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Bigger Steps Towards Asian Integration

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The recent Association of Southeast Asian Nations (ASEAN) Summit held in Vientiane, Laos on November 28-30, 2004 could have broken new ground in Asian integration and community-building. Optimism was high following the conclusion of the Tenth 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), India, 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, organised by the New Delhi-based Research and Information System (RIS) for Developing Countries. The RIS-organised and Sasakawa Peace Foundation-sponsored meeting was the second in a series, which began in New Delhi last autumn. 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, clearly involves India in East Asian integration. India wants to 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 cooperation and integration, ranging from energy and financial cooperation 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) and North America Free Trade Area (NAFTA), or even the emerging groupings in Latin America, the Middle East or Africa.

Regionalism is on the rise and East Asia should not be left out of this global trend. India knows that it would have to primarily obtain the tacit consent of Japan and China

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to join the future East Asian community, after having successfully wooed ASEAN. In Tokyo, India also signalled the birth of a "new India" and its new mentality of openness and regionalism. Indians also insist that their "open economic policy" is now irreversible as all political parties fully share this goal. According to them, this should encourage East Asia to embrace India within its future community, which the Indians have dubbed "JACIK" or the "Japan, ASEAN, China, India and the Republic of Korea" grouping.

This idea of "JACIK" appears to have also made some progress in an official sense at the ASEAN Vientiane Summit. Indian Prime Minister Manmohan Singh attended the ASEAN-India Summit and had an invaluable occasion to informally meet his counterparts from China and Japan. Singh, famous for his liberal stance in economic management, reiterated the crucial importance of East Asian integration to India and vice versa, and pitched India's "new thinking" to his Asian counterpart as "an irreversible process", which should also help develop East Asian regionalism.

On their end, ASEAN leaders formalised their intention to work even more closely with China and India. Of particular significance was the speech to ASEAN business leaders by Malaysian Prime Minister Abdullah Badawi, who called for greater ASEAN integration with China and India. This official acknowledgment of Beijing's and New Delhi's growing clout and importance to ASEAN was significant, as ASEAN in fact completed negotiating its schedule of liberalisation of goods within the future ASEAN-China Free Trade Agreement (FTA) last month. The two partners should now be able to meet their FTA schedule by 2010. On the other hand, India's future place within East Asia appears to have "taken a big step forward".

In fact, ASEAN is currently negotiating a FTA with India, just as Indian Prime Minister

Singh declared in Vientiane that trade between India and ASEAN should more than double to US\$30 billion by 2007.

ASEAN, after pledging to accelerate its own development of an ASEAN Economic Community five years earlier than scheduled, also decided at the summit to begin FTA negotiations with Japan and the ROK next year, giving further impetus to the "ASEAN+3" process, just as Chinese, Japanese and ROK leaders also met at summit level in Vientiane to strengthen Northeast Asian cooperation, notably in energy security and resolving the nuclear issue on the Korean Peninsula through the six-party talks mechanism.

Finally, the concept of an Asian economic bloc got a major boost at the Vientiane summit. Philippine President Gloria Macapagal-Arroyo called on ASEAN to "embrace China, Japan, the ROK and India". Such an economic bloc, according to Arroyo, could "hold its own" in future negotiations with the United States, Europe or other emerging economic entities. This led to a crucial decision to organise an East Asian Summit (EAS) in Kuala Lumpur next year, when Malaysia takes over the chairmanship of ASEAN.

An ASEAN consensus on an EAS was reached after Indonesia accepted the idea to transform the "ASEAN+3" framework into an EAS, with the possible addition of India, Australia and New Zealand, thus forging a long-term Asian economic, social, cultural and political community.

But the EAS framework should remain open and not be exclusive. Pragmatically, it should not be guided by feelings of "Asian nationalism", but instead, seek to improve cooperation with the United States and the EU in a global partnership. The Vientiane summit has taken the first step forward towards building a 3 billion-strong East Asian community, and may ultimately be remembered for this "monumental Asian step forward".

(Excerpted from *China Daily*, December 21, 2004) ■

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Asian Economic Integration: Vision of a New Asia

High-level Conference in Tokyo provides Road Map for Asian Economic Community

RIS 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, organised the High-Level Conference on 'Asian Economic Integration: Vision of a New Asia' in Tokyo on November 18-19, 2004.

The Tokyo Conference was the second in the series of conferences which RIS organised under its initiative to promote regional economic integration in Asia. The Second New Asia Conference provided a forum for debate on the relevance of regional economic integration in Asia and desirable approaches to it in terms of scope and coverage. The discussions at the Conference were supported by analytical studies conducted by RIS and partner institutions over the past two years on approaches for regional integration and contributed to the agenda of regional economic integration by providing a road map, creating wider awareness of the gains from it and building support and public opinion favourable to it.

The Tokyo Conference began with an inaugural address by Mr Koichi Kato, Member of Japanese Diet. The inaugural session was chaired by Ambassador Sudhir Devare, Vice-Chairman, RIS. Professor Ito Kenichi, President, CEAC, Tokyo, Ambassador of India in Japan, Mr M.L. Tripathi, and Mr. B.J. Panda, Hon'ble Member of Indian Parliament, also addressed the session, which also had a statement by the Ambassador of India in Tokyo. Mr. Koichi Kato also released the RIS book *Towards and Asian Economic Community: Vision of A New Asia* during the inaugural session.

The theme of the first session was Relevance of an Asian Economic Community and Possible Approaches. Professor Eisuke Sakakibara, Keio University and former Vice-Minister of Finance, Japan chaired the session. It had a presentation on 'Towards an Asian Economic Community: Relevance Approaches and a Way Forward', by Dr Nagesh Kumar, DG-RIS, which was commented upon by a distinguished panel including Dr Rodolfo C. Severino, Former

Secretary-General, ASEAN; Prof. Zhang Xiaoji, Director-General, Research Department of the Foreign Economic Relations, DRC of the State Council, Beijing; 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

Liberalisation: Trends and Potential. It was chaired by Professor M. Ariff, Executive Director, Malaysian Institute of Economic Research. The first presentation of the session on 'Japan's FTA Strategy', was made by Professor Shujiro Urata, Waseda University and RIETI, Japan. Thereafter, Dr Djisman Simandjuntak, Chairman, CSIS, Jakarta, made a presentation on 'The Search for Regional Architecture: The Role of ASEAN as Strange Attractor'. It was followed by a presentation on the 'Reforms and Economic Development in India', by Dr Rahul Khullar, Ministry of Commerce and Industry, India. Professor Yao Chao Cheng, Academic Dean, Faculty of International Trade, Shanxi University FE, Taiyuan, China, made the next presentation on 'China's role in the Asian Economic Unification Process'. The final presentation was made by Dr Tiziana Bonapace, Chief, Trade Policy, TTD, UN-ESCAP, Regional, on 'New Age Regionalism: An Evolving Trade Architecture'.

