



## FEATURE ARTICLE

### Significance of East Asia in Global Affairs

Dr. Manmohan Singh, Prime Minister of India

I thank President Yudhoyono for his very warm hospitality and excellent arrangements made for this Summit meeting in Bali.

I would like to congratulate the United States of America and the Russian Federation on their formal entry into the East Asia Summit (EAS) process this year. Their presence will enrich our discussions, and reflects the growing significance of East Asia in global affairs.

India endorses the draft Declaration of the Summit on the principles for mutually Beneficial Relations, and the Declaration on ASEAN Connectivity.

India fully subscribes to the view that the EAS process must be centered on the ASEAN, and ASEAN should be its driving force. We must move at a pace and in the direction with which the ASEAN countries are comfortable, and which responds to their concerns and priorities.

The EAS is the forum for building an open, inclusive and transparent architecture of regional cooperation in the Asia-Pacific region. In a relatively short period it has taken several initiatives to promote trade, economic integration and connectivity. It has facilitated collective responses to challenges such as natural disasters, pandemics, climate change and energy security.

The global economic situation is showing several signs of stress. However, the emerging market countries in Asia are growing well and are in fact contributing to the recovery of the world economy.

I am happy to say that India is a part of this process. We have grown at an average of 8.4 per cent in the past five years. Like other countries we too have slowed down in 2011, but we still expect to grow around 7.5 per cent. However, none of us can prosper in isolation to the rest of the world. The most serious fault line at present is what is happening in Eurozone.

We all have a stake in an early resolution of the Eurozone crisis and I hope we can send a message of solidarity to Europe.

Against the global economic background that we are in, it is all the more important that we give full play to flows of trade, investment, services and ideas among ourselves. Howsoever complex the task, we should persevere with the project of East Asian economic integration and in our efforts towards a Comprehensive Economic Partnership in East Asia or CEPEA. India is working actively to integrate with this region. We are in the process of finalizing a Comprehensive Economic Cooperation Agreement (CECA) with ASEAN.

We have concluded similar agreements with the Republic of Korea, Malaysia and Japan. An agreement is already in place with Singapore.

We have commenced negotiations for a CECA with Indonesia, Australia and New Zealand.

Several useful reports and studies by the Economic Research Institute for ASEAN and East Asia have been produced and contain proposals which can be taken forward. These include a Comprehensive Asian Development Plan to enhance connectivity in the region.

The channeling of investible surpluses from Asia and rest of the world into some of these projects will have a direct impact on the real economy of the region and on job creation, and will also stimulate global growth.

Rapid economic growth is the most enduring strategy to overcome the global economic slowdown. We should keep our focus on the development agenda, make sure our growth is environmentally sustainable, find new and renewable technologies to fuel our growth and invest in education and skill development. The EAS is ideally equipped to pursue such an agenda.

I wish to inform this Summit that following the adoption of a Statement on the establishment of the Nalanda University in India by the EAS in Thailand in 2009 work on the University in progress.

Political and security issues have increasingly become a part of the discourse in the region, whether in the ASEAN Regional Forum or the ASEAN Defence Ministers Meeting Plus Eight. We believe that while respecting differences and ensuring synergy between different forums, the EAS provides an opportunity to discuss all issues. It can contribute to enhancing mutual understanding and promoting peace, stability and security.

There are common challenges we face that cut across national boundaries such as terrorism, prevention and response to natural disasters, piracy, protecting sea lanes of communication and drug trafficking. We welcome the opportunity to discuss these issues in the EAS. India would be happy to share its expertise in the areas of disaster management and maritime security.

The EAS process is still work in progress but I believe we are on the right track. India is committed to the success of this process. The resurgence of Asia is dependent on the evolution of a cooperative architecture in which all countries are equal participants. We will work with all other countries towards this end.

(Excerpted from the Speech delivered at the 6th East Asia Summit Plenary Session, 19 November 2011, Bali, Indonesia).

© [pmindia.nic.in/speech](http://pmindia.nic.in/speech).

## Indian PM sets March 2012 Deadline for Services FTA with ASEAN

The Indian Prime Minister acknowledged that India's partnership with ASEAN had "benefited both" and contributed to the "process of integration and transformation of the Asia-Pacific region." He pointed out in clear terms that India expected the Free Trade Agreement (FTA) in services and investment with the regional bloc to be sealed quickly, and put forward a March 2012 deadline.

"I seek your support for the early conclusion of a commercially meaningful Services and Investment Agreement. This would create a positive atmosphere for the implementation of the India-ASEAN Comprehensive Economic Cooperation Agreement as envisaged in our Framework Agreement of 2003. We should endorse the decision taken at the last round of negotiations in October to conclude the pact by March 2012," the Prime Minister said at the ninth India-ASEAN summit held in Bali.

Trade between the two entities grew 30 per cent last year, reaching the \$50 billion. He expressed confidence that the figure would reach \$70 billion by 2012, with all ASEAN member states having now ratified the FTA in goods.

"India has forwarded a number of cooperative projects as part of this Plan, as well as part of the \$50-million ASEAN-India Cooperation Fund to the ASEAN Secretariat. We look forward to an early response from the ASEAN side," the Prime Minister added.

After clarifying to his Chinese counterpart that India's exploration of oil and gas in the South China Sea was "purely a commercial activity," he chose to focus on economic affairs at the EAS, a leaders-led forum consisting of the 10 ASEAN member states and its dialogue partners, including the US, Russia, China, Australia, New Zealand, South Korea and Japan.

Outlining the risks to the global economy, specifically those that arose out of the ongoing euro zone crisis, he emphasised the urgency of pushing trade and further exchange of investment and services in the region.

"Howsoever complex the task, we should persevere with the project of East Asian economic integration and in our efforts towards a CEPEA. India is working actively to integrate with this region," he said, referring to the pact being worked on by EAS. This

pact would be separate from the East Asia Free Trade Area (EAFTA), which comprises all EAS members except India, Australia and New Zealand.

India's call for continuing attempts for the creation of CEPEA is of significance, especially after US President Barack Obama's recent push for the Trans-Pacific Partnership, which also includes four ASEAN member states.

"We are in the process of finalising CECA with ASEAN. We have concluded similar agreements with the Republic of Korea, Malaysia and Japan. An agreement is already in place with Singapore. We have commenced negotiations for CECA with Indonesia, Australia and New Zealand," he added.

He acknowledged Asia's emerging economies, having weathered the headwinds to some extent, were "growing well" and were, "in fact, contributing to the recovery of the world economy."

(Excerpted from the *Business Standard*, 20 November 2011).

© *Business Standard*.

## Asian Business Leaders Call for Free Trade for Sustained Growth

Leaders of business groups in Asia called on for strengthening economic ties through free trade within the region to foster sustainable growth, while recognizing Asia is playing a major role in the global economy.

In a statement issued after the second Asian Business Summit on 29 September 2011 in Tokyo, thirteen major business groups from eleven economies, including China, South Korea and India, voiced support for efforts to conclude such initiatives as the Trans-Pacific Partnership (TPP) regional free trade negotiations.

"To achieve sustainable economic growth led by the private sector, the Asian business community will proactively make contributions in various areas including promotion of regional economic integration," the statement said. "We remain committed to fair and free trade and firmly oppose the protectionist approaches."

