

# SOUTH ASIA

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## Editorial Information

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# SOUTH ASIA CHALLENGES AMIDST CELEBRATIONS

Much has happened in South Asia in recent months. India and Pakistan celebrated 60 years of their existence as independent nations but they have been grappling with several internal challenges. At the same time, parts of South Asia are dealing with extreme flooding caused by incessant monsoons.

In India, the Congress-led United Progressive Alliance (UPA) government has come closer to finalising a nuclear deal with the United States. However, the left political parties, which support the UPA government, and the Bharatiya Janata Party, the principal opposition party, have expressed strong reservations on the nuclear deal. There are concerns that the stalemate between the left parties and the government on the nuclear issue could lead to the fall of the Manmohan Singh government. Pressure is building on the government to initiate a wide-ranging debate on the nuclear deal in the Indian Parliament.

Pakistan, too, faces a number of political challenges. The Pakistani Supreme Court has reinstated Mr Iftikhar Muhammed Chaudhary as the Chief Justice, overruling a decision by President Pervez Musharaff in this regard. This is the first instance in Pakistan's history that the judiciary has gone against the decision by a military ruler and it may have wider implications for the country's future. The Supreme Court has allowed the exiled former Prime Minister Nawaz Sherif to return to Pakistan. Meanwhile, self-exiled former Prime Minister Benazir Bhutto, who has reportedly made a secret deal with President Musharaff, is also returning to politics. With this, there is great interest in the Pakistani general elections due later this year.

In vast areas of South Asia, particularly Bangladesh, India and Nepal, monsoon rains have caused massive floods. Bangladesh is one of the worst affected states. With roughly half the country under water, many hundreds have died and almost 20 million have been displaced from their homes. The caretaker government in Bangladesh has the difficult task of relief and rehabilitation. Scientists warn that global warming is contributing to changes in the rainfall pattern of the South Asian monsoon. This is a new challenge for South Asia, whose economies are highly dependent on the monsoon.

The Institute has been closely following events in South Asia. Two important conferences were held to mark the occasion of 60 years of independence of Pakistan and India. The Institute also organised a conference on the 'Geopolitics of Energy in South Asia'. We also bring out regular briefs, insights and working papers on South Asia. These publications are found on our website at [www.isas.nus.edu.sg](http://www.isas.nus.edu.sg).

In this edition of the newsletter, we focus on several important developments in South Asia. These include the elections in Pakistan, and the political and economic reforms in Bangladesh. An article reviews the India-Singapore Comprehensive Economic Cooperation Agreement, two years after it came into effect in August 2005 while another examines India and the East Asia Summit. There is also coverage on India's relations with Myanmar vis-à-vis China.

We hope you enjoy this issue of our newsletter.

Assoc Prof Tan Tai Yong  
Acting Director

# India and the East Asia Summit

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*Mr Rajiv Sikri  
Consultant, ISAS, and  
Former Secretary (East)  
Ministry of External Affairs, India*

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From a geopolitical perspective, the strategic horizons of many East Asian countries converge with those of India in the eastern Indian Ocean. India's Tri-service Command in the Andaman and Nicobar Islands enables the Indian navy to keep a close watch on the northern approaches to the Malacca Straits. India's prompt despatch of assistance for tsunami relief in 2004; its escort of high-value cargo through the Malacca Straits in 2002; and its successful interdiction of a hijacked Japanese ship, the 'Alondra Rainbow', in 1999 lend credibility to India's regional naval capabilities and posture. Thus, it is natural that India's military cooperation, especially naval, which includes joint exercises and coordinated patrolling, should have dramatically grown in the last few years with many countries in East

Until the early 1990s, India had not paid much attention to East Asia. But a confluence of three events in the early 1990s prompted India to look more closely at the region: one, the collapse of India's key strategic partner, the Soviet Union; two, India was facing its worst ever financial crisis; and three, the reality of globalisation and the imperatives of an increasingly interconnected world.

The East was, in a way, a default option for India. As India was blocked to the north by China and to the west by Pakistan, the east offered the only viable opportunity for India's economic challenges. East Asian countries were growing rapidly, generally stable and peaceful. Importantly, increased economic ties with East Asia also offered the opportunity to bring much needed development to India's Northeastern states.

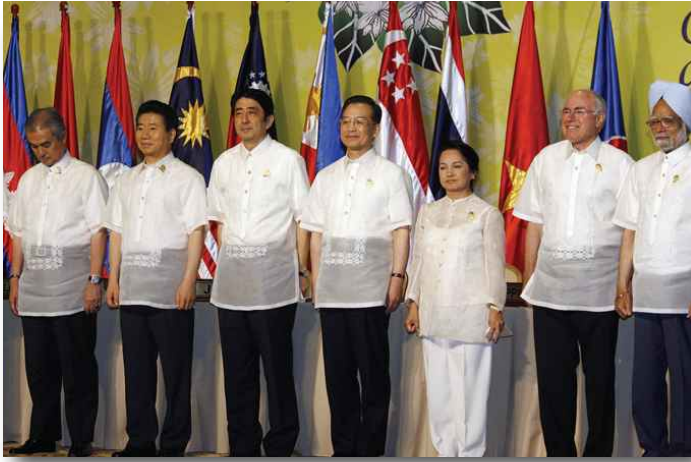
With these considerations in mind, India embarked on its "Look East" policy with the Association of Southeast Asian Nations (ASEAN) at its core. Beginning as an ASEAN sectoral partner in 1992, India moved to a full dialogue partnership in 1995 and finally a summit-level engagement in 2002. Relations with ASEAN as a whole, and with its individual members, have developed rapidly over the last 15 years. However, the "Look East" policy has gradually evolved in geographic scope. In addition to ASEAN, India has also been engaging other East Asian and Pacific countries. There has also been an accretion to its substantive content. Whereas the initial focus of India's ties with East Asia was primarily economic in nature, military engagement has now emerged as a growing area of cooperation.

and Southeast Asia. India will, however, have to decide whether it should maintain an independent maritime policy in Asia or whether it would be preferable to bandwagon with countries like Australia, Japan and the United States, with the attendant political implications of such a move vis-à-vis both China and ASEAN.

India is now perceived as a serious and important contributor to global stability, security and prosperity. India is also being viewed as a potentially important economic partner that could provide a useful balance and hedge against China's current economic dominance and future uncertainties. Steadily, but inexorably, India's "Look East" policy has opened the doors to India's membership of important regional organisations such as the ASEAN Regional Forum and the Asia-Europe Meeting. India's becoming a founding member of the East Asia Summit (EAS) in 2005 symbolises the success and credibility of the "Look East" policy. Coupled with the development of transnational links, an important mindset change has been brought about – India and ASEAN are closer neighbours than previously thought.

## **The East Asia Summit**

The birth of the EAS was not painless. India's membership was always going to be difficult but countries like Singapore and Japan helped convince other countries of the importance of India playing a key role in the new Asian architecture. India's leaders have articulated a bold long-term vision of a community of nations from the Himalayas to the Pacific which could be a new driver of global growth and an anchor of stability and development in Asia. The preferential and free trading arrangements in place or being



negotiated among the major Asian countries are now recognised as building blocks for a regional economic framework. They would take advantage of existing complementarities and bring about stronger synergies and optimal benefits for all participants.

### Key Challenges

The question of how to define the emerging regional architecture and an East Asia Community remains unclear. Sustained and skillful diplomacy will be needed to build a consensus for a more inclusive approach to community building around the EAS since some countries continue to prefer the ASEAN+3 as an alternate framework for the evolving regional architecture.