The theme of the third session was Monetary and Financial Integration in Asia. Professor Toshihiko Kinoshita, Waseda University and formerly Head of Research, Japan Bank of International Cooperation chaired it. Key Presentations included, 'Prospects for Monetary Cooperation in Asia', by Dr Masahiro Kawai, Tokyo University, where he made a case for deepening and expansion of existing monetary and financial cooperation in Asia. It was followed by a presentation on 'Approaches to Asian Bond Market Development' by



(From left): Hon'ble Mr. Koichi Kato, Member of Japanese Diet; Mr. Anup Thakur (Minister, Embassy of India in Tokyo); Prof. Ito Kenichi, President, Council on East Asian Community; Ambassador S.T. Devare, Vice-Chairman, RIS; and Dr. Nagesh Kumar, Director-General, RIS at the Inaugural Session of the Tokyo Conference.

Ambassador Manaspas Xuto, Executive Director, International Institute for Trade and Development, Bangkok, whereby he reviewed the need for an Asian Bond Market. The last presentation of the third session was made by Dr Sharad Bhandari, Regional Economic Monetary Unit, ADB, Manila, on 'Chiang-Mai Initiative and Beyond', in which he made certain policy recommendations, such as, strengthening the economic review and policy dialogue process, expansion and strengthening of the CMI and stepping up of the pace of regional cooperation in financial sector development.

On the second day of the conference, the first session addressed the theme of Prospects for Regional Cooperation for Energy Security. It was co-chaired by Ambassador Shashank, former Foreign Secretary, India and Dr Rodolfo C. Severino, Former Secretary-General, ASEAN. The first presentation of the session was on, 'Asian Energy Outlook and Its Implications', by Mr. Ryouichi Komiyama, Institute of Energy Economics of Japan, Tokyo, where he advised Asian countries to fully exercise the use of bargaining power as a massive oil-consuming region, strengthen dialogue and cooperation with oil producing countries as equal partners, construction of share reserve scheme, effective use of existing infrastructure, promotion of cooperative resource development and procurement and conditioning of international oil markets to give the supply and demand structure more flexibility.

Professor Tsugio Ide, G-SEC, Keio University and former Vice-Minister, EPA, Japan, made the subsequent presentation on 'Role of Regional Cooperation for Energy Security in Asia', in which he listed out certain lessons for Asia citing the energy policies of the EU. The last presentation of this session was made by Dr Rajiv Kumar, Chief Economist, Confederation of Indian Industry, New Delhi on 'Prospects of Asian Energy Cooperation'.

In the next session, a panel discussion on 'Strategic Relevance of Asian Economic Integration' took place. It was co-chaired by Ambassador Aftab Seth, former Indian Ambassador in Japan and currently President, G-SEC, Keio University, Tokyo and Professor Zhang Xiaoji, Director-General, Research Department of the Foreign Economic Relations, DRC of the State Council, Beijing. It had key presentations by Dr Eric Teo, Council Secretary, Singapore Institute of International Affairs; Professor Mukul Asher, National University of Singapore; and Professor Brij Tankha, Delhi University.

Dr Teo's presentation, 'Strategic Relevance of Asian Economic Integration', highlighted various aspects of economic cooperation in Asia and asserted that Asian regionalism would undoubtedly rise to form the Asian Economic Community one day. Professor Asher's presentation, 'India: An Integral part of New Asia', argued for India's imminent place in the Asian integration scene demonstrating its suitability to be included in East Asia's schemes of economic cooperation and integration.

The concluding session of the conference included a Roundtable Discussion on the Way Forward, which was co-chaired by Ambassador Sudhir Devare. The key panelists in the session were Professor E. Sakakibara, Former Vice Minister of Finance, Japan; Professor M. Ariff, Executive Director, MIER; Ambassador Shashank, Former Foreign Secretary, India; Ambassador Aftab Seth, G-SEC; 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. The Tokyo Consensus (see box) built significantly upon the 'Delhi Consensus' which was adopted at the New Delhi Conference on "Building a New Asia: Towards an Asian Economic Community" held on March 10-11, 2003.

The Tokyo Consensus

The High-level Conference on Asian Economic Integration: Vision of a New Asia was organised by RIS in Tokyo on November 18-19, 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 organising 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 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. Asian countries have also integrated themselves as is evident from 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 institutionalised 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 will also be fruitful.

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.

Finally, the Conference emphasised 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 recognised. 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 realising 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.

Tenth ASEAN Summit and Regional Economic Integration

The Tenth ASEAN Summit under the theme 'Advancing a Secure and Dynamic ASEAN Family through Greater Solidarity, Economic Integration and Social Progress' was held on November 29-30, 2004 in Vientiane, capital city of Laos.

The leaders attending the summit adopted the ASEAN Security Community Plan of Action and the ASEAN Socio-Cultural Community Plan of Action to implement the Declaration of ASEAN Concord II to realise the establishment of the ASEAN Community comprising three pillars, viz. the ASEAN Security Community (ASC), ASEAN Economic Community (AEC) and Socio-Cultural Community (ASCC).

The leaders also signed the Vientiane Action Programme, a six-year plan, which is the successor of the Hanoi Plan of Action to realise

the end goal of the ASEAN Vision and the Declaration of ASEAN Concord II. The VAP focuses on deepening regional integration and narrowing the development gap within ASEAN, particularly the least developed Member Countries. They agreed to establish an ASEAN Development Fund (ADF) to support the implementation of the VAP and future action programmes. In this connection, they also called on the ASEAN Dialogue Partners, other countries and regional and international organisations to support the implementation of the VAP.

To further deepen regional economic integration, the leaders also signed the ASEAN Framework Agreement for the Integration of Priority Sectors and tasked the Ministers responsible for ASEAN Economic Integration to continue coordination and monitoring of the

implementation of all measures specified in the Road Maps to ensure the successful integration of the priority economic sectors within the time frame.

On the issue of strengthening cooperation with their dialogue partners, the ASEAN leaders noted the progress made in the political and economic cooperation with the Dialogue Partners. In this regard, they expressed satisfaction with the overall progress of the ASEAN+3 cooperation. They reaffirmed their determination to continue to drive the ASEAN+3 cooperation and to work closely with China, Japan and the Republic of Korea in promoting East Asia cooperation. An important achievement was the agreement on the convening of the First East Asia Summit in Malaysia in 2005.

(Source: Chairman's Statement of the Tenth ASEAN Summit, Vientiane, November 29, 2004, available at www.aseansec.org) ■

Led by China and India, Twenty First Century Belongs to Asia: CIA Report

The National Intelligence Council, a think tank of the Central Intelligence Agency (CIA) of the United States, has released a report considering the prospects of the world as it might evolve in 2020. The report predicts an enormous rise in the powers of India and China along with other Asian states. "The Twenty-First century may be seen as the time when Asia, led by China and India, comes into its own. A combination of sustained high economic growth, expanding military capabilities, and large populations will be at the root of the expected rapid rise in economic and political power for both countries", the report predicts.

The report, "Mapping the Global Future", argues that by having the fastest-growing consumer markets, more firms becoming world-class multinationals, and greater S&T stature, Asia looks set to displace the Western countries as the focus for international economic dynamism.

