

India, Japan group to firm up ties

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India
East Asia

VIENTIANE (LAOS), NOV. 29. India and Japan today agreed to set up a multi-disciplinary group to enhance economic ties focussing on trade, investment and information technology.

The decision was taken at a meeting here between the Prime Minister, Manmohan Singh, and his Japanese counterpart, Junichiro Koizumi. Disclosing this, the Secretary in the External Affairs Ministry, Veena Sikri, said the composition would be "carefully" decided.

Officials said the group was likely to be set up in early 2005.

'Arc of prosperity'

Dr. Singh also had bilateral meetings with the Singapore Prime Minister, Lee Hsien Loong. India and Singapore agreed for a detailed discussion on the proposal for forming the "Asian arc of prosperity" made in response to Dr. Singh's idea of an Asian Economic Community at the recent India-ASEAN Business summit held in Delhi and Mumbai.

Dr. Singh's meeting with Mr. Loong was marked by "enor-

mous cordiality."

Assistance to Laos

India offered assistance to Laos in information technology and other areas, and assured Vietnam of help in joining the World Trade Organisation.

The offer was made by the Prime Minister in separate meetings with the Laos President, Khamtay Siphandone, and the Vietnamese Prime Minister, Phan Van Khai, where they discussed bilateral and other matters of mutual interest, the External Affairs Minister, K. Natwar Singh, told reporters.

During the 45-minute meeting on the second day of Dr. Singh's three-day visit here to attend the third India-ASEAN summit tomorrow, the Laos President reiterated his country's support for India's bid for a permanent seat in the U.N. Security Council.

Mr. Natwar Singh also met his Filipino counterpart, Alberto Romulus, and discussed bilateral matters. — PTI, UNI

India's role in a changing ASEAN: Page 11

30 NOV 2004

THE HINDU

India, Korea to tackle trade obstacles

NEW DELHI, Oct. 6. — India and Korea today resolved to promote trade and investment by sorting out difficulties if any faced by companies in various sectors. "We are trying to have more India-Korea trade and investment with a quantum jump," the commerce and industry minister, Mr Kamal Nath, said following a luncheon meeting he hosted for his South Korean counterpart, Mr Lee Hee-Boem, and a delegation of Korean businessmen.

Mr Kamal Nath said the Korean businessmen, including those already having a presence in India, had expressed interest "both in terms of trade and investment". He assured them of resolving the problems to smoothen the investment and expansion process in India.

Today's meeting also looked at several sectors of interest to the two countries, including petroleum, heavy engineering, consumer goods and textiles. — SNS

THE STATESMAN

7 OCT 2004

Delhi, Seoul ink extradition pact

Statesman News Service

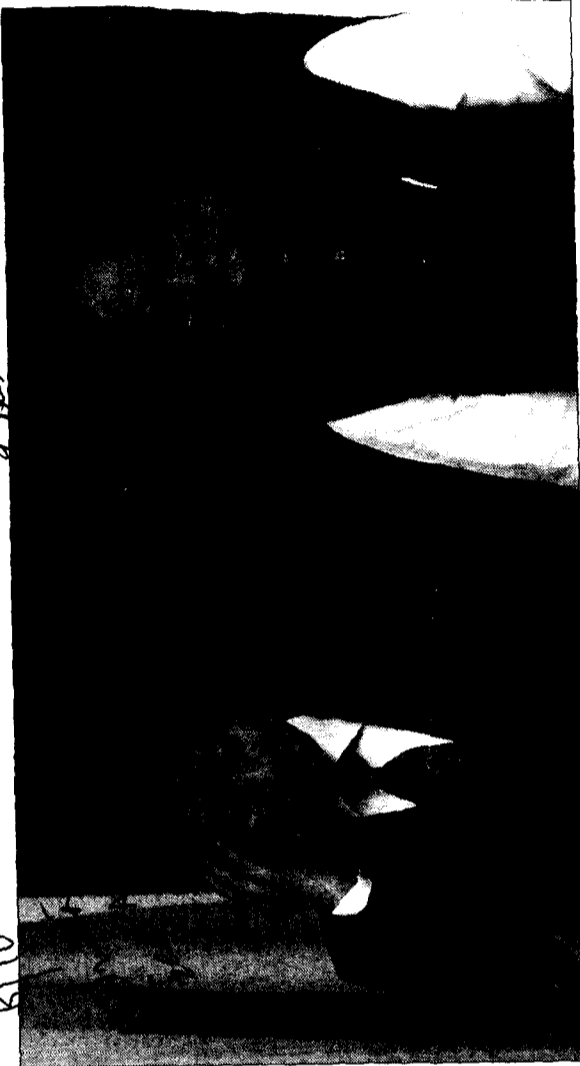
NEW DELHI, Oct. 5. — Ushering in a new chapter in their bilateral relations, India and South Korea today signed Extradition and Mutual Legal Assistance in Criminal Matters treaties to jointly combat crime and terrorism, and declared their resolve to intensify cooperation in defense and economy to raise bilateral relations to a higher level.