In the meeting hosted by the Japan Business Federation, the powerful business lobby known as Nippon Keidanren, the participants discussed

wide-ranging issues including energy and the environment, disaster response, infrastructure development and financial cooperation.

After receiving the statement, Japanese Prime Minister Yoshihiko Noda said in his speech, "Let's work together to support the global economy, with Asia joining forces and with government and the private sector joining forces."

Earlier in the meeting, Japanese Foreign Minister Koichiro Gamba pledged to enhance economic cooperation in the region, saying in a speech, "We'd like to promote economic cooperation, recognizing that Asia's domestic demand means Japan's domestic demand."

Keidanren Chairman, Hiromasa Yonekura told a news conference that business circles have reaffirmed the view that they need to help create more open business environments.

"To make Asian growth sustainable and balanced, (countries) need to further promote economic cooperation and quickly create a

seamless and more open business environment where people, goods and services go back and forth freely," Chairman said.

Ho Meng Kit, Chief Executive Officer of the Singapore Business Federation, urged Tokyo to make a decision at an early date to join the TPP talks by taking this opportunity to "reposition itself as a global economic leader and add momentum to the TPP process."

"The Singapore Business Federation hopes that the Nippon Keidanren will continue to mobilize support among the Japanese business community for Japan to join the TPP," he said.

On the issue of energy, the groups pointed to the need for renewable energy including nuclear power, saying they are "options for many Asian countries" to ensure stable supply of limited resources and energy, and to promote conservation and recycling.

(Excerpted from the *Mainichi Japan*, 30 September 2011).

© *Mainichi Japan*.

## India, Singapore in Talks for Changes in Trade Agreement

The India-Singapore Comprehensive Economic Cooperation Agreement (CECA) would require some amendments, particularly in the area of mutual recognition of professional qualification in order to make it relevant to the present business relations between the two countries.

According to Mr. R. Narayanmohan, Chairman, Board of Directors, Singapore Indian Chamber of Commerce and Industry, there have not been many changes in the agreement over the last six years. So both the countries are in talks to bring certain amendments to the agreement (CECA). These amendments, which are likely to come into force “shortly,” will help ensure easy flow of business, he said.

The bilateral trade between India and Singapore under the CECA was close to Singapore \$30.5 billion in 2010. Though the official figures for 2011 were yet to be out, Mr Narayanamohan said that the bilateral trade could stand roughly at about Singapore \$30-35 billion in 2011.

“The trade between the two countries has been growing very well. However, the currency devaluation which took place in the latter half of 2011 might have had some impact on the growth figures,” he pointed out.

(Excerpted from the *Hindu Business Line*, 11 January 2012).

© *Hindu Business Line*.

## India and ASEAN Agree to Upgrade Level of Engagement

India and ASEAN agreed to upgrade and strengthen their level of engagement in the face of the new security and economic architecture being envisaged in the east Asia region.

At the 9th ASEAN-India Post Ministerial Meeting held on 22 July 2011 in Bali, Indonesia, there was also unanimity that they could strengthen regional efforts to face transnational security threats such as international terrorism, maritime security, piracy, natural disasters and pandemics, energy security, improving infrastructural development and meeting requirements for education, health care and economic growth in the region.

In addition to these issues, discussions also covered the international financial architecture, food security and progress in other regional structures within Asia.

The meeting, co-chaired by India’s External Affairs Minister Mr. S. M. Krishna, reviewed the current status of the ASEAN-India Dialogue Partnership and agreed to further strengthen it.

Noting the progress in different sectors of India-ASEAN cooperation, the Ministers were hopeful of meeting the target of \$ 70 billion of trade and investment between India and ASEAN by 2012. They agreed that early conclusion of the ongoing negotiations on the India-ASEAN Services and Investment Agreement was in mutual interest.

The Ministers urged their Ministerial colleagues dealing with agriculture, trade, finance, transport, science and technology and education to further re-inforce the physical, institutional and people-to-people connectivity between India and ASEAN. The EAS Foreign Ministers Consultations later reviewed the evolution of EAS in a relatively short period of time as one

of the most important mechanisms for enhancing international cooperation in Asia.

The Ministers shared the view that the East Asia region comprises some of the most dynamic economies and emerging powers in the world. They discussed the progress of cooperation in the five priority areas of finance, energy, education, pandemics and disaster management as well as ASEAN Connectivity and regional economic integration through the Comprehensive Economic Partnership Agreement on East Asia (CEPEA), which EAM emphasized, together with other EAS Foreign Ministers, should be the cornerstone of progress on deepening economic integration in Asia.

The Indian Minister said that a collaborative regional approach would help transcend individual limitations on capacity. India has been a strong supporter of the guiding principle “Energy Access for All” in all international discussions on energy related issues.

He also reiterated the priority given by India to improve energy efficiency and increase access to renewable energy with its National Action Plan on Climate Change and its active participation in the UNFCCC process. He emphasized that food and energy security issues were vital for sustained growth and must find place on the agenda for the forthcoming EAS Summit.

In view of the particular geo-climatic conditions of the Asia-Pacific, and the range of natural disasters in the region from floods, droughts, cyclones and earthquakes, the Ministers reiterated the significance of disaster management to economies of the Asia-Pacific region.

(Excerpted from the *NetIndian*, 22 July 2011).

© *NetIndian*.

## China Calls for Enhanced Coordination among ASEAN+6 Economic Ministers

Chinese Minister of Commerce, Chen Deming called on Economic Ministers of ASEAN and its six dialogue partners to enhance contact and coordination, so as to give confidence to the world.

The Commerce Minister said that the Ministers should work on decreasing trade barriers, pushing forward Doha Round of trading talks, and accelerating the steady recovery of global economy, as the international finance market was facing new uncertainties and challenges.

The Chinese Minister made the speech at the Informal Consultations of East Asia Summit Economic Ministers that was joined by ASEAN Economic Ministers and their counterparts from six dialogue partners, namely China, Japan, Republic of Korea (ROK), Australia, New Zealand and India.

According to Chinese Minister, the Doha Round was at a crucial historical juncture. He called for not abandoning the fruits of Doha Round in the past ten years and jointly pushing forward the accomplishment of the early harvest program on the least-developed countries.

He added that China was sincere and willing to be flexible for that. Chen’s appeal was echoed by all other attending Ministers. According to the joint statement issued after the meeting, all attending Ministers welcomed and exchanged their views on the joint proposal from China and Japan on East Asia Free Trade Zone (FTA) and East Asia Comprehensive Partnership.

They also hoped to take the suggestion from ASEAN on the structure and model of ASEAN plus FTA and the joint proposal from China and Japan into discussion simultaneously.

The attending Ministers reiterated the significance of maintaining the core position of ASEAN in the process of regional economic integration. They deeply regretted about the Doha Round’s coming into deadlock; reiterated their determination at reaching agreement on the early harvest program, especially for the least-developed countries, as soon as possible; and reiterated the importance of rejecting protectionism.

(Excerpted from the *Xinhua.com*, 14 August 2011).

© *Xinhua.com*.

## India, Australia Review Progress of FTA Negotiations

India and Australia agreed to give a strong push to the ASEAN+6 process in an effort to take forward the economic integration in Asia. Both countries also reviewed the progress of the Indo-Australia Free Trade Agreement (FTA) negotiations.