The rise in Asia's stature would primarily be led by India and China, who will be in a position to achieve higher economic growth than Europe and Japan whose aging work forces may inhibit their growth, says the report. By 2020, China's economy will exceed all others except the United States in size, while India will have overtaken Europe, the report further suggests.

The report also insinuates that while currently China displays higher economic growth prospects, in the longer term, India might overtake China as the fastest growing economy due to several factors such as its growing working-age populations, well entrenched democratic institutions, working capital markets and world class institutions in some important high tech sectors, which China has yet to achieve.

(This report is available at http://www.cia.gov/nic/NIC_globaltrend2020.html) ■

India and ASEAN Sign on Partnership for Peace, Progress and Shared Prosperity

Indian Prime Minister Dr Manmohan Singh and the ASEAN leaders met for the Third ASEAN-India Summit held in Vientiane on November 29, 2004. The leaders held a productive meeting on various issues of mutual interest, including regional and international political and economic issues, ways to deepen ASEAN-India partnership and the future direction of the relations.

Both sides expressed satisfaction on the progress made in ASEAN-India relations since the last two ASEAN-India Summits held in Cambodia in 2002 and Indonesia in 2003. The leaders then signed the "ASEAN-India Partnership for Peace, Progress and Shared Prosperity" and adopted its Plan of Action to expand and deepen partnership and cooperation in the new century.

Recognising that the ASEAN-India FTA would create new opportunities for strengthening and enhancing economic, trade and investment cooperation in the two regions, the two sides noted with satisfaction the progress made thus far in the negotiations of the ASEAN-

India Trade Negotiating Committee to establish an ASEAN-India Free Trade Area (FTA), which is part of the implementation of the ASEAN-India Framework Agreement on Comprehensive Economic Cooperation signed in Bali last year. ASEAN and India also agreed to an interim Rules of Origin for Early Harvest Programme (EHP).

India proposed several initiatives to ASEAN. These include the offer of concessional lines of credits of up to \$200 million for collaborative projects within the ASEAN countries, an India-ASEAN high speed optical fibre link, development of a net portal through which ASEAN members would be able to utilise a system India has developed called 'Shruti-Drishti' for visually impaired persons to use the Internet, joint R&D of medicines and cross-border disease control, as well co-operation in the field of agriculture including exchange of germ plasm and harmonisation of regulatory mechanisms.

The ASEAN leaders expressed their appreciation to India for its support to establish an Entrepreneurship Development

Centre (EDC) in each CLMV, aimed at promoting capacity building in the areas of entrepreneurship and skilled labour development, and fostering SMEs, trade and investment in the respective countries and the region. The first EDC was opened in Vientiane during the Tenth ASEAN Summit and similar EDCs will be opened in Cambodia, Myanmar and Viet Nam in 2005.

The ASEAN leaders also responded positively to India's proposal that regional trade arrangements in South, Southeast Asia and East Asia served as building blocks towards wider economic and development cooperation in Asia and acknowledged that ASEAN and India, working in partnership, could contribute immensely to linking these regional trade arrangements together to promote Asia's economic growth and prosperity. India also proposed hosting a workshop to evolve a concept paper on an Asian Economic Community, which would encompass India, ASEAN, Japan, China and Korea.

(Source: Chairman's Statement of the Third ASEAN-India Summit, Vientiane, November 29, 2004. ■

Asian Energy Ministers Meeting

The First Roundtable of Asian Ministers on Regional Cooperation in the Oil and Gas Economy was held on January 5, 2004 in New Delhi. The One Day Round Table was held by Ministers from major Asian oil buying and selling countries including representatives of International Energy Forum (IEF), International Energy Agency (IEA), OPEC etc.

The Ministers at the Roundtable unanimously agreed that the Asian oil economy is integral to, and inseparable from, the global oil economy. They further stressed that with Asian destinations emerging as the principal consumers for Asian production, and the share of Asia in global production and consumption likely to progressively increase, cooperation between Asian producers and Asian consumers is crucial to ensuring stability, security and sustainability through mutual interdependence in the Asian oil and gas economy. They also highlighted that the fundamentals of such cooperation must include moderation, dialogue, mutual understanding and respect, security of international supplies, demand-supply equilibrium, and

strategic partnerships ministers concurred that there is scope for improving Asian markets for petroleum and petroleum products. The ministers resolved that the prices should be sustained at levels which encourage Asian consumers to increase their purchases of Asian produce; at the same time, prices should be such as to encourage Asian producers to promote investment in oil and gas for Asian consumer destinations as an economic priority.

The Ministers also decided that crisscross investments all along the entire oil and gas products chain through reciprocal investment interlocking of producers and consumers will guarantee security of both supply and demand, thus contributing to stability of prices and thereby security of both supply and demand. Thus they agreed that the stability of prices would encourage domestic and cross-country investment in all streams of the petroleum sector and other energy-related projects.

However, it was also taken into account that caution must be exercised in promoting balanced investment so that over-investment does not lead to excess capacity nor

under-investment to shortage of supplies.

The Ministers also reflected upon the idea of strategic storage and stockpiling as they contribute to security, and in this regard the valuable experience of Japan, which might hold significant lessons for other major consumers, was sought.

Japan also proposed a Sustainable And Flexible Energy system (SAFE), which constitutes a useful framework for further consideration of issues of energy security. Iran proposed the setting up of an Asian Bank for Energy Development.

Endorsing the importance of energy conservation for the protection of the environment and issues of climate change, the need for technological cooperation in the pursuit of cleaner and more environmentally-sound fossil fuel technologies was emphasised by the ministers. To this end, cooperation among Asian research and development centers and the promotion of conservation awareness among the general public were recognised as key instrumentalities.

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

ACD Think Tanks Symposium on Asian Dynamism

The Thai Ministry of Foreign Affairs in association with Saranrom Institute of Thailand organised a symposium of the ACD (Asian Cooperation Dialogue) on the theme, 'Towards Asian Dynamism: The Potentials of Asian Cooperation Dialogue' from December 15-17 2004, in Bangkok.

The Symposium involved presentations on various areas of cooperation in Asia on which the ACD could work, such as developing Asian resources and technological research, enhancing economic and financial cooperation in Asia, strengthening Asian foundations and building networks and linkages across Asia.

Speaking on the occasion, Thai Foreign Minister, Surakiart Sathirathai talked extensively on the budding idea of an Asian Economic Community. "I envisage an Asian community that utilises the pool of its human and natural resources for the region's wealth and prosperity. I envisage an Asian community that is not an exclusive community but one which is inclusive, and working not only towards its own prosperity but also to promote global prosperity", he said.

Mr Sathirathai proposed four areas of cooperation in Asia. These areas included strengthening of people-centered development, utilisation of Asian resources and advancement of technological research, economical and financial cooperation and building of networks and transport linkages across Asia.

The Symposium concluded with a discussion on concretising Asian dynamism and potentials, the way forward and the benefits of such a process.

RIS, which has been designated by the Government of India as the Academic Arm Unit from India for the Asia Cooperation Dialogue (ACD), was represented at the symposium by its Visiting Senior Fellow, Prof. K.J. Joseph.