The treaties were signed in the presence of Prime Minister Dr Manmohan Singh and visiting South Korean President Mr Roh Moo-Hyun by external affairs minister Mr K Natwar Singh and South Korean minister of foreign affairs and trade Mr Ban Ki-Moon. Mr Roh Moo-Hyun, is currently on a three-day state visit to India.

The Prime Minister and Mr Roh held a meeting for more than 90-minutes covering bilateral, multilateral and global issues during which they agreed to establish a long-term cooperative partnership for peace and prosperity which will seek to take advantage of economic complementarities and political convergences.

Under the Extradition Treaty, any offence committed inside or outside the territory of one party, and which is punishable at the time of the request, with imprisonment for a period of at least one year under the laws of both countries, would be an extraditable offence.

The treaty would provide for wide measures of mutual cooperation for prevention, investigation, prosecution and suppression of crime fall-



Mr Roh Moo-Hyun with Dr Manmohan Singh in New Delhi on Tuesday. — PTI

ing within the jurisdiction of the two countries.

Noting the decision to launch a new dialogue on foreign policy and security by early 2005, covering regional and international security issues, bilateral defense and service-to-service exchanges and counter-terrorism, the two leaders agreed to further promote exchanges and inter-action in the defense field.

This includes cooperation between Navies, coast-guards and related agencies of the two countries in areas like anti-piracy and search and rescue operations. Both sides agreed to

step up efforts to take their economic partnership to a higher level and set a target of 10 billion dollar for bilateral trade by 2008.

Schroeder visit

German chancellor Gerhard Schroeder will arrive here tomorrow on a two-day state visit for talks with Indian leaders mainly aimed at further consolidating the new strategic dimension in bilateral relations adds PTI from New Delhi.

Korean President's plea on balance of trade, page 10

Knowing Korea *guru*

Time to Elevate Bilateral Ties to New Threshold *guru*

By Shashank *guru*

6/10
India plays host to the president of the Republic of Korea (ROK), Roh Moo-Hyun, who is on a three-day official visit. The last ROK president visited India in February 1996, when I was in Seoul as the Indian ambassador. The visit of the ROK president takes place at a time the bilateral relationship requires greater depth, maturity and strategic dimension.

Having achieved an average annual economic growth rate of 9% over 30 years, ROK was regarded as a true "tiger economy". It joined the OECD in 1996. Korean investments in China had increased from almost zero to \$2 billion between 1992 and 1994. The trade had increased from about \$2 billion to \$20 billion in the same period. I wondered after reaching Seoul in October 1994, if only we could persuade the Korean companies to invest in India as a valuable economic partner. The ROK economists and bankers enthusiastically supported the idea and the Korean companies followed suit.

During the 1996 visit, the president of ROK agreed to set a target of \$3 billion for Korean investments in India and \$5 billion for bilateral trade. We may not have achieved the targets but we noticed a dynamic growth in India-Korea relations after February 1996. All Korean chaebols have established a presence in India. They have found India a rapidly growing and vast potential market for their products. Indian engineers and workers have proved second to none in achieving new targets.

Several productivity improvements have been made in the Indian plants of Samsung, LG and Hyundai, making Indian workers valuable partners of Korean companies and giving the Indian consumers value for money. Several other partnerships have been rediscovered as well. In the Southern part of ROK there is a small town called "Kimhae" near Pusan where people fondly recall the arrival of an Indian princess from Ayodhya in AD 21 who married their king Kim Su-roh and became known as Queen 'HO'. The Kim family now numbers over six million people in ROK and along with the 'HO' or 'OH' clan pray regularly to their great grandmother from India (Ayodhya). There is even a shrine for this India princess in Kimhae.