The key challenge facing the East Asian countries remains building on the existing momentum from two successful summits. From India's perspective, ASEAN has to drive and be central to the EAS process. However, Asia can only become the envisaged pole of global growth if all major and emerging powers are represented, and it is in Asia's interest not to exclude countries like India. As its Chairman, Singapore should set the tone and build upon the outcome of the Second EAS through key initiatives, including promoting research and development in conventional and non-conventional forms of energy; establishing a regional financial architecture; and greater cooperation in culture and the arts through projects such as reviving the ancient Nalanda University.

Another challenge would be the membership of the EAS. The United States had remained out of the EAS partly because it was distracted with the Middle East and partly because it had assumed it to be another talk-shop forum. As the EAS shows signs of evolving into a serious organisation, the United States will not want to be excluded. But if the United States becomes a member, the EAS cannot provide the framework for a pan-Asian entity having an independent standing and influence. Further, if the United States joins, then Russia which has been very keen on EAS membership from the very beginning, would surely push for its presence in this body. It may be prudent not to consider any expansion of EAS membership at this stage.

In a long-term perspective, however, this issue will have to be confronted. Taiwan and North Korea will remain sensitive matters, especially to China and South Korea respectively. In the longer term, it might be unrealistic to have an East Asia that continued to exclude Taiwan and North Korea. With India's integration into the EAS, it might be equally unrealistic to exclude the rest of South Asia. India will need to devise means to take along its South Asian neighbours in the larger Asian integration process. The EAS would need to reconcile its community-building goals with the interests of all currently excluded countries that have an interest in joining the EAS, including the United States which has multiple points of leverage against many EAS members.

For India, the ASEAN-India Free Trade Agreement (AIFTA) remains another important challenge. The main problems relate to tariff reductions on some sensitive agricultural products. ASEAN has to bear in mind that because agriculture is a livelihood issue for millions of people in India, there are limits beyond which India simply cannot go. Crucially, without an AIFTA, India's engagement with ASEAN could lose momentum and its long-term vision of an Asian regional architecture will become less credible. A protracted delay could prompt India to focus its economic energies on other FTA negotiations such as those with Japan and Korea. As both sides have significant long-term economic and political stakes in the AIFTA, it would be desirable to accelerate the negotiations and have it finally signed at the forthcoming India-ASEAN summit in Singapore in November 2007. ■

## President Nathan visits ISAS

The Institute of South Asian Studies played host to H. E. Mr S R Nathan, the President, on 27 August 2007.

During the visit, the Institute briefed President Nathan on its research programme, staff recruitment, and planned initiatives and activities. President Nathan commended the Institute on the significant progress made in the last three years. He called on the Institute to work closely with like-minded research institutes in Singapore and around the world as well as to explore ways to ensure that its publications and activities reach all segments of the Singapore society.

The visit was also an opportunity for President Nathan to meet with ISAS' Board members, the ISAS Associates and staff.





# Time for Elections in Pakistan?

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*Professor Ishtiaq Ahmed*  
*Visiting Senior Research Fellow, ISAS*

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Elections are due in Pakistan towards the end of 2007 or early 2008. The current assemblies were elected in 2002. The Pakistani electoral system is based on the first-past-the-post procedure, as prevalent in Britain and India. Normally, several parties take part in elections but the practice of elections and civilian governments is weakly developed in Pakistan. The military has been in power for much of its chequered history. Therefore, it is not certain that elections will be held.

General Pervez Musharraf's term as president of Pakistan ends in November 2007. He has declared that he is a candidate for the post of president for another term, which he wants to contest while simultaneously retaining his post of chief of army staff. Further, he wants the election of the president to be held before the general election. According to procedure as laid down in the pristine 1973 Constitution (heavily amended since), the members of the National and Provincial Assemblies are directly elected by the people on the basis of universal adult franchise. The elected representatives of the National and Provincial Assemblies then elect the president.

President Musharraf wants the members of the current assemblies to be assigned this task and not those who will be returned after the election. The pro-Musharraf Muslim League-Q and its allies have a comfortable majority in the various assemblies. Therefore, his opponents accuse him of arranging his election in a distorted and illegitimate manner. On 7 July 2007, some of the opposition leaders met in London and pledged not to accept him as a president-in-uniform elected by the current assemblies.

Pakistani politicians, however, are not known to speak consistently with one voice or in a principled manner when it comes to democracy and constitutionalism. With few exceptions, they are notorious for their corrupt ways, opportunism and



general incompetence. The military has since a long time been exploiting contradictions deriving from the clash of ideology, interest and ambition among them.

Perhaps more interesting and intriguing is the fact that, although Pakistan enjoys the reputation of being a conservative and authoritarian polity in which oppressive religious laws menace the lives particularly of women and religious minorities, at no point in its history have the Islamists enjoyed more than 10 to 12 percent of the national vote or seats in the legislative assemblies.

The exception is, of course, the current composition of the assemblies. The pro-Musharraf Muslim League-Q won a majority in the National Assembly and in the provincial legislatures of Punjab and Sindh amid cries of vote rigging by the opposition. In the North West Frontier Province, however, an alliance of Islamist parties – the Muthidda Majlis-e-Amal, comprising mainly the Jama'at-e-Islami and Jami'at-e-Ulema-e-Islam – won a majority while in Balochistan, its strength increased significantly.



The two mainstream parties with large followings in Pakistan are the Pakistan People's Party (PPP) and the Muslim League-N but their leaders, former prime ministers, Benazir Bhutto and Nawaz Sharif respectively, are currently living in exile. Against the former, a number of cases of alleged misappropriation of government money and abuse of office are pending in European as well as Pakistani courts.

A new national stature politician has emerged in Pakistan in recent years. He is the legendary cricket hero, Imran Khan, who heads the Tehrik-e-Insaaf (Justice Movement). Initially Khan was noted to have been apprenticed in politics by hawkish former generals such as General Hamid Gul who headed the all-powerful Inter-Services Intelligence but he seems to have adopted an independent position in favour of the rule of law and constitutionalism. His popular following, after he changed course and became a champion of citizen rights and rule of law, has yet to be put to test.

In addition, the party of Urdu-speaking migrants from India, the Muttahida Qaumi Movement (MQM), with its strong base in Pakistan's megacity of Karachi and in the urban areas of the Sindh Province, is another important player in Pakistani politics. It is represented both in the National Assembly and in the Sindh Assembly where it heads a coalition government. The MQM became a close ally of General Musharraf who it may be noted is also of Mohajir origin.

For several weeks, Pakistan witnessed protests and demonstrations, mainly by lawyers and political cadres, in the wake of the legal and constitutional crisis precipitated by

General Musharraf declaring Chief Justice Chaudhry of the Pakistan Supreme Court as non-functional (a novel term meaning practically removed from his office) on allegations of misuse of office.

It is widely believed that Justice Chaudhry had told General Musharraf that he could not contest elections while remaining in uniform and that his election as president had to be carried out before the end of 2007. Moreover, he had taken up several cases of Pakistani citizens, mainly critical journalists and political activists, abducted by the security forces to produce those individuals in court. He also ordered a stop to the sale of Karachi Steel Mill below market price which the government had agreed to.

Justice Chaudhry challenged his removal in the Supreme Court of Pakistan. On 20 July 2007, a full-bench of the Supreme Court overruled, by a majority, the so-called non-functionality of Justice Chaudhry and restored him as Chief Justice. This is a major, blow to the prestige and power of General Musharraf.

Another major crisis faced by the government has been the very visible defiance of government writ and authority by Islamic radicals in the Pakistani capital, Islamabad. It culminated into an armed confrontation at the Lal Masjid. Of the 1,500 men and women who were barricading inside the mosque and its various rooms and compounds, some 1,300 accepted the amnesty offered to them by the government but the rest fell fighting.





It is possible that the United States may consider a change in Islamabad necessary if a popular mass movement in favour of constitutionalism and democracy gets underway but, at present, the situation is volatile and unpredictable. Some weeks earlier, rumours were rife that the government and Benazir Bhutto were in touch and a deal was in the offing but after the judicial crisis assumed a popular character, Miss Bhutto seemed to have decided not to go ahead with it. But after the military action against the Lal Masjid radicals, she came out strongly in support of the government's response. She announced that she will be returning soon to Pakistan and that some understanding with the government was possible.