(Source: Asian Cooperation Dialogue Website, Ministry of Foreign Affairs, Thailand, Press Release)

ASEAN+3 Summit: Leaders Reaffirm Commitment on Establishing an East Asian Community

The Eighth ASEAN+3 Summit was held on the sidelines of the Tenth ASEAN Summit in Vientiane, Laos on November 29, 2004. The Meeting was chaired by H.E. Mr. Bounnhang Vorachith, Prime Minister of the Lao People's Democratic Republic (Lao PDR), and was attended by Heads of State/ Government of ASEAN, China, Japan and the Republic of Korea.

The leaders began by an exchange of views on regional and international political and security, and economic issues. They also discussed ways and mechanisms to strengthen the ASEAN+3 cooperation and its future direction.

Among the issues of regional cooperation, the leaders welcomed the accession of the Republic of Korea and the Russian Federation to the Treaty of Amity and Cooperation in Southeast Asia.

Taking into account the current high oil price, the leaders supported energy cooperation, in particular, in alternative energy, such as bio-fuels, and hydroelectric power. They also welcomed the outcome of the First ASEAN+3 Energy Ministers Meeting in the Philippines in June 2004.

The leaders noted with satisfaction the steady progress in ASEAN+3 cooperation and encouraged a speedy implementation of the short and long term measures of the East Asia Study Group (EASG), which were adopted in 2002, aiming to broadening and deepening East Asia cooperation. They also noted the expanding and deepening of ASEAN+3 sectoral cooperation, especially in the monetary and financial and economic sectors. In this regard, they welcomed the

setting up of the ASEAN+3 Unit in the ASEAN Secretariat last year.

The leaders also exchanged views on the establishment of an East Asia Free Trade Area (EAFTA) and welcomed the decision by the ASEAN+3 Economic Ministers to set up an expert group to conduct a feasibility study on EAFTA.

The leaders agreed that the establishment of an East Asian Community is a long-term objective. They reaffirmed the role of ASEAN+3 process as the main vehicle for the eventual establishment of an East Asian Community. China, Japan, and the Republic of Korea reiterated their support for ASEAN's role as the major driving force in East Asia cooperation.

(Source: Chairman's Statement of the Third ASEAN+3 Summit, Vientiane, November 29, 2004.)

ASEAN and India Weaving a Regional Fabric: ASEAN Secretary-General

ASEAN Secretary General, Mr. Ong Keng Yong, delivered the eighteenth 'India-ASEAN Eminent Persons Lecture', organised by RIS on October 18, 2004 in New Delhi.

Mr Ong began his lecture, 'Advancing the ASEAN-India Partnership in the New Millennium', with a brief history of India-ASEAN relations, emphasising that the civilisational links between the two regions go back thousand of years. "These linkages manifest themselves in the many historical monuments, the rich cultural heritage, the religious affiliations, the diverse culinary delights and the linguistic influences in Southeast Asia", he added.

After independence, said Mr. Ong, although India acted as an inspiration for many newly independent nations in Southeast Asia being the largest democracy in the world, unfortunately, the

relationship remained lukewarm for the next three decades due to the divergence in ideological outlook and security relationships during the Cold War. "Relations were put back on track with the adoption of the "Look East Policy" by India in 1991 and ASEAN's strong desire to forge closer ties with India", he held.

Speaking further on cooperation between India and ASEAN, Mr Ong noted that India has a web of cooperation with East Asian countries, especially ASEAN through the ASEAN-India dialogue process, the bilateral free trade agreements with Singapore and Thailand and sub-regional initiatives such as the Mekong-Ganga Cooperation and the Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation (BIMST-EC). "India believes that its dynamic economy of over US\$500 billion and its

capabilities in software and services that complements with East Asia's hardware and manufacturing will be attractive reasons for a Pan Asian economic integration and has already mooted the idea of an Asian economic community, comprising the ten ASEAN economies and economies of China, Japan and the Republic of Korea, in October 2003 at the ASEAN-India Summit in Bali, Indonesia", he highlighted.

To achieve such integration ASEAN and India should continue to work closely under the Framework Agreement on Comprehensive Economic Cooperation, Mr Ong asserted. He concluded with a ten point advisory agenda on advancing ASEAN-India People to People Partnership.

(The full text of the speech is available at <http://www.aseansec.org/16501.htm>) ■

Special ASEAN Leaders Meeting on Tsunami

A special ASEAN leaders' meeting on the aftermath of the massive earthquake and tsunami of December 26, 2004 that affected 8 Asian and 3 Eastern African countries was held in Jakarta on January 6, 2005. The ASEAN leaders, who were joined by the heads of state/government of Australia, China, Japan, Republic of Korea, New Zealand, United Nations Secretary-General Kofi Annan, and special envoys of other donor countries and heads of international organisations, adopted a Declaration of Action to Strengthen Emergency Relief, Rehabilitation and Reconstruction.

The leaders at the Meeting began by expressing their profound sorrow and solidarity to overcome the unprecedented catastrophe that befell the Indian Ocean rim countries on December 26, 2004.

They drafted their response to the calamity at three fronts. At the first front was the decisions made with regard to Emergency Relief. The leaders under this front emphasised on urgent mobilisation of further additional resources. They further requested the United

Nations to mobilise the international community to support the national relief emergency programmes and welcomed in this regard, the Flash Appeal by the United Nations. They also decided to strengthen coordination and cooperation of the national, regional and international relief efforts, to ensure effective and immediate distribution of the assistance. They also agreed upon supporting the efforts of the affected countries, as national coordinators, to ensure an effective channeling and utilisation of assistance as offered by donor countries, international organisations and non-governmental relief organisations.

At the Rehabilitation and Reconstruction front, the leaders decided to support and emphasise the importance of national rehabilitation and reconstruction, call on the international community to provide the necessary fund for the viability and sustainability of those programs, establish a partnership, upon the request and the leadership of the country concerned to support the respective national programs of the affected countries, welcome

the initiative of several countries on the moratorium of payments of the external debt of the affected countries to augment their national capacity to carry out the rehabilitation and reconstruction efforts and promote and encourage private sector participation in and contribution to the rehabilitation and reconstruction efforts.

Lastly, on the issue of Prevention and Mitigation of such calamities in future the leaders decided upon supporting ASEAN's decision to establish regional mechanisms on disaster prevention and mitigation, establishing a regional early warning system, promoting public education and awareness as well as community participation in disaster prevention and developing and promoting national and regional human and institutional capacity, transfer of know-how, technology, and scientific knowledge in building and managing a regional early warning system and disaster management through international cooperation and partnership.

(Source: ASEAN Secretariat Press Release, www.aseansec.org) ■

First India-ASEAN Car Rally

The first India ASEAN Car Rally, a joint effort of the Government of India, the Governments of ASEAN, the ASEAN Secretariat and the Confederation of Indian Industry was organised from November 22 to December 11, 2004.

The car rally, which was organised to display the geographic contiguity from India to Indonesia in ASEAN was flagged off by the Indian Prime Minister, Dr Manmohan Singh at Guhawati, Assam. Speaking on the occasion Dr Singh said, "This Car rally will capture the imagination of our people, in demonstrating the essential oneness of our integrated region. I see this car rally as a journey into the future, demonstrating the possibilities that can come about in trade, tourism, and people-to-people contact by bringing our countries together."