The Buddhist monks in ROK claim about 40% of the Korean population as their adherents. For them India is better known as the 'Western Paradise', being the birth place of 'Buddha Shakyamuni'. The people of Kimhae, of course, believe that Buddhism came to them directly from India through the retinue of the Indian princess from Ayodhya. Korean Buddhist pilgrim centres have since been established in Varanasi and Bodh Gaya. Others are in various stages of conception or completion in different parts of

the Buddhist Circuit in India. It is the holy duty of Korean Buddhists to visit the places associated with their Buddha Shakyamuni's life, even though under Mahayana Buddhism many Korean monks have achieved the enlightened status of a 'Buddha'.

As for the world of business, from the small beginnings of the 90s we have now reached the status where the Tatas have established a presence in South Korea and Korean youth come to Indian institutions to learn Indian software and IT practices. It is time now that the two governments encourage the establishment of Indian IT training centres in Korea, joint technology management and commercialisation arrangements and additional airlinks to connect cities in India directly with cities in ROK.

India-Korea bilateral relations have contributed effectively to building India's economic links with East and South East Asia. India and ASEAN have now agreed to develop a common vision document for the year 2020. India has set up a joint study group with China which will give its report in December 2004 to set a road map for medium and long-term economic partnership. Both these countries have also offered to sign a free trade agreement with ASEAN.

It is not beyond the ingenuity and imagination of the leaders of India and ROK to close the missing link in these pan-Asian partnerships. ROK should consider India's quest for the UNSC permanent membership.

A doubt naturally arises as to whether there would be possible conflicts of interest between various economic partnerships that India seeks to establish within Asia and with other parts of the world. In this context, each of these partner-

ships has to be evaluated for its economic and strategic merits. China, even though a communist country and a new member of WTO, has enthusiastically cut down its tariffs and developed economic partnerships. The rapid economic growth of China attracted its neighbours first as a large market and in the second phase brought India's vast potential to their notice. It should be in our interest to respond to these impulses. Indian companies should respond and encourage investments by small and medium enterprises of Korea.

Our companies have been seeking out changes in government legislation to provide for simpler tax policies and easier credit terms. Promises have also been made by various successive governments in India in this regard. This is not too tall an order if we wish to give the necessary back-up support to Indian companies fearing unfair advantage from competitor companies in Thailand and China. These reforms will also make it easier for Korean and other foreign companies not to think of moving out to other more attractive destinations like China or Thailand.



India, Korea may sign free trade agreement

Our Delhi Bureau
5 OCTOBER

INDIA and Korea are exploring a comprehensive economic partnership in a bid to bolster trade and investment flows between the two countries. This could well include a free trade agreement (FTA). The commerce and industry minister Kamal Nath said India and Korea should aim for a relatively evenly balanced total annual trade of \$10 billion within three years and a sustained average annual foreign direct investment (FDI) of \$1 billion.

"These are not impossible targets. I know we can achieve it if we go about our tasks with single minded determination," he said while addressing the business meeting organised by the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (Ficci) here on Tuesday afternoon on the occasion of the state visit of Roh Moo-Hyun, president of Republic of Korea.

Lee Hee Beom, Korean minister of commerce, industry & energy, who later called on Mr Nath, was also present on the occasion. Referring to the proposed Comprehensive Economic Part-



FORGING TIES: Prime Minister Manmohan Singh and President A.P.J. Abdul Kalam welcome South Korean President Roh Moo-Hyun, in New Delhi on Tuesday. — AFP

nership between India and Korea, Mr Nath suggested that the group, which would discuss the framework of the economic partnership, should go about its work in a target-oriented manner by first defining the target and the time frame and then working out the best way to achieve the annual trade and FDI targets.

Total trade between India and the Korea last year stood at around \$3.3 billion. India's exports were \$800 million, whereas imports from Korea were \$2.5 bil-

lion. India's exports to Korea comprise a high proportion of primary products like agri products and dyes & pharmaceuticals, whereas the major items of India's imports from Korea are industrial goods like electronics, machinery and transport equipment. There is ample scope to diversify the trade baskets. As regards investment, although Korea was the seventh largest FDI investor in India, cumulative FDI inflow from Korea during the last 13 years was only about 3% of India's total inflows.