The Indian Minister of Commerce and Industry met his Australian counterpart Mr. Craig Emerson at Manado in Indonesia on the sidelines of the ASEAN Economic Ministers+6 summit to discuss the bilateral trade relations between the two nations.

Both the Ministers reviewed the progress of Indo-Australia FTA negotiations. Both Ministers agreed to give a strong push to the ASEAN+6 process and take forward economic integration in Asia.

Emerging from the bilateral meeting, the Indian Commerce Minister expressed optimism on the East Asia Summit. "We consider the East Asia Summit as an opportunity to establish a regional architecture for cooperation, connectivity and future integration which will bring about a strong, sustainable and balanced

economic growth in the region. For this we need to pursue the proposed Comprehensive Economic Partnership in East Asia (CEPEA) vigorously."

The Commerce Minister also took stock of the Doha round during the meeting with Mr. Emerson. "All of us have been active participants at the WTO with the common goal of early conclusion of the Doha Round. India supports a balanced, comprehensive and development-centric outcome," he remarked.

The Commerce Minister noted the significant increase in trade and investment between ASEAN and India in 2010. Trade between India and ASEAN increased by 24 per cent to \$51.3 billion in 2010. India's exports grew at 33 per cent at \$23.1 billion while imports from ASEAN increased by 18 per cent to \$28.2 billion. Foreign direct investment inflows from ASEAN reached \$14.25 billion in May and accounted for 10.36 per cent of India's total FDI.

(Excerpted from *The Hindu*, 13 August 2011).

© *The Hindu*.

## Japan-India Tariffs Die as FTA Kicks in

A free-trade agreement between Japan and India entered into force ending tariffs on goods that account for 94 per cent of their trade flow over 10 years.

This FTA is Tokyo's 12th bilateral FTA and offers Japanese firms a chance to gain a better footing in the rapidly emerging economy, which has a population of 1.2 billion. Tariffs on goods exported to India, including auto parts, steel products, peaches and persimmons, will be scrapped over the next five to ten years. Tariffs on goods imported from India will be eliminated, including those on nearly all manufactured products, curry powder and tea leaves, but tariffs on wheat, beef and pork will stay in place.

South Korea and others have already made inroads into the vast South Asian market. This made raising Japan's corporate profile in India a priority. India's economic growth is expected to climb through increased trade and investment.

India has sustained an annual economic growth rate of between 6 per cent and 9 per cent since 2005. But India accounted for less than 1 per cent of Japan's total trade figure in fiscal 2008.

Experts say the reasons behind such small trade with India include Japanese companies' reluctance to advance into India's market, where high-priced Japanese products are unpopular.

Japanese firms have also been busy making investments in China and Southeast Asian countries, they said.

Joichi Kimura, Chief at Japan Bank for International Cooperation's office in New Delhi, said India's less developed infrastructure and distribution system compared with Southeast Asian countries has been one of the main reasons behind Japan's slow advance into the market. But he pointed out that India and Japan are working together to improve the industrial infrastructure to help increase businesses between the two countries.

"If India eases regulations, Japanese investments in retail and other fields may increase. And if the two countries deepen their economic relationship, Japanese businesses may even be able to expand into Africa, utilizing India as a transfer point," he said.

(Excerpted from *The Japan Times*, 2 August 2011).

© *The Japan Times*.

## India Will Be Leader in Attracting FDI

Having already witnessed a "substantial increase" in foreign direct investment over the years, India will become the leading destination for FDI in another ten years, overtaking China, according to a top Japanese economist.

Professor Shujiro Urata of Waseda University said that though India was trailing behind China in terms of attracting FDI, it was fast catching up with its neighbour and with "quite substantial investments over the years, will be number one in the next ten years."

In his presentation on 'Regional Economic Integration in East Asia and Japan-India CEPA,' Urata compared the economic growth rates of China, India, Indonesia and Japan with the rest of the world and said China's growth rate was "amazing," while India has been "catching up very fast" since 1991. In contrast, Japan was "suffering from a low economic growth rate."

Urata said, "Indian policymakers have to deal with the increasing population, especially population without education, otherwise it will become a burden on the economy." He also hoped to see more Indian students in Japan, while many Japanese companies were looking to invest in India.

The special lecture was organised by the Consulate-General of Japan at Chennai and the Indo-Japan Chamber of Commerce and Industry. It was attended by Japanese Consul-General Masanori Nakano and B S Raghavan, the Chancellor of the Institute of Chartered Financial Analysts of India University, Jharkhand.

(Excerpted from the *Economic Times*, 5 September 2011).

© *Economic Times*.

## India's Trade with ASEAN to Grow to \$70 bn by 2012

According to Mr. Sanjay Singh, Secretary (East) in the Ministry of External Affairs, the trade between India and the ASEAN countries following the FTA for trade in goods reached \$50 billion in 2011. So at present we now have a target of \$70 billion by 2012.

He further added on the sidelines of the Look East Economic Summit 2012, that we have a very large trade basket with ASEAN countries... it is spread over huge number of commodities. We hope to see growth in all the commodities. In 2012, we will get \$70 billion (trade) because we are growing at a rate of 18-20 per cent every year.

(Excerpted from the *Economic Times*, 20 January 2012).

© *Economic Times*.

## China and Asian Monetary Union

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

Since the global financial and economic crisis of 2008, China has launched a well-planned strategy to raise the international profile of the renminbi or the Chinese yuan, taking advantage of the relative decline and weakness of the traditional reserve currencies. A series of recent steps points to a graduated roll-out of this strategy:

(i) A progressively larger percentage of China's expanding international trade is now being designated and settled in the yuan. Within just a couple of years, this percentage has reached seven per cent and is expanding rapidly.

(ii) A significant yuan-denominated bond market is emerging in Asia. With a successful pilot launch in 2009 in Hong Kong, these instruments, known as "dim sum bonds," are now also in circulation in Singapore. They are currently 200 million yuans in total value but are growing in popularity. They are likely to be traded in other important financial markets and become a significant tradeable instrument.

(iii) At the G20 Finance Ministers' meeting in March this year, it was decided that the yuan should be included in the basket of currencies that the International Monetary Fund (IMF) uses to fix the value of its Special Drawing Rights (SDRs). This is despite the fact that unlike other currencies in the basket – the US dollar, the British pound, the euro and the Japanese yen – the yuan is not a freely convertible currency.

These moves need to be linked to parallel developments in the Asia-Pacific region. In the aftermath of the Asian economic crisis in 1997, Japan proposed the setting up of an Asian Monetary Fund, which would supplement the support provided by the IMF to crisis-hit countries belonging to the Association of Southeast Asian Nations (ASEAN). Though it was supported by ASEAN and South Korea, the idea did not progress owing to staunch opposition from the US and the IMF, which did not want to concede any of their authority on global financial issues to any rival regional body. At that time, China was not a major player in this regard, but made its relevance felt by pledging not to devalue its currency, which would have hit the competitiveness of the already weakened ASEAN economies.

As a less ambitious measure, ASEAN instead adopted a Swap Arrangement in which five countries, viz. Indonesia, Malaysia, the Philippines, Singapore and Thailand, agreed to provide liquidity support to each other through a \$200 million fund. In 2000, this was converted into the Chiang Mai Initiative (CMI), with the participation of all ASEAN countries, China, Japan and South Korea. The CMI's objective was to "strengthen [their] self-help and support mechanisms in East Asia through the ASEAN+3 framework." The CMI worked through a network of bilateral swap and repurchase agreements among ASEAN and its plus three partners. It had an initial corpus of \$1 billion.