The rally crisscrossed through Myanmar, Vietnam, Laos, Cambodia, Singapore, Malaysia and Indonesia covering 8,000-km in 20 days. A convoy of 60 cars, with 240 participants from 10 countries participated in the roadshow.

In his address, Secretary General of ASEAN Mr Ong Keng Yong said, "this is expected to give a boost to the development of business linkages and corporate networks".

The car rally reached Vientiane, the capital city of Laos on November 30 from where it was flagged off for its second leg by all the ASEAN Leaders and the Indian Prime Minister who had gathered in the city for the Third India ASEAN Summit.

The rally came to a close at Batam, Indonesia on December 11 where participants were welcomed by HE Dr. N Hassan Wirajuda, Minister of Foreign Affairs, Republic of Indonesia, who was joined by Chief Minister of Assam, Tarun Gogoi who presented the Foreign Minister with a scroll signed by the citizens of Guwahati. ■

India-ASEAN Business Summit

The Third India-ASEAN Business Summit was held in New Delhi and Chennai from October 19-21, 2004. The Summit was inaugurated by the Indian Prime Minister, Dr Manmohan Singh, who affirmed the Indian Government's commitment to intensify the process of regional cooperation and integration between India and ASEAN.

Dr Singh, in his address, envisioned an Asian Economic Community, which encompasses ASEAN, China, Japan, Korea and India. The Prime Minister referred to the Early Harvest Programme, which provides for immediate tariff concessions through trade

liberalisation. He also underlined the Government's objective of stepping up the rate of growth of Indian economy from 7 per cent to 8 per cent over the next decade and to make efforts to promote such investment and to create a conducive climate for investors and entrepreneurs. Dr. Manmohan Singh emphasised the fact that Indian economy could absorb up to \$150 billion of foreign investment in the infrastructure and invited the ASEAN businesses to invest in India. The Prime Minister also advised the State Governments to be proactive in developing mutually beneficial co-operation with the ASEAN region.

The Summit was also

attended, among others, by Indian Commerce Minister, Mr. Kamal Nath, ASEAN Secretary General, Mr. Ong Keng Yong, President-elect, CII, Mr. Y.C. Deveshwar and President, FICCI Mr. Yogendra Kumar Modi.

Mr Ong Keng Yong in his address said that it was essential to have such an event because it highlights common endeavours to increase two-way trade and investment flows; the networking provided is useful for our business people.

Mr. Kamal Nath also addressed the delegates. "Trade and investment are the twin basic building blocks of the India-ASEAN relationship. But if

we are to erect a magnificent edifice from these building blocks, then we will have to seek diversification - both, of products as well as widening the base of countries. Currently a major portion of India-ASEAN trade is with just three or four of the ten countries in the grouping. While seeking to increase our trade with existing partners, India and ASEAN businessmen in the rest of the countries must also actively explore possibilities of mutually beneficial trade. India wants to have a substantial and fulfilling relationship with all ten ASEAN countries", he highlighted.

(Source: ASEAN Secretariat Press Release, www.aseansec.org) ■

Malaysian Prime Minister Appreciates India's Commitment to Cooperation with ASEAN

Malaysia's Prime Minister Abdullah Ahmad Badawi paid a State Visit to India from December 19-23, 2004. His visit marked an important chapter in the cooperation between the two countries as 12 business agreements, encompassing wide range of areas such as cooperation in the field of information technology, biotechnology, agriculture, satellite systems, railways, television networks etc., were signed.

These agreements further boosted the high level of cooperation that already exists between Malaysia and India. Today, Malaysia is India's largest

trading partner among ASEAN countries, with bilateral trade recording US\$3.2 billion.

During his speech at the official dinner hosted by the Prime Minister of India, Dr Manmohan Singh, Prime Minister Badawi spoke extensively and warmly on India's bilateral cooperation with Malaysia as well as its interest in cooperating with ASEAN. "Our two countries enjoy mutually beneficial relations not only at the bilateral level but India has also developed very substantive relations with ASEAN, a regional organisation in Southeast Asia which is very important to

Malaysia", emphasised Prime Minister Badawi. "We value India's interest in developing relations with ASEAN as a regional organisation. ASEAN is particularly appreciative of India's accession to the treaty of amity and cooperation in Southeast Asia because it formalises and symbolises India's long term commitment as a partner for peace and progress in our region", he further added.

In the meanwhile, Dr Badawi hoped that the two countries would work towards greater economic and trade cooperation, which should culminate in some form of free trade agreement between the two countries. ■

Asian Parliamentarians Endorse Asian Community

The Fifth Association of Asian Parliaments for Peace (AAPP) General Assembly was held in Islamabad, Pakistan, from November 20 to December 3 2004.

The Assembly culminated in the signing of the 35-point Islamabad Declaration, setting Asia on a course toward integration and a regional parliamentary assembly that could be organised as early as 2009.

"We believe that regional integration towards building an Asian community can be achieved by establishing an Asia-wide Parliamentary Assembly for inter-regional and intra-regional collaboration for promoting common goals of peace and development," the Islamabad Declaration said.

"The objective of achieving economic and social development will be greatly facilitated by the creation of an Asian Common Market, eventually of a Common Asian Currency and the Establishment of an Asian Anti-Poverty Fund and Asian Monetary Fund", the Assembly said in approving a joint Philippine-Pakistani resolution on Socio-Economic Cooperation.

(Source: House of Representatives, Philippines, Press Release) ■

Asian Bankers Annual Meeting Urges Regional Cooperation

The Twenty-first Annual Meeting of the Asian Bankers Association (ABA) was held in Hanoi on November 4-5, 2004 with Deputy Prime Minister of Vietnam, Vu Khoan, urging closer co-operation among Asian banks to share information and experiences.

"Regional co-operation is needed to formulate a uniform legal system to resolve bankruptcy issues and protect creditor rights", Khoan said. "This meeting is a useful opportunity for the delegates to exchange ideas and initiatives aimed

at strengthening cooperation among regional financial institutions in order to promote economic development in all Asia-Pacific countries," he said.

ABA founder Jeffrey L S Koo said the major challenge that Asian countries face is regional integration. Integration, he said, involves not only freer trade but also the creation of strong financial markets.

Members of the association said in a statement that developing healthy regional financial markets requires the development of insolvency regulations

and creditor rights systems. The association also addressed measures to raise the standards for Asian banks under the Revised International Capital Framework or Basel II Accord, enhance the management of global finance, tap profit potential and limit risks.

The 120-member association was set up in 1981 with the aim of providing a forum to exchange views and information on banking developments in the region.

(Source: Asian Bankers Association, Press Release) ■

East Asian Economic Community Should Include India

Lee Kuan Yew, Minister Mentor, Singapore Prime Minister's Cabinet

If we want an economic community, I think it is possible but it would take many years. Asia is very different, very diverse. India should join in, as there is nothing to be lost. It will expand the market, force more specialisation, division of labour, and India has something to contribute in economic, political, diplomatic as well as the security field. So I believe it is to the advantage of the ASEAN countries that any such East Asian community should include India.