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5/10 ✓

\$ Korea eyes \$10 b trade with India

Statesman News Service

NEW DELHI, Oct. 4. — Korea is seeking to double its current trade with India over the next three to four years to \$10 billion. Bilateral trade, which stalled at \$15 million in 1973, touched \$4.1 billion last fiscal and is expected to surpass the \$5 billion-mark this year, Korea's commerce, industry and energy minister, Mr Hee-Beom Lee, told the Korea-India Economic Summit here today.

"Korea currently stands as India's fifth largest foreign investor at \$2.6 billion," Mr Lee said pointing to some 150 Korean companies that maintain an active presence in India in the electrical, electronic, automobile and information technology (IT) sectors. However, the large Korean companies were interested in expanding in the Indian market, the minister said.

From 1982 to June this year, Korean corporations received as much as \$6.2 billion in plant orders from India, including \$950 million in the first half of this year, Mr Lee said pointing out that Korean companies were helping to build the infrastructure for power, petrochemical and shipping sectors.

Impressed by India's economic resurgence, the Korean minister said his country's leading steel company, POSCO, will be setting up a steel plant capable of producing 10 million tonnes annually. "This is a large-scale project that requires an investment of \$8.4 billion over the next 15 years. Such an investment decision might have been impossible without POSCO's faith in the Indian market," Mr Lee added. The India-Korea Economic Summit also hopes to explore possibilities of an agreement on Free Trade Area (FTA) between the two countries. The Federation of Korean Industries (FKI) and the CII are jointly working with the India Development Foundation on a preliminary framework, CII President Mr Sunil Kant Munjal said in his address.

In a significant acquisition, Tata Motors Ltd. acquired Daewoo Commercial Ltd in South Korea in March this year at a cost of \$102 million, this being the first instance of Indian investment in South Korea.

India and Korea also plan to increase the number of flights between the two countries from six at present to 14, Mr Lee Jong Hee, of the Korean Airlines said. "It depends on the Indian government. The moment we get the approval, we will immediately commence the additional flights," he said. In all, seven flights are proposed to operate from Delhi and seven from Mumbai, he added.

India-Korea Bhai Bhai

Let's Explore Frontiers Beyond Trade & Commerce

By Choi Jung-il

14 110
Korea and India have a long tradition of mutual exchanges spanning almost 2,000 years. Since the establishment of diplomatic ties in 1973, our bilateral relations have grown over a wide range of areas, including political affairs, economy and culture. The two nations enjoy close political and diplomatic relations, which have been growing steadily through high-level visits, including those of the heads of states or governments and through consultation and collaboration on major issues of regional and international concerns. The growing cooperation between our countries is also contributing to peace and prosperity in Asia and the world.

The development of bilateral relations in the field of trade and investment has been outstanding. Trade volume, which was a few hundred million dollars in the early 1990s, crossed \$4 billion last year. It is expected to touch \$10 billion by 2008. The development of bilateral relations in the field of foreign direct investment (FDI) is an exemplary model for other countries to emulate. While most nations were lukewarm to India's economic reforms and liberalisation in the early 1990s, Korean companies demonstrated their confidence in the fundamentals of the Indian economy and its growth potential by investing in a big way.

That is why Korean companies like Samsung, Hyundai and LG are now household names in India: their products have found a place in many households, illustrating the confidence of Indian buyers in Korean goods. Korean companies in India are not only producing for the local market, they are also exporting these products, creating a 'Made in India' brand in the global market. It is even more heartening to note that hitherto one-way investment flows from Korea to India are gradually acquiring a two-way dimension: recently, Korea's Daewoo Commercial Vehicles was acquired by Indian automobile company Tata Motors.

Recently, people-to-people contacts and cultural exchanges have grown dramatically. Beginning last year, the two countries have held cultural, arts and sports events to commemorate the 30th anniversary of our diplomatic ties. Media of the two countries are contributing to bring the two peoples together by enhancing awareness of our cultures. Today, Koreans visit places like Delhi, Agra, Aurangabad like never before. Last year, an impressive 50,000 people visited each other's country for business or tourism. This number is expected to reach 70,000 by the end of this year. One of the most visible signs of our improved cultural awareness is the growing popularity of Indian cuisine in Korea. Indian restaurants like Ganga in downtown Seoul are a big hit with Korean people. The ongoing transformation of Korea-India

relations is not a coincidence but has roots in our common values and interests.

