to at least maintain its global market share, and help nurture globally competitive companies.

#110 *Reinventing UNCTAD: Some Proposals for the UNCTAD Mid-term Review* by Muchkund Dubey

Developed countries have made a concerted effort to change and dismantle UNCTAD over a period of nearly 15 years. It may take the developing countries many years to revive and reinvent the organization. But, UNCTAD must recover its voice and regain the support and respect of developing countries who have identified with it and its mission for decades. There cannot be a more opportune moment than now to begin a campaign to restore the pre-eminence of UNCTAD and bring it back to the forefront of multilateral effort to deal with the current complex global development challenges and build a stable, viable and genuinely democratic international community. UNCTAD's broad mandate is singularly suited for a new age where promoting development, democracy and equity is one of the principal challenges and pre-conditions for a peaceful and cooperative world.

#109 *Trade Facilitation Priorities in India and Commitments at WTO: An Overview of Current Trends* by Sachin Chaturvedi

The current mandate of the Negotiating Group for Trade Facilitation (NGTF) is to clarify and improve the three articles, viz. Articles V, VIII and X of the GATT 1994. India has initiated several measures as part of the Trade Facilitation (TF)

programme. While most of the measures have already been put in place in the context of Articles VIII and X, the ones left involve significant costs and require careful planning for implementation. In case of Article V, there are certainly major gaps. In countries like India, where trade facilitation is an ongoing exercise, precise cost estimation is a difficult proposition. This includes additional efforts required to support and strengthen the level of communication at the border points. Most of the Land Customs Stations (LCSs) require better infrastructure. The current TF programme may have to go beyond current mandate and take into account specific WTO commitments which may emerge during the ongoing negotiations as per the GATT Articles V, VIII and X. In this paper, an effort is made to take stock of the needs, priorities and cost of implementation of these Articles for India. These ground realities hold important implications for any undertaking by India at the TF negotiations of the WTO. However, given the considerable infrastructural gaps, the Indian negotiating team should exhibit extreme caution towards the new proposals and ideas but should display pragmatism, at least for the measures that have already been implemented in India.

Journals

● *South Asia Economic Journal*, Vol. 7 No. 1. January-June 2006.

Contents: *Impact of Protection on Domestic Processing of Primary Commodities for Export Markets: An Example from the Sri Lankan Tea Industry* by Gaminda Ganewatta, Robert Waschik, Sisira Jayasuriya and Geoff Edwards; *Trade Policy reforms and Openness of Indian Agriculture: Analysis at the Commodity Level* by Seema Bathla; *Money, Income and Prices in Pakistan: A Bivariate and Tri-variate Causality* by Kalbe Abbas and Fazal Husain; *Market Efficiency for the Pakistan Stock Market: Evidence from the Karachi Stock Exchange* by Madhumita Chakraborty; *Analysing India's Trade Dynamics vis-à-vis SAARC Members Using the Gravity Model* by Biswajit Nag and Anisha Nandi; *On the Incentives of Violence: Greed and Pride in Sri Lanka's Civil War* by Benedikt Korf and Stefanie Engel.

● *Asian Biotechnology and Development Review*, Vol. 8 No. 2. March 2006.

Special Issue on Biofuels and South Asia: Policy Options

Guest Editor: K.V. Raju

Contents: *Biofuels in South Asia: An Overview* by K.V. Raju; *Improved Livelihoods and Environmental Protection through Biodiesel Plantations in Asia* by Suhas P. Wani, M. Osman, Emmanuel D'Silva, and T.K. Sreedevi; *Liquid Biofuels in South Asia: Resources and Technologies* by Linoj Kumar NV, Prabha Dhavala, Anandajit Goswami, and Sameer Maitel; *Biofuel Laws in Asia: Instruments for Energy Access, Security, Environmental Protection and Rural Empowerment* by M P Ram Mohan, G T Thomas Phillippe and M V Shiju; *Biofuels and WTO: An Emerging Context* by R S Deshpande • Bio News • Document: Biofuel Policies in Asia • Bio Web • Bio Stat.

● *New Asia Monitor*, Vol. 3 No. 2, April 2006.

Outside Publications of RIS Faculty Members

Research Papers

Chaturvedi, Sachin. 2006. "India, the European Union and Geographical Indications" in Rajendra K Jain and Hartmut Elsenhans (eds) *India, the European Union and the WTO*. New Delhi: Radiant Publishers.

De, Prabir. 2006. "Regional Trade in Northeast Asia: Why Do Trade Costs Matter?" CNAEC Research Series 06-02. Korea Institute for International Economic Policy (KIEP), Seoul.

De, Prabir. 2006. "Why Trade Costs Matter?". ARTNeT Working Paper Series No. 7, UNESCAP, Bangkok.