To become an East Asian Union, that is different. To have one currency would take many decades. A number of questions regarding the currencies as well as their harmonisation will have to be answered. So, I think aim for a free trade area first, of the ASEAN countries; then bilaterals with China, Japan, Korea, India; then all of them together in one free trade area; then the next stage would be of an Asian Economic Community which, in the end, could include Sri Lanka, Nepal, Pakistan and Bhutan.

(Excerpts from, Singapore's Mentor Minister, Lee Kuan Yew's (Former Prime Minister of Singapore) address to the Foreign Correspondents Association of Singapore, from *The Straits Times*, December 22, 2004)

© *The Straits Times*.

One Asia

The Jakarta Post

The walls of division which separate the people's of South, Southeast and East Asia came down as leaders of 14 Asian countries gathered in Vientiane. The annual summit of the 10-member Association of Southeast Asian Nations (ASEAN) of 2004 included meetings with leaders from China, Japan, South Korea and India.

Beyond the decorum, the significance of these 13 men and one woman gathering in the same room with a seemingly genuine desire to pursue mutual cooperation should not be understated. They represent some two billion people of Asia whose lives are separated by natural boundaries, language, ideology and materialistic interests.

No small thanks should be directed toward the work of ASEAN. The regional grouping has effectively made open conflict between the 10 Southeast Asian states

"In addition to the ASEAN +3, there is the emerging ASEAN +3+India, and that will be a formidable regional grouping that can negotiate then with the European union, the Americas, Africa and such regional economic groupings."

— Gloria Macapagal Arroyo, *President, Republic of the Philippines*

(Quoted from the speech delivered at the ASEAN Business Summit, Vientiane, Laos, November 28, 2004)

increasingly obsolete. Its work in engaging powerful east Asian neighbours — China, Japan and South Korea — is also beginning to bear fruit.

It is the nations' leaders that declare war and make peace. And in that respect there is confidence that ASEAN's continued engagement with Asian giants will yield similar peaceful results.

The diversity between the nations will remain. But, as President Susilo Bambang Yudhoyono said upon his arrival in the Laotian capital last week, the diversity of the peoples of Asia should be a source of strength, not division.

Whether we are Thai or Filipino, Indonesian or Japanese, each have innate values common to any human being. Being fellow Asians only helps to narrow any divergence of perceptions.

(Excerpted from *The Jakarta Post*, December 1, 2004)

© *The Jakarta Post*.

Which Country is Calling the Shots in East Asia?

Kavi Chongkittavorn

It is official. East Asia will have its first summit in Kuala Lumpur later next year. That much was clear from the recently finished ASEAN summit in Vientiane. In a way, the Laotian capital was an epoch-making venue. For the first time in the region's history, all of the leaders from East Asia as well as those of India, Australia and New Zealand met back to back in both groups and individually. Together in one meeting, these were the components that would comprise the dream team of the formidable East Asian Community (EAC).

This idea was exactly what Singapore's Prime Minister Lee Hsien Loong floated at the summit. India, Australia and New Zealand should be included, he recommended, in the East Asian dialogue and cooperation as they could serve as a countervailing force to the more powerful Northeast Asian countries.

However, this practical view is quickly shot down by Malaysia. Despite the recent thaw in Malaysian-Australian ties, Kuala Lumpur continues its long-standing

opposition to Canberra.

Meanwhile, Cambodian Prime Minister Hun Sen noted that if a unified East Asia was to include India, then the East Asia Community should be changed to the Asian Community.

That is what Indian Prime Minister Manmohan Singh has had in mind all along since assuming the leadership of his country early this year. To demonstrate its seriousness, India decided to give an early harvest as part of its free trade agreement package with ASEAN. This was a clever move to increase New Delhi's bargaining power with the grouping. Its quick offer followed hot on the heels of China's FTA negotiations with ASEAN. China and ASEAN signed the FTA on trade in goods and dispute-settlement components in Vientiane. The approach has won accolades from ASEAN countries.

China's enthusiasm for FTAs has already overshadowed Japan's ongoing trade liberalisation with individual ASEAN members. Moreover, Japan's bid for a seat on the United Nations Security Council is also in competition with a similar ambitions in India and Indonesia. That is why Jakarta is still withholding its endorsement of Tokyo though other ASEAN members have already gone through with it. It is no secret that while Beijing would back India's ambition, it has vehemently opposed Japan's.

(Excerpted from *The Nation*, Bangkok, December 6, 2004)

© *The Nation*.

An Asian Economic Union

Rowan Callick (Editor, *Australian Financial Review*)

The countries of East Asia, which are leading world growth in the twenty-first century, have at last started groping their way towards an economic union to rival those of Europe and North America.

Until the summit of the Association of South East Asian Nations in Laos, which ended on December 1, the push for integration of these countries - far more culturally disparate than those of Europe or America - lacked a venue.

Now, the annual summits of the ten ASEAN leaders with those of China, Japan

OPINIONS

and South Korea are shaping up as the platforms where patterns of regional integration are shaped. India joined the crowd this year. So too did Australia and New Zealand. The emergence of an East Asian Community is set to be confirmed then.

It is China, whose economic surge is sucking in imports from its neighbourhood, giving most Asian countries substantial trade surpluses, which is driving this vehicle. It will now form a free trade area with ASEAN's six original and more advanced members by 2010, and the other four by 2015.

Japan and South Korea are starting to discuss more vague FTAs with ASEAN, while Australia and New Zealand, whose own 30 year old free trade area is known as Closer Economic Relations, are also about to begin FTA negotiations with ASEAN, which are expected to aim, at least, at being comprehensive.

All eyes, in Laos, were on China's Premier Wen Jiabao who said that promoting an Asian economic zone comprised "a strategic choice made in the interests of China's own development and in the common interests of the region."

As Washington remains preoccupied with the Middle East and withdraws troops from Asia, the impetus in regional influence is swinging strongly China's way, with even allies South Korea and Australia constantly ratcheting up their relations with Beijing. Asian states hold about \$US1 trillion savings held in US assets, and are increasingly anxious about their potential returns. The ultimate destination of this new Asian push could be a European style common market, a China-dominated co-prosperity sphere, or a bowl of free trade agreement noodles intricately but confusingly enmeshed.

A new region-wide agreement would have the benefit of removing much of the new compliance costs business faces as it seeks to benefit from the recent rash of regional bilateral agreements, and it would shift the administrative burden from ASEAN itself.

(Excerpted from Tech Central Station (website), December 23, 2004)

© Tech Central Station.

At Last, Asia is Taking Shape

Brad Glosserman, Director of Research, Pacific Forum, CSIS

East Asia is laying the foundation for an international presence that will rival that of the European Union.

"We must expand our linkages with our trading partners through strategic alliances. We recognise the emergence of India and China in the global trading environment. ASEAN has started to engage these countries through comprehensive economic partnerships. We are also negotiating free trade areas with China and India."