First, Korea and India, as two great countries of Asia, share the principles of democracy and market economy. Second, our countries are key members of the Asian economy, the most dynamic and fastest growing economic region of the world today. Common membership of the Asian economy provides us with an added opportunity for closer bilateral relations. India as one of the 'BRIC' countries (Brazil, Russia, India, China) is progressing towards becoming a major economic power of the world. Korea, since its successful recovery from the Asian currency crisis of the late 1990s, has emerged as an engine for economic growth and vitality. The current economic scenario opens new vistas for closer cooperation.

Third, the economies of our countries have strong complementarities.

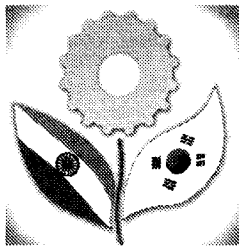
While India has vast territory, abundant natural resources, technically skilled manpower and a world class software industry, Korea has expertise and technological competitiveness in mobile communication, digital electronics, automobiles, iron and steel, manufacturing, construction and shipbuilding. India and Korea can thus utilise their synergies to boost trade to unprecedented levels. Cooperation in IT, where the two countries share strong complementarities, can enhance the economic development not only of the two countries but also of the region as a whole.

Finally, the mutual understanding and trust built over the years are important pillars of our ties. Even after decades, the memory of help rendered by the Indian contingent for the restoration of peace on the peninsula during the Korean War is still fresh in the minds of our people.

The bilateral relations, mainly focused on trade and commerce, need to be diversified. It is imperative that our two countries make exchange of high-level visits, including those of heads of states and governments more frequent. In this context, the forthcoming state visit of Roh Moo-hyun, president of the Republic of Korea, to India from October 4 to 6 is of historic importance. It will be the first state visit from either country since the visit of Indian prime minister Narasimha Rao to Korea in 1993 and Korean president Kim Young-sam's visit to India in 1996.

The visit is expected to give momentum to bilateral ties between the two countries and further strengthen, deepen and diversify our cooperation for the mutual benefit of the two nations. The visit is particularly expected to upgrade our bilateral relations towards a true partnership. I hope that the visit will help build bilateral relations which would be a model for other countries to emulate. I know I can count on the support of the Indian people to build further on this time-tested relationship.

(The author is ambassador of the Republic of Korea to India.)



'Japan hoping to have talks with India on Security Council reform'

By P.S. Suryanarayana

SINGAPORE, AUG. 11. The Japanese Foreign Minister, Yoriko Kawaguchi, has said that Tokyo intends to "fundamentally boost" its economic relationship with India while sustaining "vigorous cooperation" on security and defence aspects.

In written answers to questions from The Hindu on the eve of her arrival in New Delhi tomorrow on an official visit, she said she was "hoping to have a productive discussion" with Indian leaders on bilateral cooperation for the United Nations Security Council reform. Without projecting any renewed notion of Pax Nipponica in the economic domain, she noted that Japan deserved to be a permanent member of the Council as a "non-nuclear country." The following are excerpts:

Question: Madam Foreign Minister. You had said, in an interview to The Hindu ahead of your visit to India in January 2003, that Japan sees India as a strategic partner. Does Tokyo regard the partnership as ten-

able even today?

Answer: We agreed to strengthen the Japan-India Global Partnership from a strategic perspective during my last visit. Since then, regardless of the developments concerning the situation in Iraq, both sides have engaged in vigorous dialogue and cooperation on security and defence aspects.

Please spell out new ideas and cooperative actions.

Given that ensuring the security of the sea lanes of communication in Asia is a strategic task for both Japan and India, I hope to firmly establish working relations in this field through such means as exchanges among the authorities concerned and joint exercise. I would like to strengthen cooperation between the two countries as partners on global issues including the reform of the United Nations, counter-terrorism and nonproliferation.

Is Japan ready for a political and strategic understanding with India on support for each other's candidature for permanent membership of the United

Nations Security Council?