The general assessment of the observers of Pakistani politics is that, in a free and fair election, the PPP and Muslim League-N will win a majority of seats. A coalition government, comprising both Benazir and Nawaz, is possible but no such agreement exists at present. Imran Khan's electoral fortunes remain a matter of speculation. The Islamist parties will probably gain their normal share of 10 to 12 percent votes.

Whether a new democratically elected government will take up the challenge and establish the rule of law, respect for constitutional procedure and use its power to curb extremism and terrorism remains to be seen. But first of all, a free and fair election has to take place. ■

## ISAS organises Conference on “Geopolitics of Energy in South Asia”

The Institute of South Asian Studies (ISAS) organised the conference on the “Geopolitics of Energy in South Asia” on 14 August 2007. It attracted over 120 participants. The conference was supported by the Institute of Southeast Asian Studies.

The conference provided an excellent opportunity for a more intense understanding of the key issues and developments surrounding energy security in South Asia and their implications on regional and international relations.

Dr Balaji Sadasivan, Senior Minister of State for Foreign Affairs, and Information, Communication and the Arts, delivered the keynote address. He discussed issues such as energy trends in South Asia; global climate change; and old and new energy corridors. Dr Sadasivan highlighted the implications of the growing energy demand. These included the stability of the region and cooperation between the countries.

The conference witnessed presentations by ISAS' researchers and a panel of experts. The Institute's expertise on South Asia looked at the crucial issue of energy from a regional perspective, with its researchers focussing on key political and economic developments driven by the increased need for energy and their wider impact on the region and the international sphere. The expert panel consisted of local and international scholars, whose primary focus was on developments and issues relating to energy and energy security.

The papers presented at the event covered a range of issues, including India's new foreign policy; regional integration in South Asia and energy diplomacy; implications of geopolitics of energy for Southeast Asia; urbanisation and energy; and energy cooperation between India and Bangladesh.



# India is Losing Myanmar to China

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Over the last decade, relations between the two neighbours, India and Myanmar, have steadily improved. It, therefore, came as a surprise to learn that the gas located in Myanmar's part of the Bay to Bengal is to be transported via pipeline to Yunnan in China. India had assumed that the proximity of the reserves to India and the fact that Indian companies partly owned them would ensure that the gas would come to India. The air is thick with mutual recriminations between different branches of the government over "Who lost Myanmar?"

Various actors bear a collective responsibility. One year was lost in vainly pursuing the Bangladesh route when it was self-evident that any route via the Northeast, although longer and more expensive, was more reliable and would serve the larger interest of the development of the Northeast. Clearly, India underestimated China. Even after India settled on the Northeast route, it was too slow in nailing down the deal and insufficiently vigilant about China's counter-moves.

This episode starkly brings out the fact that India does not have a coherent Myanmar policy. This contrasts sharply with China's approach. China has been incredibly focused and foresighted in its foreign policy when it concerns energy-rich states, especially in its neighbourhood. China's progress in Myanmar has been swift and remarkable. The markets up and down the country are flooded with Chinese goods; Chinese businesses have linked up with the Chinese diaspora in Myanmar; and infrastructure projects such as the rebuilding of the Stillwell Road in the north have started. In Kachin state alone, there are four border trading posts. China is planning to develop a deep sea water port south of Sittwe called Kyauk Phyu (the contract has already been awarded to the Asia World Company) and, from there, a crude oil pipeline, a gas pipeline and a road to Kunming, all scheduled



to be completed in two years. China is keen to secure energy resources for its growing economy as well as to reduce its dependence on the Malacca Straits for oil imports. Myanmar is central to this strategy. China is also playing the hearts-and-minds card by making it easy for Kachin leaders to travel to the Yunnan province.

This, however, does not mean that all is lost for India in Myanmar. Myanmar is keen to have good relations with India. China's growing influence is regarded with suspicion and India is seen as the only viable alternative to balance China's increasing encroachment, especially in the Kachin and Shan states. India needs to fine-tune its strategy for dealing with Myanmar, focusing not on what might have been but on what can still be done.

The Northeast, sandwiched between Bangladesh, China and Myanmar, can really develop only if it is allowed to open up for trade. The most promising outlet is Myanmar since Bangladesh has not shown any willingness to cooperate with





India unless it is on terms that make the Northeast a virtual colony of Bangladesh. Links with Myanmar will open up the rest of Southeast Asia too for the Northeast. As for China, there are far too many complications. For one, China claims Arunachal Pradesh as its territory. India is also wary about re-establishing a direct route from the Northeast to China that could bring the Northeast into China's economic vortex. Many in the Northeast are worried that opening the borders will bring in more drugs, arms and sexually transmitted diseases, which would only add more fuel to the existing discontent and disaffection. However, it is generally agreed that insurgency movements are less attractive when the local population is well off. Increased trade and connectivity will improve the lives of many, unlike the tea industries, which mainly benefit owners living outside the Northeast.

Improving trade levels is not that easy and will require high-level political direction. Most of the trade with Myanmar is routed via Singapore. Even Indian companies with offices in Myanmar find it difficult to import goods

from India to Myanmar. Ideally, more border posts across the Northeast need to be developed, connecting Tripura, Mizoram, Nagaland and Arunachal Pradesh with northwest Myanmar as Moreh alone is no longer enough.

Infrastructure development will also have to be given priority. Roads on both sides of the border are underdeveloped. India needs to speed up the much-delayed Trilateral Highway Project with Myanmar and Thailand and not lose sight of the long-term proposal for a rail link between India and Myanmar, eventually connecting India to Vietnam. Those who argue that Chinese goods will swamp the Northeast should visit the markets in Guwahati and Shillong – this is already happening. But, to date, this is largely a one-way traffic that does not benefit India.

Over the last 15 years, India has been following a pragmatic policy towards Myanmar. It toned down its rhetoric over Aung San Suu Kyi and began dealing with the military junta in Yangon. This policy has borne good results. In view of Aung San Suu Kyi's close links with the Nehru-Gandhi family and the Congress party, some doubts arose, when the present United Progressive Alliance government came to power, about whether this policy would be continued. However, the policy remained unchanged. India took the significant step of inviting Than Shwe to visit India in 2004. This was reciprocated by then President A.P.J. Abdul Kalam's visit to Myanmar last year. During his visit to Myanmar earlier this year, External

Affairs Minister Pranab Mukherjee reaffirmed that India would deal with governments in power and had no intention of exporting democracy.

But while India is on the right track, it is obviously not doing enough in Myanmar. Among all of India's neighbours, Myanmar is the most disadvantaged in getting the serious and sustained attention of decision-makers in New Delhi since the bordering Northeast states of India are political lightweights that are often themselves ignored by geographically distant New Delhi. This is in sharp contrast to the attention that, for example, Afghanistan gets, even though India's stakes in Myanmar are probably higher. If Myanmar were to get even half of the US\$750 million grant assistance and the attention that India has given to Afghanistan, India would gain considerable influence in Myanmar.

India's "Look East" policy is intended to benefit the Northeast. So far, there are no visible effects of the policy in any of the seven states. The Northeast is already burning.



One hopes that the recent visit by Mr Mukherjee to Shillong, and having an activist and energetic Mani Shankar Aiyar as minister in charge of the Northeast region, would focus high-level attention to the urgent need for a comprehensive long-term policy for the Northeast and Myanmar.

