

# Third High-Level Conference on Building a New Asia: Towards an Asian Economic Community

Taiyuan, P.R. China, September 15-16, 2005

*Organized by*



山西财经大学

Shanxi University of  
Finance & Economics,  
China



RIS

Research and Information System  
for Developing Countries,  
New Delhi, India

*Supported by*



Sasakawa Peace Foundation, Japan

*and*

Shanxi Consolidation of  
Social Science, China

Shanxi Foreign Exchange &  
Consulting Center, China

Taiyuan Municipal Government

## Building Blocs of Asian Regional Integration

Dr. Ram Upendra Das  
Fellow, RIS

# Introduction

- The Analytical Context
- India's Economic Engagements in Asia as Building Blocs towards AEC
- Some Technical Issues

# The Analytical Context

- Bilateralism/Regionalism/Multilateralism
- Level Playing Field vs. Efficiency Concerns
- Trade and Investment: Developmental Implications
- Trade-Investment Linkages
- Static and Dynamic Gains
- Choice of Approach w.r.t. Speed of Progress in Integration
- Technical Issues

# India's Economic Engagements in Asia as a Building Bloc towards AEC

- Economic Performance of India as a Determinant of India's Engagements
- RTAs as Avenues for Better Economic Performance
- Experiences:
  - Bangkok Agreement, Asian Clearing Union, SAARC – SAPTA, Bilateral Trade Treaties with Bhutan and Nepal
  - India-Sri Lanka FTA
  - India-Thailand FTA (EHP)
  - India-Singapore CECA
- Signed/Proposed:
  - India-ASEAN FTA, BIMSTEC FTA, SAFTA, India-SL CEPA
  - India-China JSG
  - India-S. Korea JSG
  - India-Japan JSG

# Technical Issues

- Developmental Perspective as against Protection
- Different Objectives Achieved Through Different Measures
  - Sensitive List
  - Tariff Rate Quota
  - Tariff Liberalization Programme
  - Rules of Origin
  - Trade Remedial Measures
  - Safeguards
  - State Trading
  - TBT/SPS/MRAs

# Rules of Origin (ROO)

## ● Rules of Origin: Conceptual Issues

- Meaning
- Trade Creation/Trade Diversion/Trade Deflection (Third Country Imports and not Imports *per se*)

## ● Economic Effects of ROO

- Trade and Development

## ● Nuances of Different Modalities of Origin Determination

- Change in Tariff Classification
- Percentage Test
- Specific Process Test
- Merits and Demerits
- A Combined Approach

# ROO: Other Features

## ● Cumulation

- Bilateral
- Diagonal
- Full

## ● Tolerance or *De Minimis*

## ● *Absorption Principle*

## ● Duty Drawback

# Some Action Points

- Institutional Mechanism for AEC
- Studying the Technical Issues
- Sectoral Studies
  - Efficiency-seeking Industrial Restructuring in Asia
  - Horizontal Specialization and Vertical Integration
- Techno-economic Feasibility Studies of Projects

Thank You