Kumar, Nagesh. 2006. "India and the Asian Economic Community: Relevance, Approaches and Prospects for Pan-Asian Integration". *Indian Foreign Affairs Journal*. Vol. 1, No. 2. April-June.

Mathur, Somesh. 2006. "Financing and Privatization of Delhi International Airport" in *Infrastructure Financing: An Overview* by Y. Chandrasekhar and Deepak Kumar (eds). Hyderabad: The ICAFI University Press.

Mehta, Rajesh. 2006. "Implications of WTO on India's trade Policy". *The South Asian Journal*. Free Media Foundation and facilitated by South Asian Free Media Association (SAFMA). April-June, No.12, pp. 18-28.

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Exports emerge as key job source Plan for NAM as a trade bloc

By OUR CORRESPONDENT

New Delhi, April 7: Exports have emerged as an increasingly important source of job creation in the Indian economy, according to a report completed by RIS (Research & Information System for developing countries), released by commerce minister, Mr Kamal Nath here on Friday.

The report says that in 2004-05, the export sector is reported to have generated incremental direct employment of 14.85 lakh over the previous year

Nath says: "It is only with a conscious multi-pronged, multi-dimensional effort that we can address the massive challenge of finding job opportunities for millions of our unemployed youth and export-oriented production has a huge potential for generating jobs." The report said that in 2004-05, the export sector is reported to have generated incremental direct employment of 14.85 lakh over the previous year.

AMITAVA Sanyal
New Delhi, July 1

IF EVEN a part of the dream becomes reality it will be the mother of all trade blocs. India is preparing to propose that the 118-nation Non-Aligned Movement (NAM), which has been foundering in the post-Cold War era, be revived through "closer economic cooperation". The case is expected to be put forward by Prime Minister

Research and Information System for Developing Countries (RIS), a think-tank funded by the ministry of external affairs and chaired currently by Arjun Sengupta, has been entrusted with the job of preparing the policy paper that would look into the possibilities of trade in goods, services and investment.

Dr Nagesh Kumar, director-general of RIS, told Sunday HT, "It would be premature to think of NAM as a trade

Research and Information System for Developing Countries (RIS), a group of 45 developing countries under the UN Conference on Trade and Development, which is closely aligned with NAM.

RIS, whose original mandate was to study South-South cooperation in general and the NAM in particular, is scheduled to put up a first draft of the paper for consultation by the middle of August.

Among the sizeable trading part-

Focus on jobs and gems in Nath's trade policy

ENS ECONOMIC BUREAU
NEW DELHI, APRIL 7

COMMERCE and industry minister Kamal Nath today set a 20% export growth target for the current fiscal and sought to expand the export basket and diversify the markets in his second annual supplement to the Foreign Trade Policy (2004-09).

Addressing media and industry, he said merchandise exports had crossed the magic figure of \$100 billion and

or devising a separate scheme for refund.

Two new schemes—focus product and focus market—have been designed primarily to encourage employment generation, particularly in semi-urban and rural areas. An RIS report released simultaneously said an additional 13.6 million jobs would be created by 2009-10 if India gets to its target of \$150 billion in exports.

Under the focus products scheme, a duty credit facility of 7.5 per cent of FOB value of

Dubai and Tel Aviv to Mumbai, Nath provided a slew of sop to the sector like allowing exporters to re-import rejected jewellery and also export jewellery on consignment basis.

His other thrust areas included marine, auto components, aviation and leather. His incentives for the auto component sector included import of new vehicles by manufacturers for R&D purposes. It India a major centre for filling and supply of auto

The export sector has generated incremental direct employment of 1.4 m in 2004-05 Exports emerging as source of job creation

By Bureau

WITH a labour force growing at 2% per annum and the growth rate of employment at below 1% per annum, exports have emerged as an increasingly important source of job creation, according to a report, 'Employment Oriented Export Strategies: Some Explorations', by RIS (Research & Information System for Developing Countries).

merchandise minister Kamal Nath, while announcing the Annual Supplement to the Foreign Trade Policy (2004-09), the export sector is reported to have generated incremental direct employment of 1.4 million in 2004-05 over the previous year, bringing the total employment generated by the sector to 2.5 million jobs, according to RIS reports on exports amounting to nearly \$80 billion during the year.

This is apart from export-

million jobs. Merchandise export activity alone seems to be sustaining nearly 16 million jobs currently, the reports says.

If the target of doubling exports to \$150 billion by 2009-10 is achieved, another 136 lakh new jobs may be generated in the next five years, it adds.

The report has identified 12 export sectors as employment-intensive. These are textiles & garments, leather goods, gems & jewellery, cereal exports, horticultural

processed foods, toys & sports goods, pharmaceutical industry, automobiles and auto-components and consumer electronics and electronic hardware.