India's Myanmar policy also needs to take into account the potential long-term dangers for India emanating from Myanmar. By establishing a substantial presence west of the Irrawady and on the Rakhine coast, China will considerably neutralise India's strategic preponderance in the Bay of Bengal. Secondly, as China is steadily extending its control over the northern parts of Myanmar, it could, over time, outflank India in Arunachal Pradesh which it considers Chinese territory. Thirdly, growing Chinese influence in areas bordering India would enable China to spread its influence and resume its support to rebel and insurgent groups in the Northeast. China has already established a foothold in Chittagong. A link-up between Myanmar and Bangladesh would bring the Chinese right on India's doorstep and complete China's encirclement of India from the east.

There is no time for India to lose in giving much higher priority to relations with Myanmar. ■



## Sri Lanka's Foreign Minister delivers ISAS Public Lecture

H. E. Mr Rohitha Bogollagama, Sri Lanka's Minister of Foreign Affairs, delivered a public lecture on "Sri Lanka: A Safe Destination for Business" on 1 June 2007. Over 120 participants attended the lecture.

In his lecture, Mr Bogollagama mentioned that Sri Lanka was the first country to dismantle the socialist economy and introduced liberalisation, opening up the economy democratically. There was a realisation that the country's economy would be transformed for the better. Further, there was greater dependence on human resources, due to the high literacy rate. At the same time, there were high returns on direct investments in Sri Lanka.

Accepting that Sri Lanka has suffered its fair share from terrorism, he mentioned that the country's government has been able to curtail terrorism and confine it to certain provinces. Sri Lanka wants to engage the "terrorists" in a negotiated settlement and to reach a political solution to the conflict. In recent times, Sri Lanka also suffered from the tsunami but it has been able to bounce back from this turmoil.

He concluded by stating that Sri Lanka is committed to addressing its key issues so that the people could benefit from its prosperity and progress. He also welcomed greater trade with and investments from Singapore.



# India-Singapore CECA: A Success Story of Trade and Investments

*Dr Maathai K. Mathiyazhagan  
Research Fellow, ISAS*

Singapore signed the Comprehensive Economic Cooperation Agreement (CECA) with India on 29 June 2005 and it came into being on 1 August 2005. The CECA is intended to liberalise the tariff regime of both countries and facilitate trade in goods as well as investments. The expected benefits of the CECA are not only restricted to the nationals of Singapore and India but are also extended to individuals and entities who are tax residents in either country. It is also anticipated to benefit Singapore-based companies in cost savings through the elimination of customs duties and the mutual recognition agreement (MRA) on products testing. The CECA completed two years of operation on 30 July 2007. It is imperative to review the status of the CECA on the core themes of trade and investments.



India has emerged as the fastest growing trading partner for Singapore, and bilateral trade between these two countries has grown to significant levels. India's imports from Singapore, as a percentage of its total imports, grew from 2.3 in 1990-91 to 3.6 percent in 2005-06. India's exports to Singapore, as a ratio of its total global export, accounted for nearly 5.2 percent and 5.4 percent in 2005-06 and 2006-07 (covers only April to February) respectively as compared to 2.1 percent in 1990-91. It accounted for a growth rate of 12.3 percent in 2005-06 and 13.6 percent in 2006-07, as compared to less than 10 percent in the 1990s. The role and benefits of the CECA are evident from a positive trade balance between these two countries, especially in the last two years, as against negative trade balances from 1990-91 to 2002-03. This implies that the bilateral relationship between these two countries has been gained momentum, thanks to the CECA.

Singapore's role in India's foreign direct investment (FDI) inflows could be explained in terms of its growth and size, sources and sectoral composition. FDI inflows have assumed an important

role in catalysing Indian economic development in recent years – they contributed to nearly two percent of gross domestic product at factor cost in 2006. Nevertheless, Singapore did not figure in this list of top 10 countries for FDI inflows in India until 1993. Now, it has emerged as the seventh largest investor in India, with cumulative investment amounting to US\$1,647 million. The nation's cumulative share in India's total investment inflows was around 3.59 percent during the periods from 1991-2007 (until April 2007), as compared to 2.15 percent from 1991-1999. The analysis of annual FDI inflows to India from the top 10 countries shows Singapore as the third largest investor in India for the last two consecutive years. Its annual average investment share was around 1.88 percent during 2000-04 and rose to 7.01 percent during 2005-06.

The annual trends also indicate that countries like Japan, the United Kingdom and the United States, which were listed in the top countries for FDI inflows to India, have reduced their volume of FDI outflows, especially in the last two years. However, both Singapore and Mauritius have increased their



share in a significant manner. It clearly demonstrates that the bilateral trade and economic agreements with these countries resulted in a higher share of trade and FDI inflows to India.

It is also important to note that Mauritius, which had not been in the investment scene in India until 1992, now tops the list with an annual share of 50 percent. A lion's share of such investments is represented by the holding companies or shell companies of Mauritius, set up by American firms. India's Double Taxation Avoidance Agreement with Singapore is similar to the treaty with Mauritius, with the exemption of capital gains tax on profits from sale of shares built into the agreement. It also provides an added advantage for the tax residents of Singapore and has become noticeable within two years of the CECA operations, especially in terms of trade and inflows from Singapore.

Another dimension of Singapore's influence and role in total FDI inflows is in the sectoral composition of the investments in India. The top five Indian sectors that have attracted FDI from Singapore are telecommunications (17.93 percent), services (financial and non-financial, 16.28 percent), electrical equipments (including computer software and electronics, 12.4 percent), fuel (power and oil refinery, 11.2 percent) and transportation industries (8.85 percent). These five sectors have been considered to be Singapore's niche investment potentials over the years in India.

The proactive economic policies and investment-friendly states in India play a vital role in attracting more investments from Singapore. In collaboration with a Singapore consortium, Karnataka is the first state to develop vast info-tech parks. There have been substantial investment links between Karnataka and Singapore over the years. In fact, Singapore has emerged as the seventh largest investor in Karnataka. Nearly 50.23 percent of Singapore's total FDI that streamed into India flowed into Karnataka in 2003-04, clearly indicating the state as the first choice for Singapore investors.

The trade and investment statistics show that the CECA has paved the way for business opportunities and increased investment inflows between India and Singapore. On their part, Singapore government agencies have been actively reaching out, through seminars and briefings on the CECA, to interested companies as well as international investors, especially from Southeast Asia and East Asia. Hopefully, this will further enhance trade and investments between Singapore and India.

There has been a popular belief in the Singapore business community that it is extremely difficult to conduct business at the state level in India. Whilst India's economic policies and investment incentives are attractive to private businesses, the implementation of these policies and programmes are carried out by the same old state bureaucrats and politicians. However, these hurdles are slowly being cleared and the states are more proactive in attracting investors. Indeed, the CECA has created a platform for increased business opportunities virtually in



all areas of the states economies in India. These include engineering; automobile and auto components; aerospace; aircraft maintenance; repair and overhaul; information technology; biotechnology; pharmaceutical; apparels and textiles; food processing; steel and metallurgical industry contract research; and research and development; oil refining and petrochemicals; tourism, express highways; minor seaports minor airports; water supply projects; waste water treatment projects; industrial parks and townships; power generation and distribution bridges; flyovers and urban transport systems; and aerospace technology and aircraft maintenance.

According to a state study by the Institute of South Asian Studies, there are sector-specific risks involved in investing at the state level in India. Recognising these risks, the state study has recommended a few sectors to Singapore investors. These include information technology; electronics; automobile; biotechnology; healthcare and pharmaceuticals; and the Special Economic Zones.