At this stage, access to the CMI was linked to a parallel IMF programme for a country seeking liquidity support. In the absence of an IMF facility, a country could only draw up to 10 per cent of its quota amount.

By April 2009, in the wake of the global financial and economic crisis, the CMI was multilateralised, operating through a "self-managed reserve pooling arrangement governed by a single contractual agreement." It was agreed that this multilateralised arrangement (CMIM) would:

- address the balance of payments and short-term liquidity problems confronting participating countries;
  - supplement existing international financing arrangements; and
  - establish an independent surveillance unit to monitor and analyse regional economies and support decision-making within the organisation.
- By now, the CMI's corpus had grown to \$90 billion and the amount a participating country could draw from its quota without link to IMF support was raised to 20 per cent.
- The next important step was taken in March 2010, when the CMIM raised its corpus to \$120 billion, with ASEAN contributing 20 per cent and China, Japan and Korea picking up the remaining 80 per cent. Each CMIM member is entitled to draw an amount that is a multiple of its contribution. A parallel IMF support programme is not required. The functions of surveillance, monitoring and analysis were assigned to the ASEAN plus three Macro-Economic Research Office (AMRO).
- The CMIM and the AMRO are the final building blocks for an Asian Monetary Fund (AMF), centered around China, Japan and Korea.
- It is noteworthy that neither the US nor the IMF has reacted negatively to these latest developments, unlike in 1997 when the Japanese proposal was vehemently rejected.
- Taken together with China's carefully calibrated steps to raise the profile and role of its currency in the Asia-Pacific region, based on the massive size of its reserves, there is little doubt that the arrangements being put in place would be dominated by China.
- These developments have major implications for India:
- The process underway would give primacy to the ASEAN plus three track over the broader East Asia Summit track, which India has been promoting as the main platform for regional economic integration. There is a danger that we will become marginalised in this process.
  - India has had virtually no role to play through this evolution of "regional financial arrangements." If an AMF emerges without India's participation or role, what will this mean for our own economic engagement with Asia-Pacific?
- What are the ways in which India can deal with these emerging challenges?
- i. India should seriously consider joining the emerging AMF as a participating country. ASEAN countries, Japan and Korea may not be averse to a countervailing Indian presence to offset China's dominant role.
  - ii. We should fast-track our integration with the economies of ASEAN, Japan and Korea through completing FTA negotiations and implementing CEPA with them.
  - iii. We must consult with the US and European Union countries who will also be impacted by these current developments. The US dollar and the euro will remain the major convertible currencies globally. It may be in our interest to work together with them to create a more balanced and truly global financial architecture. We need to work out a coping strategy before we head to the next G20 summit.

(Excerpted from the *Business Standard*, 20 July 2011).

© *Business Standard*.

## Shared Regional Interests Draw Japan and India Closer

Jeffrey W. Hornung, Associate Professor, Asia-Pacific Center for Security Studies

Over the past decade, India and Japan have built a relationship of strategic cooperation to promote collaboration on regional and global issues. An examination of the current situation indicates that their relations are a sum greater than its parts.

The often cited reason has been shared values. As seen in their growing number of joint declarations and joint statements, the two countries strongly promote a shared commitment to the universal values of democracy, open society, human rights, rule of law, and the market economy. Regardless of how it is worded, the underlying argument is that Japan and India pursue deeper cooperation because they share common values.

As important as shared values may be, it is too nebulous a concept to explain the recent surge in bilateral cooperation. If this were true, why then are Japan and India not pursuing security agreements with other like-minded states such as Norway, Canada, or New Zealand? Conversely, China ranks as the top trading partner for both countries, yet China does not share similar values as India and Japan. Finally, while their values have remained unchanged, why have Japan and India not enjoyed much in the way of cooperation until just a few years ago?

The answer is shared interests. Over the past decade a convergence of interests has emerged. Both countries share an interest in sustained economic growth through new trade and investment opportunities, new or reformed multilateral institutional structures that reflect the realities of today's distribution of power, and regional stability and protection of sea lanes. Cooperation enables both countries to be stronger, more prosperous and secure, and better equipped to face the challenges of the 21st century. Shared values may help grease the wheels of this relationship, but it is not the reason why they are cooperating.

Acknowledging shared interests involves being honest that their main mutual concern is managing the consequences of the rise of China. It is undeniable that over the past twenty years, China has exerted a greater political, economic, and security influence in the region. For countries that have two of the largest regional militaries (particularly navies) and depend on the freedom of the seas for trade and energy and regional stability for continued economic growth, China's rise brought them together. They share an interest in ensuring China emerges peacefully as a responsible stakeholder in regional matters.

The problem is that there is a significant lack of trust in Beijing. While India and Japan trade with China and interact with it in various forums, the opaqueness of China's military modernization program and its maritime activities strain relations. India is concerned about a possible "string of pearls" encircling it in South Asia while Japan is anxious about increased Chinese maritime assertiveness in the East and South China Seas.

Expanded bilateral cooperation between Tokyo and New Delhi enhances their individual security. Economic cooperation diversifies their trading portfolios with less reliance on China. Diplomatic cooperation balances Chinese influence through more inclusive multilateral institutions, both regionally and globally. China is not the prime reason for closer bilateral cooperation between India and Japan, nor should closer cooperation be seen as the containment of China. China is one factor, albeit a major one, that India and Japan consider when developing common economic, diplomatic and security responses to global and regional issues.

(Excerpted from *The Japan Times*, 7 September 2011).

© *The Japan Times*.

## Financial Integration, Contagion in Asia

Iwan J Azis, Head and Cyn-Young Park, Principal Economist, ADB, OREI

Asia was fortunate to escape the 2008/09 global economic crisis relatively unscathed. There is no guarantee that the same will hold true next time around. In fact, the more financial deepening and globalization continue, the greater the likelihood that turmoil in one country will spread rapidly across other countries and regions, inflicting significant economic damage as it goes.

In theory, freer capital mobility is welfare-enhancing -- it promotes better and more efficient allocation of financial resources worldwide. But history is witness to large and volatile short-term capital flows complicating macroeconomic management, destabilizing weak financial systems, and disrupting growth in emerging economies.

Financial markets in emerging Asia have seen a flood of capital inflows over the past several years, accelerating the region's strong recovery and increasing investors' appetite for higher-yielding investments in the region.

The upsurge in capital flows has been a decidedly mixed bag. Emerging Asia attracts a sizeable share of total capital flows to emerging economies worldwide. While more than half of these flows are stable, long-term FDI, the bulk go to the PRC. Excluding the PRC, the region attracts a mere 10 per cent of total FDI flows to emerging economies. In contrast, emerging Asia receives a far greater portion of total short-term capital flows, such as bank lending and portfolio investments - than any other developing region.

So how can emerging Asia's policy makers contribute to financial stability as the region's markets develop?

Financial integration and contagion are two sides of the same coin. It

is unlikely that the trend of financial globalization will reverse. Thus, rapid financial liberalization must be accompanied by mechanisms to ensure the effective use of foreign capital. Some conditions are a prerequisite for rendering capital flows more stable and long-term to an economy. These include sound macroeconomic management; a high level of financial sector and market development; and effective institutions and good governance.

