



**Highlights from the Asia and Pacific Regional Round Table:
“The China and India Factor: Implications for Developing Countries
in the Asia and Pacific Region”**

Chairperson

Mr. Reinosuke Hara, UNIDO Goodwill Ambassador

Keynote speakers

H.E. Mr. Yi Xiaozhun, Vice Minister of Commerce of China; and
H.E. Mr. Ajay Shankar, Vice Minister, Department of Industrial Policy & Promotion,
Ministry of Commerce & Industry of India.

Presenter

Professor Dukgeun Ahn, Seoul National University, Republic of Korea

Panelists

H.E. Mr. Fahmi Idris, Minister of Industry of Indonesia;
H.E. Mr. Mohsen Shaterzadeh, Deputy Minister, Ministry of Industries and Mines,
Islamic Republic of Iran;
H.E. Mr. Siasavath Savengsuksa, Vice Minister, Ministry of Industry and
Commerce, Lao PDR;
Mr. Abdul Rahman Bin Mamat, Secretary General, Ministry of International Trade
and Industry, Malaysia;
Mr. Lu Mai, Secretary-General of the China Development Research Foundation,
China;
Professor Manmohan Agarwal, Dean, School of International Studies, Jawaharlal
Nehru University, India;
Mr. Sergio Ortiz Luis, Jr., President, Employers Confederation of the Philippines; and
Ms. Pham Thi Thu Hang, Director, Enterprises Development Foundation of Vietnam

On the occasion of the 12th Session of the UNIDO General Conference at the Austria Center Vienna, the UNIDO Asia and the Pacific Programme hosted a Roundtable on 4 December, 2007 from 15:00 to 18:00 titled “The China and India Factor: Implications on Developing Countries in the Asia and the Pacific Region”.

The Roundtable drew overwhelming interest with over 230 participants from diverse sectors ranging from high-level government officials, the diplomatic community, staff from international agencies, prominent figures from the private sector and civil society, as well as eminent experts from the academia and research institutions.

The purpose of the Asia and the Pacific Regional Roundtable was to exchange perspectives on the implications of the rapid development of China and India for the developing countries in the Asia and the Pacific region and on the strategies for meeting the challenges facing these countries in a win-win manner.

The Roundtable kicked off with the spirited welcoming remarks from the UNIDO Director-General Dr. Kandeh Yumkella who expressed his fondness of the Asia and the Pacific region, and how he sees Asia as the most dynamic region. Mr. Yumkella said, “Each time I visit Asia, I see new applications of theory. I see new innovations. There are things happening in Asia that do not follow the theory that we learned in school, and they are better than the theory that we learned.” Mr. Yumkella further pointed out that he would be visiting Bali to participate in the Global Conference on Climate Change and once again take the opportunity to learn more from the fountain of knowledge that Asia provides. He said, “Asia represents practical solutions to everyday problems. There are the high tech solutions but also the basic ones for community needs”. Mr. Yumkella further expanded on the rising economies of China and India, and the importance of learning different perspectives on the Roundtable topic.

UNIDO Goodwill Ambassador Dr. Reinosuke Hara chaired the Roundtable. Mr. Hara has held various executive positions, including president and vice-chairman of Seiko Instruments Inc., and has played a prominent role in the industrial world. Mr. Hara proceeded to introduce the two distinguished keynote speakers H.E. Mr. Yi Xiaozhun, Vice Minister of Commerce of China and H.E. Mr. Ajay Shankar, Vice Minister, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry of India.

H.E. Mr. Yi Xiaozhun from China delivered the first keynote speech. Mr. Yi emphasized the importance of growing together as China’s economic development will provide many opportunities for other countries in the Region. Mr. Yi based this position on the following reasons: 1) China will continue to grow; 2) China has attached great importance to the balance of trade; 3) Chinese enterprises are expanding globally with a mind for investment cooperation; 4) Chinese government attaches importance to promote South-South cooperation.