The CECA has been a useful and beneficial agreement for both Singapore and India. The market potentials of both countries will be further realised once they finalise the ongoing negotiations on MRAs in medicine, dentistry, nursing, accountancy and architecture, and the professional bodies from both sides and on MRAs in telecommunications and electrical and electronic engineering products. ■

# Political and Economic Reforms in Bangladesh - Issues and Challenges

*Mr M. Shahidul Islam*  
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Ever since the new caretaker government was sworn in Bangladesh on 12 January 2007, the country has been undergoing profound changes, both on the political and economic fronts. The interim administration, led by Dr Fakhruddin Ahmed, a former Bangladesh Bank governor and retired World Bank senior staff, has arrested more than 150 top-level politicians, including two ex-prime ministers, Sheikh Hasina and Khaleda Zia, on allegations of corruption. Some corrupt politicians have already been punished through trials in so-called “kangaroo” courts. The army-backed caretaker government has banned all kinds of political activities and gatherings, both indoors and outdoors. Besides the drive against corruption, the authorities have undertaken a set of politico-economic reforms.

However, the acting government is now facing some setbacks in continuing its reform packages as soaring inflation and rising unemployment have produced a state of stagflation in Bangladesh’s economy. Further, the recent student uprisings at Dhaka University and several parts of the country clearly show that the interim government is likely to face tough challenges in the coming days.

## **Immediate Outcomes of Reforms**

To strengthen the country’s democratic system as well as to invigorate the economy, the authorities in Bangladesh have been implementing a set of reform measures. They reconstituted the election commission and the anti-corruption commission, framed new laws to tackle corruption and ratified the United Nations Convention against corruption. The legal process to separate the judiciary from the executive is about to be completed. The government is also committed to depoliticising the bureaucracy.

The caretaker government has insisted on internal reforms of the political parties so as to create a transparent and accountable party system. Nonetheless, capitalising on this, dissidents within the mainstream parties have spearheaded reforms, sidelining their party chiefs.

The interim government has also initiated economic reforms in several crucial areas. However, the immediate results of the ongoing reforms are rather mixed. For instance, the Chittagong



port, known for its various administrative bottlenecks, has recently raised port efficiency by 30 percent and the cost of doing business in the port is now 40 percent less, according to a recent World Bank assessment. On the other hand, the drive against corrupt businessmen and their business practices has distorted the market substantially. Consequently, in the short-run, the ongoing reforms have created two sets of macro-economic problems. In recent months, the level of employment has declined while the inflation rate has increased, resulting in a kind of stagflation in the economy.

The authorities, in many cases, have dealt with corruption issues heavy-handedly. This has created a panic in the business community. Consequently, a supply-demand mismatch of food



grain and other essentials has distorted the market substantially. Worse still, prices of food grains, fuel and other essential commodities in the international market have soared. In short, the economy has not been able to absorb the sudden shocks that have largely resulted from the ongoing reforms.

Bangladesh, which ranks as one of the most corrupt countries in the world, needs some pragmatic measures rather than current ad-hoc ones to curtail its level of corruption. Emerging economies like China and India that are achieving high economic growth are also not free from corruption. The fight against corruption is a lengthy process and the experiences show that, if governments play their due role by creating some market-friendly policies, then corruption declines gradually.

### **Political Careers of Sheikh Hasina and Khaleda Zia**

The punishments of the hitherto untouchable corrupt bigwigs of the Bangladesh Nationalist Party (BNP) and the Awami League (AL), and the allegations of corruption against Sheikh Hasina and Khaleda Zia, have cast a shadow on the future of these two major political parties and the political careers of their party chiefs.

In order to clean up the political system, it seems that the army-backed interim government has opted for a Pakistani and Thai military-style stance by sidelining the top party leaders from national politics. Freeing Bangladesh from the rule of the two feuding begums may be a serious setback for dynasty politics. However, many analysts have lamented that the way the current administration is cleansing its politics is akin to correcting the legal system by illegal means.

Nevertheless, both Khaleda Zia and Sheikh Hasina are now paying the price for their prolonged short-sighted political ventures. A bitter personal rivalry between these two matriarchs kept the country in permanent turmoil for the past 15 years. Even within the BNP, a chasm has been growing regarding Khaleda Zia's usefulness as the party chief. Sheikh Hasina also faces severe criticism from her own party members



concerning her policies and there is a growing demand for a reform within the AL. The current political developments in Bangladesh show that both Khaleda's and Hasina's political careers are at a crossroads.

### **Prospects of Third-wave in Bangladesh Politics**

The common people too expect a political change in Bangladesh. However, the acute dilemma for the masses is that there is no "third power" in Bangladesh politics that they can vote for. To break the political monopoly of the BNP and the AL, there had been an attempt to initiate a third wave in politics by Nobel Laureate, Professor Muhammad Yunus. However, in the absence of party infrastructure and grassroots support, his entry into politics was not sustainable. Subsequently, he withdrew himself from politics.

Apart from Professor Yunus, there have been some other initiatives to create a third wave in the Bangladesh politics. If the past is any guide, there is a little prospect, at least in the near future, that any new entry into Bangladesh politics can substantially challenge the dominance of the AL and the BNP who have huge influence on the rural voters. The current drive against political corruption might bring some qualitative changes in the Bangladesh politics. However, the impacts of these two major political parties will remain visible in the national politics for the time being.



### **Role of the Army**

It is very obvious that the army is a major catalyst behind the current changes in Bangladesh. However, there are suspicions about the intentions of the army, as such engagement has ended up in a prolonged military rule in the past. Nevertheless, the army chief categorically denied the possibility of a military takeover.

The army's promise to create a corruption-free society and to steer the country towards meaningful elections are in line with expectations of the wider population. If the army's policies are guided by a noble intention and it keeps its promises, then it could be a great impetus for the country's fragile democracy.

The donor agencies, the big international powers, especially the United States and the European Union, and the country's next-door-neighbour, India, are apparently convinced that the Bangladesh army would not follow the path of military dictatorship, unlike some of its predecessors.

However, recent experiences in Pakistan and Thailand, or even in the prolonged military regimes in Myanmar, cast a shadow on Bangladesh's democratic future. The army chief's remarks on the country's politics and democracy have also serious implications in this regard. At a regional seminar in Dhaka recently, he stated ominously that Bangladesh needed "its own brand of democracy". Analysts are cautiously watching how the army redefines democracy.

### **Future of Democracy**

Thirty-six years after its sanguinary inception, the landscape in Bangladesh is undergoing some important transformation,

underpinned by the current political and economic reforms. It remains one of the countries where the gap between performance and potential is huge.

Though the common people in Bangladesh, who are disillusioned with poor governance and confrontational politics, were very upbeat initially about the recent sweep and reform agenda of the present administration, they are getting frustrated as the economy is reeling from the twin macro-economic problems. Hence, the success of the ongoing reforms largely depends on how the government addresses the economic challenges.

Despite the fact that suspicions abound regarding the prospects of a democratic transition in Bangladesh, there is optimism that the current reforms could work like a "tipping point" for this South Asian country and this could open a new horizon and may bring a better future for its people. ■

## **ISAS-RSIS Public Lecture by Indian Foreign Minister**



The Institute of South Asian Studies and the S. Rajaratnam School of International Studies jointly organised a public lecture by H. E. Mr Pranab Mukherjee, India's Minister for External Affairs, on "India's Foreign Policy Priorities". Held on 20 June 2007, the event attracted more than 220 participants.

In his opening remarks, Mr George Yeo, Singapore's Minister for Foreign Affairs, emphasised the importance of Singapore-India relations, not only for bilateral benefits, but also for the ASEAN and the Asian regions. He stated that historical relations between the two countries have been revitalised by recent developments, including the

free-trade agreement and India's strategic engagement in ASEAN. He added that Singapore looks forward to strong relations between the two countries.

In his address, Mr Mukherjee spoke about the significant changes that India has gone through over the last two decades. He mentioned that foreign direct investments, trade and acquisitions were major players in India's growth. Mr Mukherjee highlighted shortfalls in the social and physical infrastructure, shortage of skills, challenges of employability, and a more inclusive growth. He believes that there is room for cooperation in energy, food, technology, human resource and security. He said that competition and cooperation can co-exist and there are no zero-sum games. India is willing to cooperate with all neighbours and stakeholders while emphasising on a multi-polar world.