First and foremost, it's time the region strengthens its macroeconomic policy and regulatory frameworks to attract safer, longer-term investments. Second, domestic capital markets must be made deeper and more liquid, with broader investor bases, more diverse and innovative local financial products, improved regulatory frameworks and better market institutions and infrastructure. Third, equal access to information, strong corporate governance and accountability, political stability, the rule of law and control over corruption are all critical for attracting the right kind of stable and long-term investment capital.

Crucially, emerging Asia must start to invest in itself. Despite conscious policy efforts to promote regional market development and integration, emerging Asia's capital markets are better integrated with mature markets in advanced economies than with other markets within the region. Emerging Asia must make better use of its own excess savings

If markets choose to integrate they cannot avoid contagion. The challenge for policy makers is to reap the maximum benefits of integration while minimizing the downsides that inevitably come with it.

(Excerpted from the *Business World*, 8 August 2011).

© *Business World*.

## The Bali EAS: Can ASEAN Form an East Asia Community?

Mushahid Ali, Senior Fellow

S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University

The East Asia Summit, or EAS, was a game changer for regional cooperation in more ways than one. It brought together all the major powers in the Asia-Pacific region, including for the first time, Russia and America. Their presence balanced the Asian giants, China and India, if not actually overshadowing them. American leaders have highlighted the US as a Pacific power with interests in the East Asian region. This posture has given a security orientation to US participation in the EAS, raising concerns that it could rekindle big power rivalry in a new Great Game in East Asia. Asian countries, however, have a more nuanced perspective of the emerging regional architecture.

The enlarged EAS has diluted the prospective East Asia Community that was envisioned for the ASEAN+3 since it was initiated by ASEAN a decade ago. Instead Australia would claim that the EAS practically realises its vision of an Asia-Pacific Community (APC). However, the two groupings (ASEAN+3 and EAS) are neither mutually exclusive nor complementary. Though having overlapping membership the groupings have different structures, objectives and functions.

The ASEAN +3 provides a framework for cooperation between the ASEAN members and the Northeast Asian partners, China, Japan and South Korea. The Plus Three countries provide the technical and developmental assistance to the less developed ASEAN members and seek to increase trade and economic exchanges between them for mutual growth and prosperity, bilaterally or regionally, through freer trade. The three Northeast Asian states have bilateral free trade arrangements with ASEAN and are pursuing proposals for an East Asia Free Trade Area (EAFTA) and Comprehensive Economic Partnership in East Asia (CEPEA).

The centrality of ASEAN as the driving force in the evolving regional architecture and the key role of the ASEAN+3 process as the main vehicle to achieve the long-term goal of an East Asia Community were reaffirmed by the ASEAN+3 Summit in Bali. They acknowledged the EAS would also play a significant role in the regional community building process.

Japan and ASEAN jointly declared their commitment to intensifying regional cooperation in East Asia and building a regional architecture that was open and inclusive. Japan reaffirmed its continued support for ASEAN centrality in the evolving regional architecture including ASEAN+3, EAS, the ASEAN Regional Forum (ARF) and the ASEAN Defence Ministers Meeting Plus (ADMM Plus).

Likewise South Korea and ASEAN struck a Strategic Partnership for Peace and Prosperity in 2010 and jointly supported ASEAN integration to realise an ASEAN Community by 2015 that would contribute to the building of an East Asia Community. Chinese officials described the ASEAN+3 grouping as the most dynamic and effective process for East Asian integration. As mutually complementary processes, they all contribute to the ultimate goal of an East Asia Community.

China openly supported ASEAN's centrality in the emerging regional architecture and the East Asia Community for which it viewed the ASEAN+3 as the main vehicle. It described the EAC as

### Process of Integration

In the relatively short span of our full dialogue partnership with ASEAN we have put in place a rich agenda of cooperation. This has benefited both of us and is contributing to the processes of integration and transformation of the Asia-Pacific region.

*-- Prime Minister of India,  
Dr. Manmohan Singh, 9<sup>th</sup> ASEAN-India Summit,  
19 November 2011, Bali, Indonesia.*

being characterised by diversity, openness, inclusiveness, dialogue and consensus, focusing on the priority areas of economy, trade, and food and energy security.

However, being leaders-led and meeting once a year, the EAS may be less involved in functional and economic cooperation among its members. The EAS serves as the top layer of a multi-layered regional framework for consultation and cooperation.

ASEAN, for its part, has persisted with incremental steps towards regional cooperation and integration. At the Bali Summit, ASEAN reaffirmed its commitment to build an ASEAN Community that would undertake global-level cooperation based on its three pillars of economic, political-security and socio-cultural cooperation. The integrated ASEAN Community would comprise a market of 600 million that would enhance ASEAN's capacity for trade and economic interaction with other regional powers and groupings. When the three components of the ASEAN Community are realised, the ASEAN Community would form the core of the larger East Asia Community envisaged for the Asia-Pacific.

This would suggest that the proposed East Asia Community will be more an economic-oriented grouping, which would pose no security risk to anybody in the Asia-Pacific.

(Excerpted from the *eurasiareview.com*, 19 December 2011).

© *eurasiareview.com*.

## Can Asia Lead in the 21st Century? Amitav Acharya, Senior Fellow, Asia Pacific Foundation of Canada

There is plenty of talk about the 21st century being an Asian century, featuring China, Japan and India. These countries certainly seek an enhanced role in world affairs, including a greater share of decision-making authority in the governance of global bodies. But are they doing enough to deserve it?

China and Japan are the world's second and third largest economies. India is sixth in purchasing-power parity terms. Chinese, Indian and Japanese foreign policy ideas have gradually evolved.

President Hu Jintao has defined the objective of China's foreign policy as to "jointly construct a harmonious world." Chinese leaders and academics are signaling that China can be politically non-democratic, but still pursue friendship with other nations. China has increased its participation in multilateralism and global governance, but not offered leadership.

Beset by chronic uncertainty in domestic leadership and a declining economy, Japan has not been a proactive global leader when it comes to crisis management. Its response to the 2008 global financial crisis was a far cry from that to the 1997 crisis, when it took center stage and proposed the creation of a regional monetary fund, a limited version of which materialized eventually within the Chiang Mai Initiative.

In 2005, Indian Prime Minister Manmohan Singh asserted that "the 21st century will be an Indian century." He expressed hope that "the world will once again look at us with regard and respect, not just for the economic progress we make but for the democratic values we cherish and uphold and the principles of pluralism and inclusiveness we have come to represent which is India's heritage as a centuries old culture and civilization." In this ambition, India was praised as "a leader in Asia and around the world" and as "a rising power and a responsible

global power." Yet the Indian foreign-policy worldview has shifted in the direction of greater realpolitik.

Asia's role in global governance cannot be delinked from the question: Who leads Asia? After World War II, India was seen as an Asia leader by many of its neighbors and was more than willing to lead, but unable to do so due to a lack of resources. Japan's case was exactly the opposite; it had the resources from the mid-1960s onwards, but not the legitimacy. China has had neither the resources nor the legitimacy, since the communist takeover, nor the political will, at the onset of the reform era to be Asia's leader.

