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India, Asean open hearts

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"MALAYSIAN Prime Minister Datuk Seri Dr Mahathir Mohamad floored Delhi with his charm and straight talking," declared The Times of India. According to the daily "Dr Mahathir had the audience of the India-Asean Business Summit eating out of his hands..."

He did this by being "himself". Known for his no-nonsense ways he pulled no punches and said it as it is. The Prime Minister who "spoke true to form" made an appeal for lasting peace. Mincing no words he told the audience that belief in imperial or hegemonic approach to peace "was as powerless as an idea whose time had gone".

With terrorism and terrorist attacks rising, the latest being the bombings in Bali in Indonesia and Zamboanga in the Philippines, the plea for lasting peace was delivered with passion. He told the audience of 600 participants from India and Asean that warfare had ceased to be the monopoly of the state and had become a tool in the hands of smaller groups much tougher to discipline.

Speaking in a country with nuclear capability, before heading for Islamabad which also has nuclear warheads, Dr Mahathir said "a cold and adversarial peace" that could be enforced by military might was even more ineffective in this emerging scenario.

Achieving lasting peace through building trust, relaxing tensions, building friendship and goodwill, a sense of community and a community interest in peace - is idealistic.

Peace, and lasting peace, will help governments focus on development and on the needs of their citizens. The first India-Asean Business Summit organised by the Federation of Indian Chambers of commerce and Industry (Ficci) provided an opportunity for Indian and Asean businessmen, entrepreneurs and policy makers to identify areas for closer co-operation that will yield benefits for their people.

With the outlook for the world economy, and that of the US, not too bright the region may have to look to itself for growth. There is tremendous untapped potential in the region but it remains locked.

Obviously, the terrorist attacks will affect business activity in the region and investors and entrepreneurs will be more cautious. The undue adverse attention that the region has attracted following the attacks, coupled with the focus on North Korea due to revelations of its nuclear capability, will further slow the flow of capital to the region and leave the economic potential in cold storage.

The perception is that in the face of bombings and terrorist attacks in the region, there is no determining where the next attack will be. This calls for businessmen and entrepreneurs in the region to pull up their socks, demonstrate confidence in their own countries and put their money in their own backyards.

They cannot depend on others and, as Dr Mahathir stressed, the "most important helping hand that we all need is at the end of our own right arm".

The destinies of the region are "very much in our own hands". No one is going to help them, certainly not in these uncertain times. With a combined population of 1.5 billion India and Asean have a unique opportunity to work for mutual benefit. Dr Mahathir called for Asean and India to work on a "comprehensive economic partnership".

And it is important that India is part of the "prosperity run" that will

be mutually beneficial for Asean, for Asia and for the rest of the world.

India's success in harnessing its potential for cutting-edge information technology has greatly benefited its people and will be a major driving force for the next century, for both India and Asean.

India's importance as an ICT hub was recognised and the Summit in Hyderabad served to highlight this, according to Tan Sri Ajit Singh, who was the principal advisor to the Business Summit.

India, a major centre for IT outsourcing, will see its share of the global software services outsourcing market double to six per cent in 2003 from the present level.

The potential for India-Asean co-operation is "limitless", just as the potential for increased trade and investment between India and Asean is significant. Two-way trade, which stood at US\$3.5 billion (RM13.3 billion) in 1991, recorded a three-fold increase by the year 2000, surpassing the US\$10 billion mark for the first time.

Ficci figures show that the compound annual growth rate (CAGR) of India-Asean total trade for 1991-2001 has been a robust 11.1 per cent. This rate is more than the CAGR recorded for India's total trade over the same period.

Elimination of trade barriers between the two would provide the additional boost for trade and investment. Thus the move by New Delhi to reduce its peak tariff rates to the East Asia levels within three years is seen as a step in the right direction.

There is now a wide gap between the average Indian tariff and Asean's average tariff. In Asean, the average tariffs are in the region of two per cent while India's average tariff is nearly 32 per cent.

Indian Prime Minister Atal Bihari Vajpayee assured his "Asean business friends that we are making every effort to make our policies more investor-friendly," adding that he hoped the transformation would soon be evident.

The first India-Asean Business Summit in New Delhi last week offered an opportunity for regional co-operation and seeks to strengthen ties between India and Asean. Planned as a forerunner to the India-Asean Summit in Cambodia next month it offered "a unique direct interactive opportunity for the private sectors to meet directly and personally to reinforce, expand and create a unique synergy to explore, examine many new business potentials based on utilisation of India's and Asean's vast resources of skills, markets, manpower and cutting edge technology for greater mutual benefits".

The meeting in both New Delhi and Hyderabad helped create a greater awareness of the potential that exists within Asean and India. Ajit said the resources of Asean and India combined opens up additional opportunities for businesses.

The region needs to build new investment and diversify together by learning from the mistakes of the past... "with benefits accruing to "all our peoples", according to Thai Deputy Prime Minister Dr Promin Lertsuridej.

In the wake of the terrorist attacks and the expected decline in foreign direct investments into the region India and Asean should work together to ensure that their economies are not adversely affected.

The businessmen and entrepreneurs should seek out partnerships and strategic alliances. India, which is implementing economic reforms, is fast becoming a serious competitor for FDIs. Vajpayee assured that the reforms are "unstoppable" and that there was "no looking back" even though there were some "hiccups" in the process.

The combined market of 1.5 billion people, with rising expectations, provides a compelling rationale for strengthening the business

relationships between India and Asean. "A new India is rising, a large population is on the threshold of fully entering the global economy, and a new generation of business leaders is driving Indian companies to compete on a global basis," according to a joint McKinsey-Ficci report.

Asean members must take advantage of these trends to secure beneficial trade and investment agreement and profitably grow their businesses. The region - India and Asean - must face up to the "home truths" and the changed world and regional environment in the face of terrorist attacks and bombs and collectively deal with the new realities.