Mr Mukherjee mentioned that the Singapore-India partnership facilitated Indian engagement with ASEAN, and now Singapore is in the list of India's top five trading partners.



# Snippets on South Asia

*Mr Iftikhar A. Lodhi*  
*Research Associate, ISAS*

## Bhutan – Welcoming Democracy

Bhutan is ready to make its historic shift from absolute monarchy to a parliamentary democracy by 2008. Bhutanese will, for the first time, cast their votes. For the purposes of civil education, mock elections were held in April and May 2007.

The government authorities finalised the third draft version of Constitution after a painstaking exercise. There are 400,000 registered voters in 47 constituencies. Four parties participated in the mock elections – Druk Blue Party, Druk Green Party, Druk Yellow Party and Druk Red Party.

It is interesting to note that Bhutan is the first country in the world where the monarch has pushed for democracy without any external demands or pressure from the people. While some observers see this as progress towards a modern world, others are wary of democracy in this remote Himalayan country of 600,000 people.

Lyonpo Kinzang Dorji was appointed the new Caretaker Prime Minister of Bhutan after seven ministers, including Prime Minister Lyonpo Khandu Wangchuk, resigned to enter politics.

## Maldives – Towards Democracy?

In a referendum held on 18 August 2007 to decide the country's governance system, more than 62 percent of Maldivians preferred a presidential system of government over a parliamentary system. More than 150,000 of the total 194,000 registered voters participated in the referendum.

Many analysts regard the referendum as a milestone towards democratic reforms. Nevertheless, opposition parties have accused the government of rigging the ballot. The main opposition party, Maldives Democratic Party (MDP), had campaigned for a multi-party parliamentary system while President Maumoon Gayoom and his party, Dhivehi Raiyyathunge Party (Maldives Peoples Party), advocated for a presidential system.

President Gayoom, Asia's longest serving leader, called the result "a massive endorsement" and confirmed that he will contest the 2008 presidential elections. President Gayoom has been nominated by the parliament for six consecutive five-year terms since 1978 and was endorsed through referendums.

President Gayoom's economic policies have been successful in revamping the country's economy. Maldives, with a population of 300,000 and an area of 300 km<sup>2</sup>, has the highest gross domestic product (GDP) per capita (US\$7,675 purchasing power parity) and the second highest human development index (0.73), after Sri Lanka, among the South Asian nations. Today, the tourism

industry in Maldives accounts for 20 percent of the GDP and the country hosts more tourists than its own population, though it is still recovering from the 2004 tsunami devastation.

The recent referendum was an outcome of the reform process initiated by the President to write a new democratic Constitution after the 2003-04 social unrest as well as due to growing pressure from the international community. In 2005, the 50-member parliament unanimously voted in favour of a multi-party democracy. Political parties had been banned in the country since 1952.

In 2001, the MDP initiated political debate in the country on this issue. Government parliamentarians formed the Dhivehi Raiyyathunge Party and elected President Gayoom as its head in 2005.

The MDP was at the forefront of recent violent protests in the country and it has been accused by the government of inciting unrest in the country. The MDP is straddled with internal problems – there is division between the moderates and extremists and it has been accused of corruption. In fact, its leader, Ibrahim Ismail, resigned from the party in 2005, reflecting the internal conflict within the party. The MDP called for an "orange revolution" immediately after his exit. Maldivians, however, do not seem to be paying heed to the MDP's calls to overthrow the government through extra parliamentary means.

## Nepal – The Monarch, the Maoists and the Government

The interim government has decided to nationalise the wealth of King Gyanendra. The ministerial team announced the nationalisation of seven prime palaces, including the Narayanhity royal palace in the capital, the official seat of the royal family. In August 2007, the team advised the government to take over five royal mansions and eight forest land fields, including the one where the King is living. The government had sealed the bank accounts of the King, the Queen, the Crown Prince, Paras, and his wife, Himani, so as to stop transactions until the completion of the ministerial assessment.

The constituent assembly elections are expected in November 2007. However, that Chairman of the Communist Party of Nepal (Maoist), Prachanda, feels that there are conspiracies at work against the elections. He said at the fifth expanded meeting of his party, “There is no alternative to launch a movement after quitting the government if the parties leading the government do not guarantee the declaration of a republic to foil conspiracies and terror of the regressive forces against assembly election.”

After 10 rounds of talks between the government and the Janajati organisations, both sides struck a 20-point agreement. The government agreed that the first-past-the-post election system would be selected on a proportional basis and would ensure representation of all the 59 ethnic groups.

Earlier, different Maoist groups expressed their dissatisfaction with the budget and other policies of the government. The former rebel leader, Dr Baburam Bhattarai, said, “By state restructuring, we mean to bring reforms in all sectors, including the economic, industrial, education and agricultural sectors. However, the budget didn’t reflect that and this is why our party has serious objection towards it.”

On 1 April 2007, an interim government led by Prime Minister Girija Prasad Koirala took office in Nepal. In an important development, the Maoists, under the banner of CNP (Maoist), joined the new government. The Maoists had taken up arms against the state 11 years ago.

## ISAS organises Conference on India’s 60 Years of Independence

On the occasion of India’s 60 years of independence, the Institute of South Asian Studies organised a conference on “India: 60 Years of Independence – A Review”, on 30 August 2007. The event was supported by the Singapore Business Federation and Singapore Indian Chamber of Commerce and Industry. About 200 participants attended the event.

The conference aimed to review India’s development after 60 years of independence and to highlight the key achievements and challenges faced by the country. The conference also looked at India’s international relations, with specific focus on China, Southeast Asia and the United States.



Mr Shyam Saran, Special Envoy of the Prime Minister of India and Former Foreign Secretary, India, delivered the keynote address. He spoke about India’s economic and political achievements since independence. On the economic front, Mr Saran mentioned that India has been “increasingly recognised for its successes in simultaneously building an open society and an open economy”. He also mentioned that, “the changes in India itself are visible for all to see. A sustained nine percent growth rate is manifesting itself in growing incomes and rising demand. Poverty levels in the last decade alone have declined significantly in both urban and rural areas.” On the political front, Mr Saran stated that, “India’s consolidation as a national polity has been impressive and no one really doubts its stability today”. He also touched on relations with East Asia, Pakistan, Russia and the other members of the European Union, Southeast Asia, and the United States.

Eminent speakers from India and Singapore shared their professional views on various topics such as political developments in India; India’s economic performance and reforms; the rise of India as a global power; and its relations with the United States, China and Southeast Asia.



# ISAS New Research Staff



**Professor Ishtiaq Ahmed**  
Visiting Senior Research Fellow

Professor Ishtiaq Ahmed has lectured at various Swedish universities and conducted extensive field research in South Asia, especially in Pakistan and India. He has also been a regular commentator on South Asian politics on Swedish and Dutch television and radio channels, and occasionally also on the British Broadcasting Corporation. He is the founder member of the international network and research programme, the Politics of Development Group at Stockholm University. Currently, he holds the position of Professor in that institution.

He is the chief editor of the peer-reviewed electronic biannual journal, Peace and Democracy in South Asia, and member of the editorial advisory boards of Asian Ethnicity and the Journal of Punjab Studies. He is currently in the process of completing a major enquiry on the partition of the Punjab in 1947. It is based on extensive interviews from both sides of the Punjab border. He wrote a weekly column in the Pakistani English-language newspaper, The Daily Times (26 May 2002 to 7 November 2006). He has been writing weekly for The News International since 2 December 2006.