In Asia today, although Japan, China and India now have the resources, they still suffer from a deficit of regional legitimacy. But their mutual rivalry also prevents the Asian powers from assuming regional leadership singly or collectively.

Hence regional leadership rests with a group of the region's weaker states: ASEAN. While ASEAN is an useful and influential voice in regional affairs, its ability to manage Asia – home to three of the world's four largest economies; four, excluding Russia, of the eight nuclear weapon states; and the fastest growing military forces – is by no means assured.

Greater engagement with regional forums is useful for the Asian powers to prepare for a more robust role in global governance. So many of the global problems – climate change, energy, pandemics, illegal migration and more – have Asian roots. By jointly managing them at the regional level, Asian powers can limit their rivalries, secure neighbors' support, and gain expertise that could facilitate a substantive contribution to global governance from a position of leadership and strength.

(Excerpted from the *asiasentinel*, 2 December 2011).

© *asiasentinel*.

## India-Japan CEPA Holds Great Promise

B. S. Raghavan, *Hindu Business Line*

There have many free trade agreements (FTAs) in the past, actually, as of 2010, there are 92 of them in operation, while 19 are under negotiation and 55 more have been proposed. But the thrust of FTAs is limited, being directed principally at the elimination of tariffs.

The Comprehensive Economic Partnership Agreements (CEPAs) which have come into vogue are in clear recognition, by the participating countries, of the need of an alternative, comprehensive, holistic approach to economic relations, to supplement the FTAs.

In essence, the CEPAs go beyond the FTAs as a catalyst for bringing about deeper and broader economic integration, encompassing diversification, liberalization, and promotion of trade, and regulatory convergence, through predictable and transparent policies and their implementation, taking account of the core competencies, complementarities and mutuality of interest.

A stimulated computer study shows that India's GDP can go up by as much as 3.45 per cent if it enters into CEPAs with the ASEAN countries and their dialogue partners.

There are two reasons why the India-Japan CEPA acquires special importance. The first is that it is the first such agreement entered into by

India with a developed country. Thus, there is great responsibility cast on both India and Japan to make a success of it, so that it becomes a path-setters for CEPAs with other developed countries.

On the other hand, if India stumbles in ensuring successful working of the CEPA with Japan, it might face difficulties in concluding similar agreements with the advanced industrial countries in general.

The second reason conferring a distinction on the India-Japan CEPA is the fact that it coincides with the assumption of the office of the new Prime Minister of Japan, Mr. Yoshihiko Noda, being the youngest among the recent Prime Ministers of that country.

More relevant to the CEPA is that by conviction, he is for trade liberalization and lowering of barriers, and agreement with India fits in with his ideological stand. The implementation of the CEPA may also benefit from his softness for India arising from a fortuitous circumstance.

For, there is plenty for both countries to catch up with, by cashing in on the vistas of opportunities and advantages opened up by the CEPA.

(Excerpted from the *Hindu Business Line*, 7 September 2011).

© *Hindu Business Line*.

## Integrating Financial Asia

Xiao Gang, Board of Director, Bank of China

Region should improve policy consultation and strengthen regulatory capabilities to promote an economic community.

It is encouraging that the Association of Southeast Asian Nations (ASEAN) is progressing on an ambitious plan to build up an integrated economic community by 2015. This community will include a free trade and investment market, a common visa regime for professional workers and the liberalization of capital flows. I believe that regional financial cooperation and integration are crucial to how effectively the plan will be implemented.

With its population of 620 million and gross domestic product of \$1,800 billion forecast for this year, ASEAN has achieved an average annual GDP growth of 6-7 per cent over the last decade, becoming one of the world's most dynamic economic regions. However, financial cooperation in this region lags well behind trade and economic development.

According to IMF, foreign direct investment attracted by Asia and outbound investment from Asia have been rapidly growing since the Asian financial crisis of 1997-98, but the cross-border investment within Asia is quite small.

In terms of cross-border credit, countries in Asia are more reliant on borrowing funds from outside the region. Meanwhile, given many limits imposed on the Asian bond markets and higher transactional costs and inefficiencies, investors from the US and the Europe prefer to pursue equity investment, rather than bond investments.

What's more, the inter-connectedness of prices on monetary markets and debt markets within Asia, such as the yield curves of the certificated deposits, interbank borrowing and treasuries, are mixed and mismatched, indicating the degree of financial integration within the region is quite low and making it inconvenient for investors to boost their investment. The regulatory environment and weak market infrastructure are still barriers on the road to financial integration.

One of the key steps for integrating financial Asia should be to further strengthen the region's monetary cooperation mechanism. Based on the Chiang Mai Initiative signed by ASEAN+3 in 2000, there is a need to

explore how to maintain the region's relatively stable foreign exchange rate fluctuation in order to address the challenges of hot money flows and the US dollar's depreciation.

With about \$6 trillion of foreign exchange reserve held by Asia, it is necessary to develop the off-shore US dollar bond market, making it possible for more companies, including multinational ones operating in Asia for a long time, to raise funds, and for more public and private investors to invest. In doing so, financial products and services must be innovated, improving the market's liquidity conditions, making full use of the region's funds to support the real economy and to strengthen the construction of infrastructure.

As the giants of East Asia, China, Japan and South Korea should play an active part in Asian financial integration. They should not only speed up the process of finalizing a trilateral free-trade agreement, but also pay more attention to financial policy consultation and monetary cooperation, allowing international trade settlement between the countries with local currencies.

Admittedly, Asian countries are at very different stages of development, therefore, the economic unity and financial integration have a long way to go and face challenges. In order to mitigate the risks generated from the deregulation of the financial industry and markets, it is imperative for Asia to strengthen financial security nets and regulatory capabilities.

Asian economic and financial integration will be open and beneficial to the world. The more open the Asian markets become, the more powerful an engine Asia will be for driving the world economy. The US has acquired a huge benefit from Asia through trade, investment, tourists, international students and immigration, and will do so in the future.

Asian countries are politically and economically diverse, yet the economic ties among them lay a solid foundation for politics. The world is changing rapidly and any hegemony in international affairs could be, to some extent, more reflected in financial markets than in simple state power.

(Excerpted from the *China Daily*, 16 December 2011).

© *China Daily*.

### Strengthening Bonds

This will be a outstanding opportunity for us to continue to explore how we can work together, not only on bilateral issues but also in multilateral fora, like the East Asia Summit, which we believe can be the premiere arena for us to be able to work together on a wide range of issues, such as maritime security or nonproliferation, as well as expanding the kind of cooperation on disaster relief and humanitarian aid that's so important.

---Remarks by President of USA, Mr. Barack Obama before Bilateral Meeting, Bali, Indonesia 17 November 2011.

### East Asia to Strengthen Unity and Solidarity

In the meantime, in designing the regional architecture through the East Asian Summit framework, we need to identify common principles that will guide the relations between all EAS participating states. It is through these principles that peaceful and amiable relations would no longer be limited to Southeast Asia, but would also extend to the major players in this East Asian region. Our goal to establish the East Asia Summit is definitely not to create fissures, but to strengthen unity and solidarity.

--- Speech delivered by His Excellency Dr. Susilo Bambang Yudhoyono, President of the Republic of Indonesia at Opening Ceremony of the 19th ASEAN Summit, Bali, Indonesia, 17 November 2011.