However, the report noted a decline in labour-intensive exports due to slower growth in world demand and stiff price competition from countries like China, Vietnam and Bangladesh. "The share of labour-intensive products declined by 18 percentage points from around 76% of total exports

If the target of doubling exports to \$150 bn by 2009-10 is achieved, another 136 lakh jobs may be created in five years

'India should aim at becoming part of Asian Economic Community'

It can evolve into a trade bloc comparable to EU

Sushama Bandachandran

NEW DELHI: India must actively take part in the East Asian Summit (EAS) with the aim of becoming part of an Asian Economic Community that could evolve into a trade bloc comparable to the European Union (EU). This proposal has been made by the think-tank Research and Information Systems (RIS) which argues that it is of "critical importance" for India to take part in the summit and secure preferential access for Indian manufacturing industry in some of the world's largest and most dynamic markets.

- Preferential access to markets
- EAS to be used to evolve a broader Asian RTA

OPFA) and regional trade arrangements (RTAs) to get preferential access to markets. India has taken steps to evolve such arrangements with ASEAN, Thailand and Singapore and is part of emerging SAFTA and BIMSTEC (Bangladesh, Bhutan

of devising a separate scheme for refund.

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Why Manwani Picked D&E Markets As The Theme

RECENTLY, Manwani emerged as the guiding principle of India's foreign trade policy. This year's focus on increasing exports of products, which have employment potential in rural and semi-urban areas, indicates a major shift towards an employment-oriented export strategy.

increase in exports would create 20 lakh new jobs this year, according to Mr Nath. A report by policy think tank research and information system

RIS Forecasts 136+ New Jobs in Next Five Years

(RIS) for developing countries, for the government cited on for policy making, forecasts 136-lakh new jobs in next five years, as the country approaches its target of doubling exports to \$150 billion. India is able to exploit export opportunities in \$80-billion world market, where India could not only make a mark, says the RIS report. "China, ASEAN and the European Union are the major players in this market. India is a late entrant in this market. It needs to take steps to improve its export performance. It needs to take steps to improve its export performance. It needs to take steps to improve its export performance."



of global MNCs, who will leverage their huge financial resources to invest themselves in emerging globally.

Free trade is not being used for local jobs. It is being used for global trade. It is being used for global trade. It is being used for global trade.

"Some of the D&E countries, especially South Asia, are big labor holders as much as new entrants of the global trade. Conversely this is not being used for local jobs. It is being used for global trade. It is being used for global trade. It is being used for global trade."

Centre seeks inputs for Ceca with GCC

Economy Bureau
New Delhi, May 1

The government has asked industry to give its inputs for the comprehensive economic cooperation agreement (Ceca) being worked out with the Gulf Cooperation Council (GCC) countries. Official feedback on the proposal will be sent to the Gulf countries by the end of the month.

Very ambitious and would all

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Continued from page 6 (Latest Publications)

Mehta, Rajesh. 2006. "Impact of WTO on India" and "WTO and South Asia" (synthesis report) for 14 volumes on different aspects of South Asia published by South Asian Free Media Association (SAFMA).

Mehta, Rajesh. 2006. "Role of WTO in Developing of Global Trade in Processed Foods: SPS and TBT Issues". *Indian Food Packer*. Journal of the All India Food Processors' Association (AIFPA). Vol. 60, March-April, No.2, pp 20-25.

Sharma, Pooja (co-author). 2006. "GSTP: The Dynamics." *Margin*, Vol. 38 (2), Jan-March, pp. 53-81.

Kumar, Nagesh. 2006. "Towards an East Asian Economic Unit". *The Financial Express*. June 20.

Chaturvedi, Sachin. 2006. "Foreign Trade: The Unfinished Agenda". *Deccan Herald*. June 12.

Das, Ram Upendra. 2006. "Both should recognize each other's priorities". *The Financial Express*. May 17.

Das, Ram Upendra. 2006. "Start of Long Road". *The Financial Express*. May 17.

Screening of the film on NAM

A special session for screening the documentary film *The Unfinished Revolution* was organized in RIS on 29 June 2006 for the benefit of the RIS faculty members and other select invitees. The programme began with the welcome remarks made by Dr. Nagesh Kumar, DG-RIS. Mr. Rinzing Wangdi, Secretary (ER), Ministry of External Affairs presided over the event. The documentary, directed by noted film maker Mr. Suhas Borker, traces the evolution of NAM from Belgrade (1961) to Durban (1998) and examines the validity and relevance of the NAM for the future.