**Dr Shreekant Gupta**  
Visiting Senior Research Fellow

Dr Shreekant Gupta has worked as a policymaker and researcher in various areas spanning urban policy, energy, environment, and economics over the last 25 years. Most recently, he was Director (in the rank of Additional Secretary to the Government of India), National Institute of Urban Affairs at New Delhi. In that capacity, he played an important role in implementation of the federal government's ambitious seven year US\$12 billion urban renewal programme, the Jawaharlal Nehru Urban Renewal Mission, JNNURM. He also led a team that rewrote the master plan for the city of Delhi (Perspective Plan for Delhi 2021).

Currently, Dr Gupta is visiting the Institute of South Asian Studies and National University of Singapore on leave from the Delhi School of Economics, University of Delhi where he is Reader (Associate Professor). His other current affiliations include (Honorary) Director, Urban Governance Programme, Centre for Civil Society, New Delhi and Member of the Board of Trustees of Clean Air Initiative for Asian Cities (CAI-Asia) established by ADB, World Bank and USAID.

His teaching and research interests are in applied economics and policy including environment and development, climate change, urban economics, public economics and microeconomics. Earlier, he was Fellow, National Institute of Public Finance and Policy (NIPFP), New Delhi (1995-97) and headed the Environmental Policy Cell at NIPFP. He has also worked as an environmental economist at the World Bank at Washington D.C. (1993-95), focusing on macro-economic policies and the environment in Sri Lanka, Ghana and Poland. He started his career as a government economist in the Indian Economic Service cadre and served in the Commission for Agricultural Costs and Prices, Ministry of Agriculture and the Department of Economics Affairs, Ministry of Finance, Government of India.

Dr Gupta received his doctorate in economics from the University of Maryland at College Park in 1993. He also has a Masters degree from the Delhi School of Economics and an undergraduate honours degree in economics from the University of Delhi. He was Fulbright Fellow at the Massachusetts Institute of Technology (2001-2002) and Shastri Fellow at Queens University, Canada (summer 2001).

He has served on several national and international committees, including the Task Force to Evaluate Market-Based Instruments for Pollution Abatement, Ministry of Environment and Forests, Government of India, the Economic Options Committee of the Montreal Protocol, United Nations Environment Program and the Intergovernmental Panel on Climate Change.



**Dr K. V. Ramaswamy**  
Visiting Senior Research Fellow

Dr K. V. Ramaswamy studied economics at the University of Mysore where he was awarded the Sir Hugh Daly Memorial Gold Medal for obtaining First rank in M.A. (Economics) degree. He was awarded the ICSSR research scholarship at the Institute of Economic Growth, Delhi. He went on to obtain his PhD from the Department of Economics, Delhi school of University of Delhi. His PhD thesis was on “Technical Efficiency in Modern Small Industry in India”.

He then joined the India Gandhi Institute of Development Research (IGIDR) in Mumbai as Assistant Professor in 1991. In 1996-97, he was awarded the Ford Foundation Post Doctoral Fellowship and was a Visiting Fellow at the Center for International Development, Terry Sanford Institute of Public Policy, Duke University, North Carolina, where he did research work on garment industry in the framework of Global Commodity Chains (GCC). During 1999-2002, he was a Visiting Associate Professor in the economics area at the Indian Institute of Management, Indore. In 2002, he was awarded the East-West Center International Fellowship to carry out research at Honolulu, Hawaii, USA.

In the same year, he returned to IGIDR, Mumbai, as Associate Professor. In 2003, he was awarded the JhamanDas Watumull International Fellowship by East-West Center, Honolulu, Hawaii, to do a study on ‘Globalization and Industrial Upgrading’. In 2005, he was awarded Faculty Research Fellowship by the Shastri Indo-Canadian Institute to do research at the Munk Centre for International Studies, University of Toronto, Canada, on competition policy issues in Canada and India.

He has done consultancy work for the World Bank, the Asian Development Bank and the Institute of Developing Economies in Tokyo. He has published in many refereed Indian and international journals.



**Mr See Chak Mun**  
Senior Fellow

Mr See Chak Mun is Senior Advisor to the Ministry of Foreign Affairs, Singapore, and an adjunct senior fellow of the S. Rajaratnam School of International Studies. He joined the Foreign Ministry in August 1966.

He has served as Singapore’s Ambassador/High Commissioner to Australia, the Federal Republic of Germany, Italy, Greece, Turkey, Austria, Hong Kong and India. He served as the Singapore Permanent Representative to the United Nations and the GATT/WTO in Geneva from 1986-1999 and from 1997- 2001.

Mr See was Singapore’s chief negotiator during the Uruguay Round of multilateral trade negotiations from 1986 to 1991. Besides overseeing the overall Uruguay Round negotiations, he was Singapore’s negotiator in the areas of Services, TRIPS and TRIMS. As Ambassador to the WTO from 1997-2002, he led the Singapore team in the negotiations in the run-up to the launch of the Doha Round and the subsequent WTO Ministerial Conferences.

At the Singapore Foreign Ministry, he had served as Director of the Political Division (1979-82) and Deputy Secretary/International (1991-94).

Mr See’s publications includes: (a) “FTAs: An Economic Reality for Multilateral Trade”, The Financial Express, 22 June 2004; (b) “Global Trade: Creating a New Mindset with FTAs”, The Straits Times, Singapore, 20 September 2004; (c) “CECA-The Strategic Imperatives”, Singapore Year Book Of International Law, 2006; and (d) “Trade Security and the need for a Trade Recovery Programme”, paper presented at the Annual Conference of APEC Centers, Melbourne, 18-20 April, 2007.



# ISAS Recent Publications

## Books

*Second International Conference on South Asia 2006 – South Asia in the Global Community: Towards Greater Collaboration and Cooperation*, 8 November 2006.

*South Asia – The Intern's Perspective*, ISAS Internship Programme 2006, September 2007.

## ISAS Briefs

“Achieving Economic Growth in China and India – At What Environmental Cost?”, Mr Mohammad Shahidul Islam, Research Associate, ISAS, 7 June 2007.

“Monetary Policy in India – The Current Conjuncture”, Professor Errol D’Souza, Visiting Senior Research Fellow, ISAS, 10 July 2007.

“The Lal Masjid Saga: Has Musharraf finally triumphed over extremism in Pakistan?”, Mr Iftikhar A. Lodhi, Research Associate, ISAS, 16 July 2007.

“Electing the Next Vice-President of India – A Unanimous Choice”, Dr S. Narayan, Head of Research and Visiting Senior Research Fellow, ISAS, 23 July 2007.

“Raising Money in Indian Markets – The Indian Depository Receipts Option”, Dr K. V. Ramaswamy, Visiting Senior Research Fellow, ISAS, 27 July 2007.

“Redefining India: The Recent Policy Changes and the Second National Commission on Urbanisation”, Ms Indu Rayadurgam, Research Associate, ISAS, 6 August 2007.

“Pakistan at Sixty: It’s Time to Give Democracy a Chance”, Professor Ishtiaq Ahmed, Visiting Senior Research Fellow, ISAS, 15 August 2007.

“India at 60: Banking on the Demographic Dividend”, Dr Jayan Jose Thomas, Research Fellow, ISAS, 16 August 2007.

“Worries and Hopes for India’s IT Industry”, Dr Jayan Jose Thomas, Research Fellow, ISAS, 17 August 2007.

“Floods in Bangladesh, Changes in Monsoon Pattern and a Wake-up Call for South Asia”, Mr Mohammad Shahidul Islam, Research Associate, ISAS, 23 August 2007.

“Time to Look Down Under: Australia may hold the key to India’s Nuclear Energy”, Mr Malminder Singh, Research Associate, ISAS, 28 August 2007.

“Hyderabad Burning – A Domestic Challenge with Regional Implications”, Dr Rajshree Jetly, Research Fellow, ISAS, 29 August 2007.

“Clearly Troubled: The Indian Government and a Nuclear Deal”, Mr Dhiraj Nayyar, Research Scholar in Political Economy of India, Trinity College, Cambridge, and Research Fellow-designate, ISAS, 31 August 2007.