## Revival of Nalanda University bags Mixed Progress

Moving forward from what we discussed earlier in “Revival of Nalanda Bringing Asia Together” (*New Asia Monitor*, July 2011), let’s update on the new developments in this project.

As widely said in the global forum, the 21st century belongs to Asia, and with the proposed revival of ancient Nalanda University as a centre of learning in India, the whole world would look forward to see the joint efforts of Asia moving together in rebuilding a great ancient Indian university. The revival of Nalanda University is a key cooperative project under the East Asia Summit (EAS). The ancient Nalanda University during its prime time attracted thousands of international students and learned scholars from all over the Asia. Before its destruction by the Khiljis, this ancient centre of excellence of teaching and learning was at its zenith.

The latest initiative of reviving Nalanda, the great ancient centre for Buddhist learning located in the State of Bihar in India was floated by former President of India, Dr. A. P. J. Abdul Kalam, during his state visit to Singapore in 2006, and it got encouraging response from Singapore too.

Since 2007, in the successive meetings of the East Asia Summits, the Prime Minister of India has endorsed that India intended to redevelop Nalanda University as a centre of inter-faith dialogue. In this endeavor, India welcomed cooperation from member countries from EAS, which agreed to strengthen regional educational cooperation by tapping the region’s centers of excellence in education.

The Government of India established an 11-member Nalanda Mentor Group (NMG) headed by noble laureate Amartya Sen to make proposals for its organizational structure, source of funding and academic disciplines. NMG during their course of meetings agreed and reiterated the objective of the Nalanda University to provide contemporary studies in philosophy and history, business and management, languages and literature, ecology and environment, and international relations, among others. The Group also decided to add the new School of Information Sciences and Technology to the earlier proposed six schools that

would form part of the upcoming University. Besides this, the Group unanimously adopted to use the ‘Nalanda Seal’ in the emblem of the Nalanda University.

Apart from this, the effective networking and collaboration between the Nalanda University and existing centers of excellence in the EAS participating countries reference was made to Chulalongkorn University of Thailand and Institute of South East Asian Studies (ISEAS) of Singapore as the academic institutions of distinction for collaboration.

To move forward, the Planning Commission in India has already allocated Rs. 50 crore as endowment fund in the form of special grant for the commencement of the project. The Government of Bihar has already acquired about 500 acres of land in Rajgir and another 500 acres is scheduled to be acquired for the proposed Nalanda University. Recently, with the special Act of Parliament in August 2010, the Nalanda University became the legal entity and stands alone as autonomous international university in the world.

Further, the ambitious project got a major boost when China donated US \$1 million for building a Chinese studies library at the proposed campus, to reaffirm their faith in gaining immense benefit by the Chinese scholars from the ancient Nalanda University. In a recent conference in New Delhi, it was revealed that Buddhist organizations too have promised up to US\$ 5 million for another library. On the whole, it has been observed that ASEAN, that includes Singapore and Thailand are very supportive and are whole heartedly backing the project as a chance to “strengthen regional educational cooperation.”

We are hopeful that as a result of joint efforts by the EAS members to revive the Nalanda university, it should be positively functional from the year 2013 with proposed seven schools as an icon of the Asian renaissance. Nalanda project could become an inspiration for the future of Asia to work together on other areas of mutual interests.

-Beena Pandey  
RIS

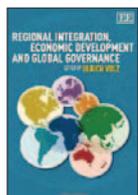
### RIS-ISAS Workshop on “India and Its Eastern Neighbours: Reviewing the Relationships”

Economic relations with East Asian countries assumed renewed importance after India embarked upon its “Look East Policy” in 1991. Since then India’s diplomatic and economic engagement with these countries have been constantly monitored by the policy community and mobilized substantial academic attention. Twenty years have passed since formulation of the LE policy and countries in the region have strengthened economic ties through bilateral FTAs and CEPAs over this period.

Against this evolving dynamism in different sub-regions within East Asia, RIS in collaboration with the Institute of South Asian Studies (ISAS) and National University of Singapore has organized a one-day workshop on 5 December 2011 in New Delhi, India.

This workshop aimed at initiating an academic dialogue on reviewing the various contours of economic cooperation between India and its Eastern counterparts involving noted academicians drawn from two leading think tanks such as RIS from India and ISAS from Singapore. This one day event had three technical sessions chaired by eminent scholars on themes (i) India and East Asia: Strategic Overview, (ii) India and ASEAN: Issues and Perceptions, and (iii) India and East Asia : Bilateral Relationships.

## Regional Integration, Economic Development and Global Governance



Ulrich Volz  
Edward Elgar Publisher, 2011  
ISBN-10: 1849809143  
ISBN-13: 978-1849809146

The contributors expertly provide a comparative perspective on regional integration in different regions of the world while at the same time analyzing the various facets of integration, relating to trade, FDI, finance and monetary policies. They provide a comprehensive treatment of the subject and offer new perspectives on the potential developmental effects of regional integration and the implications of regional integration for global economic governance. While highlighting and illustrating the potential benefits deriving from regional economic integration, the book also stresses the problems and challenges regional integration processes are usually confronted with.

## Regionalism, Economic Integration and Security in Asia: A Political Economy Approach

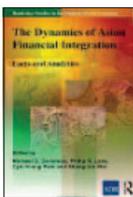


Editors: Jehoon Park, T.J. Pempel and Heungchong Kim  
Edward Elgar Publisher, 2011  
ISBN-10: 0857931261  
ISBN-13: 978-0857931269

The prospects and value of economic integration and regionalism in Asia are increasingly evident in what could turn out to be 'the Asian Century'. It is within this context that this important book explores the critical economic issues, security concerns and political themes pertinent to Asia in general, and to East Asia in particular.

The book features contributions by both Asian and Western scholars who take an interdisciplinary approach encompassing economics, political science and culture. They address various issues including the application of European experiences to Asia, and blend regional country perspectives with broader external views from Russia and the US. In conclusion, the book suggests a tentative road map and future directions for an Asian community asserting the importance of cultural and value studies.

## The Dynamics of Asian Financial Integration: Facts and Analytics



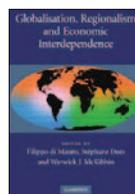
Editors: Michael Devereux, Philip R Lane, Cyn-Young Park and Shang-jin Wei  
Routledge, 2011  
ISBN-10: 0415595517  
ISBN-13: 978-0415595513

The ongoing global financial crisis has manifested a remarkable degree of global financial integration—and its implications—for emerging Asian financial markets. The current crisis will not and should not deter the progress that the region has made toward financial openness and integration. However, events like this clearly demonstrate that financial liberalization and integration is not without risks.

The book addresses this gap in financial literature and assesses financial integration in emerging East Asia at both regional and global levels. The publication studies the factors driving the progress of regional financial integration in relation to financial globalization and identifies

the relevant policy challenges facing emerging market economies in the region. Chapters look into three broad aspects of regional and global financial market integration: (i) measurement of regional and global financial integration, (ii) understanding dynamics of regional financial integration versus global financial integration, and (iii) welfare implications from regional financial market integration amid financial globalization.