It is important to reform it [the Security Council] so that countries that are making constructive contributions and have sufficient resources, including human resources, [are] permanently involved in its decision-making process. It is important to add a non-nuclear country like Japan as a permanent member. I believe Japan and India share the understanding that enhancing the effectiveness and credibility of the Security Council is important. I am hoping to have a productive discussion on cooperation between [the] two countries [on this issue].

Will India's nuclear 'arsenal' cease to cloud Tokyo's equations with New Delhi? Can you fast-forward the bilateral interactions by shelving or abandoning this issue?

Japan, as the only country in human history to have suffered atomic bombings, aspires to eliminate nuclear weapons. This is an objective that India also shares with Japan. Currently, the most important means to attain the objective of nuclear dis-

armament and non-proliferation is the Treaty on the Non-Proliferation of Nuclear Weapons, and Japan urges all countries to accede to the NPT. Japan is aware that India opposes the NPT because it believes the treaty to be unequal. However, it is vital to strengthen the NPT regime. No realistic frameworks exist to replace it.

Is there a move to invite India to join the Japan-U.S. scientific research project on missile defence? Does Tokyo want India to accept the U.S.-led Proliferation Security Initiative (PSI)?

There are currently no plans to invite a third country to participate in the Japan-U.S. joint technical research. Japan would like to see India supporting the PSI.

Does Japan propose a new economic partnership with India to make the relationship more meaningful?

During my visit to India this time, I particularly look forward to discussing measures aimed at fundamentally boosting our economic relations.

WEDNESDAY, AUGUST 18, 2004

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INDIA-JAPAN TIES

18/8 ✓

THE SWIFTNESS WITH which Japan has set about wooing the United Progressive Alliance Government is a measure of the importance it attaches to developing relations with India. The visit last week by the Japanese Foreign Minister, Yoriko Kawaguchi, was her second in less than two years. India's political landscape has changed dramatically since her last call in January 2003. Japan evidently wants to gauge the thinking in the new Government on the bilateral relationship, which has only recently emerged from a phase of chill that followed India's nuclear explosions in 1998. Though both countries remain cautious, they have worked hard over the last four years to shepherd the relationship out of the woods. Japan realises that for a constructive diplomatic engagement, it must stop viewing India through the prism of Kashmir or nuclear proliferation issues. This has done much to free bilateral relations from the constraints that arose out of the constant need to appear balanced between India and Pakistan. In its own interests, Japan has been eager to build a strategic partnership with India. In this, the growing ties between China and India, and North Korea's nuclear weapons programme, have no doubt played an important role.

Although Japan, unlike China, finds no specific mention in the foreign policy section of the UPA's Common Minimum Programme, the new Government would like to build on the thaw. India's willingness to put behind it the irritants in its relations with Japan since 2000 is all the more important in the post-Iraq global context, in which new alliances are emerging to counter the unilateralism of the United States. The declaration by both countries at the end of Ms. Kawaguchi's visit that they will support each other's candidature for the United Nations Security Council "to enhance the effec-

tiveness and credibility" of the U.N. is a reflection of this. Japan sees itself in the vanguard of the efforts to craft a new multilateralism and believes that its "soft power" is suited for such a role. It defended its decision to send troops to Iraq — a break from its self-imposed post-World War Two rule never to deploy its military on foreign soil — as a step towards crafting a multilateral resolution of the Iraq crisis. New Delhi has been prepared to accept Tokyo's desire to play a larger role on the international stage so long as Japan acknowledges India's own interests in this regard. Their cooperation in the proposed expansion of the Security Council should help hasten the long-envisioned reforms in the U.N. aimed at making it a truly representative international organisation.

An area of some concern is bilateral trade, which remains stagnant despite some high-profile Japanese investments in India, especially in the automobile industry. While trade between India and China has grown impressively and is expected to touch \$10 billion this year, the India-Japan trade relationship has remained at less than half of that. One reason was of course the freeze in the relationship after Pokhran, but the "global partnership for the 21st century" that the two countries inaugurated in 2000 emphasised increasing economic collaboration, especially with the "unbounded opportunities" in the information technology sector. This has simply not happened. The visit by Japan's Ministers for Information Technology and for Economy, Trade and Infrastructure next month should help send out the right signals to both sides — and especially to Japanese business that has been cautious about investing in India — that the political leadership in Japan is serious about developing this aspect of the relationship.