“The Grand Jirga Imperative: Is this the Solution to the Taliban Insurgency?”, Mr Iftikhar A. Lodhi, Research Associate, ISAS, 20 September 2007.

“Trouble with the Gods: Religion and Public Policy in India”, Mr Dhiraj Nayyar, Research Scholar in Political Economy of India, Trinity College, Cambridge, and Research Fellow-designate, ISAS, 21 September 2007.

## ISAS Insights

“Reflections on Monetary Policy”, Professor D. M. Nachane Visiting Senior Research Fellow, ISAS, 3 July 2007.

“Urban Policy Initiatives in the European Union, Beijing-Seoul-Tokyo Cooperation and ASEAN: Perspectives for SAARC Countries”, Ms Indu Rayadurgam, Research Associate, ISAS, 9 July 2007.

“Election Prospects in Pakistan”, Professor Ishtiaq Ahmed, Visiting Senior Research Fellow, ISAS, 19 July 2007.

“Problems on the China Front: Can India be the Next Manufacturing Hub?”, Dr K. V. Ramaswamy, Visiting Senior Research Fellow, ISAS, 27 August 2007.

“Pakistan: The Road Ahead”, Professor Ishtiaq Ahmed, Visiting Senior Research Fellow, Dr Rajshree Jetly, Research Fellow, Mr Iftikhar A. Lodhi, Research Associate, ISAS, 31 August 2007.

## ISAS Working Papers

“Growth and Employment in India: The Regional Dimension”, Dr K. V. Ramaswamy, Visiting Senior Research Fellow, ISAS, 21 August 2007.

“Public Investment Reversals, Inequality and Borrowing: Fiscal Policy in India”, Professor Errol D’Souza, Professor, Economics Area, at the Indian Institute of Management, Ahmedabad, India, and Visiting Senior Research Fellow, ISAS (May to June 2007), 23 August 2007.

“Capital Account Convertibility in India: Revisiting the Debate”, Professor D. M. Nachane, Visiting Senior Research Fellow, ISAS, 24 August 2007.

“India’s Foreign Policy Priorities in the Coming Decade”, Mr Rajiv Sikri, Consultant, ISAS, and Former Secretary (East), Ministry of External Affairs, India, 25 September 2007.

## Third International Conference On South Asia

The Institute of South Asian Studies (ISAS) will organise its Third International Conference on South Asia themed “Socio-Political and Economic Challenges for South Asia” on 25 October 2007 at the Meritus Mandarin Singapore.

Mr Lim Hng Kiang, Singapore’s Minister for Trade and Industry, will deliver the keynote address for the conference. It will also bring together specialists and experts from Singapore and around the world to provide in-depth analyses of South Asia’s economies, politics, governments, security and societies.

The aim of the conference is to build strong historical links with the South Asian region and develop a deeper and more intense understanding and appreciation of the countries in South Asia.

The conference is open to the business community, government agencies, the diplomatic corp, research institutes and think-tanks, the expatriate community, and the academia. Do look out for further details on the conference on ISAS’ website at [www.isas.nus.edu.sg](http://www.isas.nus.edu.sg).

# ISAS Recent Events

Public lecture by H. E. Mr Rohitha Bogollagama, Minister of Foreign Affairs, Democratic Socialist Republic of Sri Lanka, “*Sri Lanka: A Safe Destination for Business*”, 1 June 2007.

Public lecture by Dr Ishrat Husain, Chairman, National Commission for Government Reforms, Pakistan, “*Reforming Pakistan: Challenges, Strategies and Prospects*”, 4 June 2007.

Seminar by Major General (Retd) Dipankar Banerjee, Director and Head, Institute of Peace and Conflict Studies, “*Southeast Asia and India – A Journey into the Future*”, 5 June 2007.

Seminar by Professor Errol D’Souza, Visiting Senior Research Fellow, Institute of South Asian Studies, “*Labour Regulation in India – Insurance versus Efficiency*”, 19 June 2007.

ISAS-RSIS public lecture by H. E. Mr Pranab Mukherjee, India's Minister for External Affairs, “*India’s Foreign Policy Priorities*”, 20 June 2007.

Public lecture by Mr Sitaram Yechury, Communist Party of India (Marxist) Politburo Member, and Member of Parliament (Rajya Sabha), India, “*The Future of Indian Politics – A Communist Party of India (Marxist) Perspective*”, 27 June 2007.

Closed Door session with Mr Sitaram Yechury, Communist Party of India (Marxist) Politburo Member, and Member of Parliament (Rajya Sabha), India, “*The Emergence of the Left in India and Impact on Indian Politics*”, 28 June 2007.

Seminar by Professor Nirvikar Singh, Director of the Business Management Economics Program, and Co-Director of the Center for Global, International and Regional Studies, University of California, Santa Cruz, United States, “*Services-Led Industrialization in India: Assessment and Lessons*”, 5 July 2007.

Seminar by Dr Manjusha Gupte, Department of Criminal Justice and Political Science, North Dakota State, United States, “*India’s Energy Security: Challenges for a Growing Economy*”, 9 July 2007.

Seminar by Dr Huang Liming, Associate Professor, Department of International Economics and Trade, Jinan University, People’s Republic of China, “*A Study of China-India Cooperation in Renewable Energy Field*”, 11 July 2007.

ISEAS-ISAS seminar by Mr Pramit Pal Chaudhuri, Bernard Schwartz Fellow, Asia Society, New York City, United States, “*India Debates its Energy Security*”, 13 July 2007.

Seminar by Dr Saira Khan, Department of Political Science, Carleton University, Canada, “*Nuclear Weapons and Conflict Transformation: The Case of India-Pakistan*”, 18 July 2007.

Closed Door session with H. E. Dr S. Jaishankar, India’s High Commissioner to Singapore, “*The Political Significance of the Indo-US Nuclear Agreement*”, 3 August 2007.

Seminar by Brigadier Gurmeet Kanwal (Retd.), Senior Fellow, Centre for Air Power Studies, India, “*Indo-Pakistan Rapprochement*”, 6 August 2007.

Seminar by Dr Iftekhhar Iqbal, Assistant Professor, Department of History, University of Dhaka, Bangladesh, “*Reforming the Nation: Changes and Challenges in Bangladesh*”, 7 August 2007.

Conference on “*Geopolitics of Energy in South Asia*”, 14 August 2007.

Roundtable session on “*Pakistan at 60 – The Challenges Today*”, 16 August 2007.

ISAS- SASP “*South Asia Roundtable*”, 17 August 2007.

Seminar by Mr Rajiv Sikri, Former Secretary (East) India, and Consultant, ISAS, “*India’s Foreign Policy in the coming Decade*”, 24 August 2007.

ISAS-ISEAS seminar by Director General U Soe Myint, Energy Planning Department, Ministry of Energy, Myanmar, “*Developments in Offshore Petroleum Exploration of Myanmar*”, 27 August 2007.

Conference on “*India: 60 Years Independence – A Review*”, 30 August 2007.

SICCI-ISAS Roundtable by Mr N. Ram, Editor-in-Chief, The Hindu, India, “*The Media in India – The Road Ahead*”, 7 September 2007.

Seminar by Dr Gulshan Sharma, Executive Director, Institute of Tourism and Future Management Trends, India, “*The Services Sector in India: Growth, Challenges and Potentials*”, 10 September 2007.

Seminar by Commodore (Rtd) C. Uday Bhaskar, Former Director, Institute of Defence Studies and Analyses, India, “*US-India 123 Agreement and Current Opposition in Indian Politics*”, 11 September 2007.

Seminar by Dr Cornie Huizenga, Executive Director, Clean Air Initiative for Asian Cities Centre, “*Urban Air Quality in South Asia: Status, Challenges and the Need for Partnerships*”, 28 September 2007.