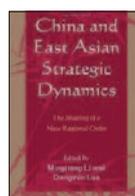
## Globalisation, Regionalism and Economic Interdependence



Editors: Filippo di Mauro, Stephane Dees, Warwick J. McKibbin  
Cambridge University Press, 2011  
ISBN-10: 0521182603  
ISBN-13: 978-0521182607

How has increasing economic integration at regional and global level affected the functioning of the global economy? What are the consequences of globalisation and regionalism for world trade, production processes and domestic economies? What kind of economic adjustments do these phenomena imply in terms of factor mobility and relative costs? The book answers these and other questions by exploring the relationship between globalisation and regionalism from both academic and policy-making perspectives. It assesses the extent to which increased global and regional integration has changed the functioning of the world economy and analyses the implications for global trade, relocation of production, structural changes and the international transmission of shocks. With contributions from both academics and professionals, this book is an invaluable guide to the increasingly important effects of the interaction between globalisation and various different forms of regional integration.

## China and East Asian Strategic Dynamics: The Shaping of a New Regional Order



Editors: Mingjiang Li and Dongmin Lee  
Lexington Books, 2011  
ISBN-10: 0739167944  
ISBN-13: 978-0739167946

The present book examines how China's remarkable economic growth and its proactive diplomatic efforts in recent years have not only shored up its importance in global issues, but also induced a transformation of the strategic dynamics in East Asia. The authors argue that major power relations in the region appear to be driven by some new momentum along with the changing international environment.

## Japan's Future in East Asia and the Pacific

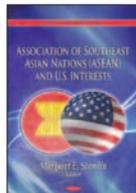


Mark Pangestu and Ligang Song  
ANU E Press, 2011  
ISBN-10: 0731538153  
ISBN-13: 978-0731538157

The book takes a 'big-picture' approach to Japan's economic place in East Asia alongside that of China. It analyses Japan's successes and experiments in trade policy as well as its failures in macro-economic policy. Japan's diplomatic and economic integration strategies are also examined for their impact on East Asia and on Australia. The collection assesses China's growth and dynamism and questions the nature of the competition for economic influence between Japan and China.



## Association of Southeast Asian Nations (ASEAN) and U.S. Interests



Editor: Margaret E. Stamlin  
Nova Science Pub Inc, 2011  
ISBN-10: 1612095801  
ISBN-13: 978-1612095806

The Association of Southeast Asian Nations (ASEAN) is Southeast Asia's primary multilateral organization. Established in 1967, it has grown into one of the world's largest regional fora, representing a strategically important group of 10 nations that spans critical sea lanes and accounts for 5 per cent of U.S. trade. This book examines: U.S. diplomatic, security, trade and aid ties with ASEAN, analyses major issues affecting Southeast Asian countries and U.S.; and, ASEAN relations, and explores ASEAN's relations with other regional powers with a focus on multilateral diplomacy.

## Conflict Management and Dispute Settlement in East Asia



Ramses Amer and Keyuan Zou  
Ashgate, 2011  
ISBN-10: 1409419975

ISBN-13: 978-1409419976

This volume studies the management settlement of conflict and disputes in East Asia. Conflict and disputes exist everywhere in human society, at the international, regional, and national levels. The management and settlement of them has become an imperative. This volume is a significant contribution to a broader understanding of the complexities involved in managing and settling disputes and conflicts both at regional, inter-state and intra-state levels in the East Asian region. Drawing on expertise in Peace and Conflict, International Relations, and International Law this volume presents to the reader a general picture of how conflict can be managed

## Further Readings

- New Driving Force for East Asian Cooperation. Shen Jiru, *People's Daily Online*, 16 January 2012.
- Creating an Asian Community. Biswajit Dhar. *Live Mint.com*. 16 January 2012.
- India, Japan Commit Cooperation on High Speed Rail Projects. *MSN News*, 13 January 2012.
- India has Huge Potential, Feels Singapore Minister; Warns of Recession. *Hindu Business Line*, 13 January 2012.
- China, India can Collaborate in Infrastructure: Experts. *Hindu Business Line*, 13 January 2012.
- Asia's \$1 Trillion Infrastructure Opportunity. *VietnamNews Today.com*, 11 January 2012.
- Integration Won't Bear Fruit in Asia. *Business Mirror*, 7 December 2011.
- Australia's Bumper Trade Surplus and Record Exports in Asian Century. *investin Australia.com*, 4 October, 2011.
- India, Asian Economies will Drive Global Growth: Ministers. *Economic Times*, 4 October 2011.
- For ASEAN, An Asian Business Opportunity. Naina Lal Kidwai, *Economic Times*, 3 October 2011.
- ADB Chief Says No Asian Currency Integration Soon. *Inquirer.net*, 18 August 2011.
- Look East Policy: India's Ties with Countries of East Asia. *PIB*, Government of India, 10 August 2011.

at the international and regional levels through various mechanisms, in particular, through prominent regional organizations such as ASEAN. It then moves on to case studies at the regional level including inter-state and intra-state conflicts and disputes in selected East Asian countries.

## The Global Economic Crisis and East Asian Regionalism

Editor: Saori Katada

Routledge, 2012

ISBN-10: 0415525802

ISBN-13: 978-0415525800

This volume not only offers one of the first assessments of how the global economic crisis has affected the prospects for regional integration in East Asia, but it also addresses a number of long-standing debates of interest to East Asian specialists, economists and policymakers: Are crises catalysts for revamping developmental models? Do they provide solid foundations for regional solidarity and integration? Can they help catapult countries into the global limelight?

## NEW ASIA MONITOR

### Research and Information System for Developing Countries (RIS)

a New Delhi based autonomous think-tank under the Ministry of External Affairs, Government of India, is an organization that specializes in policy research on international economic issues and development cooperation. RIS is envisioned as a forum for fostering effective policy dialogue and capacity-building among developing countries on international economic issues.

The focus of the work programme of RIS is to promote South-South Cooperation and assist developing countries in multilateral negotiations in various forums. RIS is engaged in the Track II process of several regional initiatives. RIS is providing analytical support to the Government of India in the negotiations for concluding comprehensive economic cooperation agreements with partner countries. Through its intensive network of policy think tanks, RIS seeks to strengthen policy coherence on international economic issues.

RIS has been supporting the process of regional economic integration in Asia through in-depth policy studies. Besides the pioneering work on economic integration in South Asia, RIS has also been making significant contributions to the debate on India's economic integration with its major partner countries in Asia.

The *New Asia Monitor*, a quarterly journal launched by RIS, seeks to disseminate the news, viewpoints and information about resources among the policy circles and think-tanks to promote the cause of regional economic integration in Asia. The information provided in the journal is compiled from various sources, as cited, and is purely for educational and dissemination, and not for commercial purposes. The copyrights of the material included remain with the original sources. Printed copies of the *New Asia Monitor* can be obtained free of cost from RIS or can be downloaded from [www.ris.org.in](http://www.ris.org.in)

For more information about RIS and its work programme, please visit its website: [www.ris.org.in](http://www.ris.org.in)



**RIS**  
Research and Information System  
for Developing Countries

Core IV-B Fourth Floor, India Habitat Centre, Lodhi Road,  
New Delhi-110003, India. Ph. 91-11-24682177-80,  
Fax: 91-11-24682173-74, Email: [publication@ris.org.in](mailto:publication@ris.org.in)  
Website: <http://www.ris.org.in>

Editor: Dr. Beena Pandey