Important Visitors/Delegations Received

- Mr. Christopher Langman, Head, Australia's Office of Trade Negotiations and a key WTO negotiator for Australia on 5 April 2006.
- Ms. Jamie M. Zimmerman, Associate Director, Globalization Studies, Washington Center, Kenan Institute of Private Enterprise, University of North Carolina at Chapel Hill, on 18 April 2006.
- Mr. Shivesh K. Sinha, Development Director-Asia, LAFARGE, Malaysia on 19 April 2006.
- Dr. B. Balakrishnan, Ambassador of India to Greece on 24 April 2006.
- Mr. Pankaj Gupta, Deputy General Manager, Toyota Kirloskar Motor Pvt. Ltd. on 24 April 2006.
- Mr. N.V.R.K. Murthy, Asst. Administrative Officer, Delhi Centre, National Institute of Design on 25 April 2006.
- Dr. G.V.C. Naidu and Dr. Shebonti Dadwal, Institute for Defence Studies and Analysis (IDSA) on 26 April 2006.
- Prof. Sumangla Damodaran, Lady Shri Ram College, Delhi University on 28 April 2006.
- Prof. Gulshan Sachdeva, Centre for European Studies, Jawaharlal Nehru University on 10 May 2006.
- Mr. Francois Kruger, Financial Counsellor and Mr. Colas Hennion, Deputy Financial Attache, Embassy of France, New Delhi on 19 May 2006.
- Prof. John Whalley, University of Western Ontario, Canada on 1 May 2006.
- Mr. Sun Weidong, Counsellor (Political), Embassy of China, New Delhi on 11 May 2006.
- Mr. Maxim G. Ternovskiy, First Secretary, Embassy of Russia, New Delhi and Mr. Alexey M. Moiseev, Adviser of the Trade Representative, Trade Representation of the Russian Federation, New Delhi on 15 May 2006.
- Dr. Mukul Asher, Professor, Lee Kuan Yew School of Public Policy, National University of Singapore on 24 May 2006.
- Mr. Oike, Director, Economic Partnership Agreement, Japan on 31 May 2006.
- Prof. K. Keshavan, JNU on 1 June 2006.
- Mr. Oscar Kerketta, Deputy Secretary (SAARC), Ministry of External Affairs on 6 June 2006.
- Mr. Regis Avanthay, Head, Global Issues and Sustainable Development Divison, Swiss Agency for Development and Cooperation, Switzerland; Mr. Adrian Marti, Deputy

French delegation visits RIS

As part of the sixth session of the Diplomatic Institute of France, a delegation consisting of high rank officials from various French ministries, like Ministry of External Affairs, Ministry of Defence, etc. visited RIS on 23 May 2006 for an interactive session at RIS. Dr. Rajesh Mehta, Senior Fellow made welcome remarks. Dr. Ram Upendra Das, Fellow, delivered a special lecture for the benefit of the delegates.



Members of the French delegation with RIS faculty members.

Country Director, Swiss Cooperation Office India, Embassy of Switzerland, New Delhi; and Dr. Sailendra Narain, Regional Advisor, Swiss Agency for Development and Cooperation, Mumbai on 16 June 2006.

- Dr. Jaspal Singh Sindharh, Ph.D Candidate, Department of International Relations, School of Advanced International Studies, John Hopkins University, Washington D C on 27 June 2006.
- Dr. Masanori Kondo, Associate Professor of Economics, Division of International Studies International Christian University, Japan on 22 June 2006.
- Mr. John Arnold, Consultant, Asian Development Bank on 30 June 2006.
- Ambassador Aftab Seth, former Ambassador to Japan on 30 June 2006.
- Dr. Ray Trewin, Australian Centre for International Agricultural Research (ACIAR) on 24 April 2006.
- Ms. Heather Ward, Deputy High Commissioner, New Zealand High Commission in India on 31 May 2006.

- Mr. Tomofumi Inoue, First Secretary, Embassy of Japan, New Delhi on 23 June 2006.
- Mr. Sakata Hisashi, First Secretary, Embassy of Japan, New Delhi on 23 June 2006.
- Dr. Garry Pursell, World Bank on 19 June 2006.
- Dr. Abid Qaiyum Suleri, Assistant Executive Director, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan on 15 June 2006.
- Mr. Ajit Seth, IAS, Resident Commissioner, Government of Uttar Pradesh, New Delhi on 25 May 2006.
- Dr. K.C. Reddy, Chairman, A.P. State Council of Higher Education, Hyderabad.
- Mr. Decio M. Ripandelli, Director, ICGEB, Italy on 29 June 2006.
- Dr. Ashok Gulati, Director and Mark W. Rosegrant, Director, IFPRI on 29 June 2006.
- Dr. Eija Pehu, The World Bank on 29 June 2006.

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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