— Dato' Seri Abdullah Ahmad Badawi, Prime Minister of Malaysia

(Quoted from the speech delivered at the ASEAN Business Summit, Vientiane, Laos, November 28, 2004)

China is driving regional integration. ASEAN nations are eager to seize opportunities created by its explosive economic growth. Beijing is well aware of its growing leverage, and has used economic agreements to overcome Southeast Asian concerns about the impact of China's rise.

Last month's ASEAN-China summit continued the integration process. Members signed an action plan to implement the strategic partnership that China and ASEAN agreed to at last year's summit.

Most important, they also agreed to speed implementation of the ASEAN-China Framework Agreement on Comprehensive Economic Cooperation.

ASEAN has to do more than just ride the tiger. The failure to rise to China's political challenge — to forge a collective capacity to truly act as one rather than "the ASEAN 10" — will result in the group's marginalisation. Plus Three process. ASEAN wants to be in charge. This concern about maintaining the initiative was behind last year's Bali Concord II, which reaffirmed the group's commitment to an ASEAN community based on political, security and social-economic concerns.

ASEAN's growing intimacy with China is driving Japan and South Korea to seek their own free trade agreements with the group.

Cumulatively, Japan, South Korea and ASEAN might be able to balance China. ASEAN has been reaching out to India, Australia and New Zealand as well to provide strategic counterweight and ensure that it has options. While ASEAN worries about the regional balance of power, the rest of the world has to take note of the ASEAN+3 process and see it for what it is: the core of an emerging political identity that could recalibrate the global balance of power.

(Excerpted from *The Japan Times*, December 11, 2004)

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First Things First

Business Standard

The Asian Economic Community comprising ASEAN, China, Japan, South Korea and India, when it comes about, will be a truly formidable grouping, which will be

able to more than hold its own in trade and other negotiations with the West.

Given that global integration is rapidly being preceded by regional integration, it makes sense to think big and aim for such a major grouping. Anything smaller really doesn't make much sense, either economic or political, when weighed against the cost, time, and effort that would be required to put it together.

If such a group comes into existence, it will make the world approximate George Orwell's three groupings in his book 1984 (Oceania, Eurasia, and Eastasia). A coincidence, surely.

What would India have to do domestically to make the grouping come into being? The answer was given by ASEAN when India first knocked at its door: lower tariffs to our levels, encourage FDI the way we do, have more business-friendly labour laws, get your public finances into shape, improve your infrastructure to match ours—these were some of the things indicated.

In short, if you want to be one of us, be like us. Since then, India has done quite a lot to become like them, but not enough. It needs to do a great deal more before it makes sense for ASEAN, Japan, Korea, and China to allow India into the club they are forming.

(Excerpted from *Business Standard*, October 21, 2004)

© *Business Standard*.

Asia Stands Divided Against Dollar and Euro

William Pesek Jr.

Size matters, something Southeast Asian economies have come to understand as they try to compete globally. It explains why they now invite Japan, China and South Korea to their regional confabs.

If Asia is going to compete with the U.S. and Europe, it needs to get bigger. While the ASEAN, is fine, bringing Asia's three biggest economies into the fold makes it more relevant. What Asia really needs is a euro-zone model of economic integration and even a single currency.

A regional currency could eliminate exchange-rate gyrations that hold back growth and scare investors. It could lead to

greater convergence, bringing borrowing costs, fiscal policies and inflation trends into line with one another. And bond yields might move lower across Asia. A single Asian currency would better position Asia to compete with the U.S. and Europe. It would mean a Europe-like stability and growth pact, requiring governments to live within their means. That won't go over too well with the Philippines and other countries plagued by chronic budget deficits.

Next, Asia would need a single central bank to conduct monetary policy for ASEAN countries, China and Japan.

(Excerpted from *Bloomberg News*, December 2, 2004)

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Asia Takes a Historic Step

The Japan Times

Historians may well look back at the 2004 ASEAN summit and call it the first real move toward creating a regional economic group that unites all of Asia.

The highlight of the meeting was the signing of a China-ASEAN trade accord. The trade accord consolidates China's position as the nation leading Asian economic cooperation and development.

Just as important is the impetus the deal gives ASEAN to accelerate its own plans for integration. Eliminating barriers among ASEAN nations is crucial if Southeast Asia is to stay competitive with China. Without those tariff cuts, trade will increasingly move between individual nations to China. Creating a free market within ASEAN will spur trade within the region, and the region's own growth.

Conscious of the region's growing reliance on the Chinese market, ASEAN has been reaching out to other dialogue partners too. While the prime ministers of Australia and New Zealand made historic appearances, the group also signed a partnership agreement with India.

Japan was another winner at the meeting. Japan and ASEAN issued a joint statement calling for negotiations on a comprehensive economic partnership. ASEAN also endorsed Japan's bid for a permanent seat on the U.N. Security Council.

ASEAN has now agreed to conclude FTAs with all three of its Northeast Asian trade partners, although each has a different target date. These trade deals are designed to create a trade bloc that rivals the European Union and North American FTA. They will

provide a huge boost to the region's economic prospects, spurring growth and sharing prosperity.

(Excerpted from *The Japan Times*, December 4, 2004)

© *The Japan Times*.

Countdown for Asian Economic Integration

Nagesh Kumar, Director-General, RIS

The recently-held summit of ASEAN in Vientiane, Laos would be remembered for pushing the agenda for pan-Asian economic integration.

The signing of China-ASEAN free trade agreement (FTA) at the summit received much attention worldwide. However, Japan and India are also working on FTAs with ASEAN having signed framework agreements at the Bali summit in October 2003. Korea also reached an understanding to evolve an FTA with ASEAN at the Laos summit. Significantly, Japan, Korea and China are studying an FTA linking them. India is studying an FTA with China and has agreed to study such arrangements with Japan and Korea. With this extensive web of FTAs, a virtual free trading arrangement linking Japan, ASEAN, China, India and Korea (JACIK) is emerging. However, these bilateral or sub-regional FTAs don't allow full exploitation of the potential of regional cooperation and hence are sub-optimal.

The region needs an over-arching regionwide FTA to make most of the synergies

or complementarities existing in the region. The Laos summit seems to have taken steps to provide a nucleus of such an institutional infrastructure. Besides consolidation and deepening of economic integration of ASEAN countries, it was agreed to organise an East Asian summit in 2005 hosted by Malaysia to launch the process of broader pan-Asian integration. As a summit-level partner of ASEAN and considering bilateral FTAs with China, Japan and Korea, India should participate in the East Asian summit and contribute to the process of building a new Asia. Countries like Singapore did make a case for India's participation in the process.

India's interest in playing a role in working towards a broader Asian economic community was amply made clear by Prime Minister Manmohan Singh when he carried forward the proposal made by his predecessor of coming together of ASEAN 10, Japan, China, Korea and India. He also proposed holding of a workshop in India for preparing a concept paper on the subject early next year. To further deepen the ASEAN-India economic ties, he also signed a partnership document covering several proposals of far-reaching nature based on inputs of ASEAN-India think-tanks.

Thus, at last Asia seems to be getting ready to exploit the fruits of continent-wide economic integration. India and East Asia need to work together to make it happen.

(Excerpted from *The Financial Express*, December 28, 2004)

© *The Financial Express*.

Further Readings

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Towards An Asian Economic Community: Vision of a New Asia

Editor – Nagesh Kumar

Published jointly by ISEAS, Singapore and RIS, 2004. ISBN: 81-7122-094-0

This 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.

This book will be useful to Asian policy-makers and scholars looking for a vision in making the 21st century an Asian century.

Biotechnology and Development: Challenges and Opportunities for Asia

Editors – Sachin Chaturvedi and S R Rao

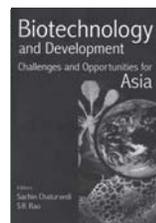
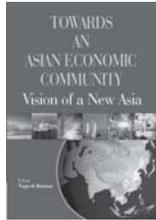
Academic Foundation, New Delhi, ISEAS, Singapore, 2004.

ISBN: 981-230-236-0 (Singapore)

ISBN 81-7188-346-X (India)

Biotechnology is at the heart of technology revolution in Asia. Policy challenges, however, are arising among other, concerning trade in GMOs, impact of genetic engineering on environment and human health, biosafety management, and ethical aspects that are yet to be addressed at any collective forum in Asia. One of the missing links is a dialogue between natural and social scientists.

This book brings together perceptions on some of these issues by eminent experts from the Asian region. As a sequel to the pioneering *Biotechnology Revolution and the Third world: Challenges and Policy Options*



(RIS 1988), this volume draws lessons from the experiences of Asian developing countries and revisits some of the concerns raised earlier. The contributors to the volume draw policy lessons from country experiences in capability building in Asia, in particular on the role of regional cooperation.

Globalization and Indigenous Peoples in Asia

Editors – Dev Nathan, Govind Kelkar and Pierre Walter

Sage Publications, 2004.

ISBN: 0-7619-3253-4

The volume explores the two major consequences of globalisation for indigenous populations i.e. the role that their resources play in the provision of environmental services required by outside communities; and the civilisational change of privatisation that accompanies the globalisation of market systems.

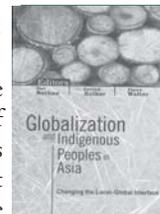
The volume is divided into two sections consisting of 12 essays based on fieldwork conducted in India, China, Nepal and parts of Himalaya-Hindukush region. The first section details the links between forests, environmental services and the livelihoods of indigenous peoples in Asia. The essays in the second section of the book discuss the changes in the social and economic systems of the indigenous peoples that have resulted from the transition to a market economy. The volume serves as an important source to those interested in gender issues among the indigenous communities across Asia. The volume also serves as an important contribution to those interested in environmental issues, especially forest conservation, across Asia.

India and Central Asia: Advancing the Common Interest

Editors – K Santhanam and Ramakant Dwivedi

IDSA, Anamaya Publishers, New Delhi, 2004. ISBN: 81-88342-27-0

This book aims at enabling a better understanding of Central Asia through scholarly exchanges and sharing of India's perceptions on the politico-economic security issues faced in the region. The book is a collection of 32 articles from the well-known scholars and high-ranking officials from



about 15 countries and two international organisations.

This book has an important section on imperatives and prospects of regional cooperation in the areas of energy and water in Asia.

ASEAN Regional Forum: Document Series 1994-2002

ASEAN Secretariat, Jakarta

The ASEAN Regional Forum serves as the only inter-governmental forum of twenty-three member states, which aims to promote political, and security dialogue and cooperation in the Asia-Pacific region.

This volume is the Third Edition of the ASEAN Regional Forum Document Series. This current edition is a complete documentation of the entire period of the ARF existence since 1994.

Progressing Towards the Doha Development Agenda: Selected Papers on Trade and Development Research Issues for Asian Countries

Editors – Stefano Inama and Nilaratna Xuto

International Institute for Trade and Development, ADB and UNCTAD, Issue 1, 2003. ISBN: 974-9553-31-3

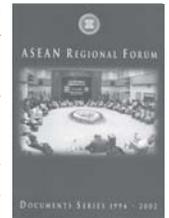
This publication presents a selection of papers, on issues, which demand the most attention and serves as a point of reference for objective potential research areas, which were identified during the Brainstorming session organised by the International Institute for Trade and Development. The brainstorming session gathered together experts and resource persons from all over the world to discuss current issues of relevance to the ongoing WTO negotiations and to identify areas in which research efforts are needed.

India and ASEAN: Foreign Policy Dimensions for the 21st Century

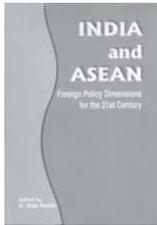
Editor – K. Raja Reddy

New Century Publications, New Delhi, 2005. ISBN: 81-7708-081-4

This book is a compilation of the deliberations at the seminar, held on the



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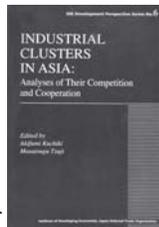
vistas of fruitful synergy in the relations between India and ASEAN, and South Pacific, organised by the Sri Venkateswara University Centre for Studies on Indo-China and South Pacific. The leading experts drawn

from India and abroad provide illuminating insights on this subject. The book significantly focuses on the dynamics of India's Look East Policy, India-ASEAN Relations and prospects of relations between India and other countries in the Pacific.

Industrial Clusters in Asia: Analyses of their Competition and Cooperation

Editors—Akifumi Kuchiki and Masatugu Tsuji
Institute of Developing Economies, JETRO, 2004. ISBN: 4-258-61006-2

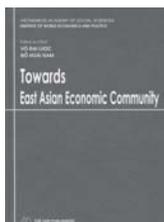
The book analyses competition and collaboration among East Asian industrial clusters, and to envision their future. It focuses on East Asia, which has been attracting FDI and developing as a centre of industrial agglomeration, and because of this, the production structure in the world has been transforming dynamically. This book analyses this world trend and provides the strategy framework that is required for firms to survive global competition.



Towards East Asian Economic Community

Editor in Chief – Vo Dai Luoc
The Gioi Publishers, Ha Noi, 2004.

This book analyses the East Asian economic cooperation arrangements so far and their future trends towards a new regional integration and international economic system, focusing on reorienting the regional economic arrangements in the wake of an emerging East Asian economic cooperation community.



The book focuses on prospects of East Asian economic cooperation in the context of globalisation; progress and challenges in the FTA approach towards East Asian economic integration; foreign direct investment, technology linkages and East

Asian economic growth; monetary and financial integration in East Asia; and accelerating domestic reforms towards deeper East Asian integration.

Free Trade Agreements in South Asia

Rahul Sen
ISEAS, Singapore, 2004.
ISBN: 981-230-250-6

This book is a component of the Public Outreach objective of ISEAS in promoting better awareness among the general public

about trends and developments in Southeast Asia.

Through this book, the author details the features of FTA's providing case studies of Singapore's FTAs with New Zealand, Australia, Japan and US. The author also discusses the ASEAN wide FTA initiatives such as with China, Australia/New Zealand, Japan and India. The book also describes the benefits of FTA for Southeast Asia.



New Asia Forum

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



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

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