H.E. Mr. Ajay Shankar delivered the second keynote speech, introducing the historical background of why and how India was able to develop. Mr. Shankar noted that until 1991 India remained a closed economy, but afterwards India changed and fully integrated into the world economy. He further pointed out that growth and globalization in one country affects the other. Examples can be drawn from various fields: the Climate Change challenge, the Sustainable Development challenge among others. He concluded by the fact that growth in India and China can provide win-win opportunities with growing imports and thereby economic development will affect regional prosperity and peace in the world.

With the tone of the Roundtable set, Mr. Hara resumed the Roundtable after a short coffee break and introduced the Presenter of the Roundtable Professor Ahn Dukgeun from Seoul National University in the Republic of Korea. Prof. Ahn presented the remarkable developments in China and India and the prevalent challenges to affect the industrial bases of neighbouring developing countries in the

region. Prof. Ahn emphasized that developing countries in the region should be integrated more fully with industry and trade structures of China and India so that industry restructuring in a regional scale is facilitated to minimize transaction costs from isolation.

The presentation was followed by various panelist responses, which was initiated by H.E. Mr. Fahmi Idris, Minister of Industry of Indonesia, who spoke about the China and India effect on South-South Cooperation in the Region and ASEAN. Mr. Idris warned that unless China and India have prudent economic development and favorable international trade policies, their ever-growing industrial development will create unbalances in development that leads to wider development gaps within the Region. Mr. Idris further stressed the importance of collectively 'putting heads together', to promote industrial development together, and draw attention to the UNIDO initiative on South-South cooperation as a possible means for China and India to 'give their hands' to help other developing economies in the Region.

H.E. Mr. Mohsen Shaterzadeh, Deputy Minister, Ministry of Industries and Mines, Iran, expressed his thoughts on the role of social justice in development of Developing Countries. Mr. Shaterzadeh delved in the impact of global brands on developing economies, and then focused on South-South cooperation as a possible area for a win-win mechanism. This was followed by an elaboration on Iran's Industrial Development strategy and reasons to invest in Iran.

H.E. Mr. Siasavath Savengsuksa, Vice Minister, Ministry of Industry and Commerce, Lao PDR, spoke on the impact of China and India on least developed countries and landlocked countries such as Lao PDR. Mr. Savengsuksa identified the key opportunities and threats that the Lao PDR has encountered with the rise of China and India. He emphasized the importance of trade and that it is a two-way process, which requires a policy-mix, which supports trade liberalization and economic reforms.

Mr. Abdul Rahman Bin Mamat, Secretary General, Ministry of International Trade and Industry, Malaysia, identified the policy impact on ASEAN due to the rise of China and India. Mr. Mamat in particular pointed out the Big Country Effect, and spoke about the direct versus indirect effect as well as the competitive versus complementary effect. He further delved in to the prospects of ASEAN-China and ASEAN-India Free Trade Agreement negotiations, and the deepening integration among Japan, ASEAN, China, India and Korea economies.

Mr. Lu Mai, Secretary-General of the China Development Research Foundation, China, addressed the question of whether or not the rapid growth of China could be sustained and if so, the issues and challenges facing China due to the rapid growth, particularly with focus on the issue of the welfare system in China as one of the major issues. Mr. Lu discussed how China's economic growth has led to massive urbanization and also spoke on the challenges in resources and development imbalances in China. The implications of China's growing size was also referred to concluding with a positive outlook that China's growth represents a huge opportunity for the Asia and Pacific region as well as the entire world economy at large.

Professor Manmohan Agarwal, Dean, School of International Studies, Jawaharlal Nehru University, India, discussed whether or not the rapid growth of India could be sustained and if so, the issues and challenges facing India due to the rapid growth. Prof. Agarwal concluded by forecasting that India's growth will continue to be rapid, and trade, with the main concentration in the manufacturing sector, will also play an important role in its growth.

Mr. Sergio Ortiz Luis, Jr., President, Philippine Exporters Confederation, Inc., drew the attention to the impacts of China and India on the private sector of Southeast Asia and ASEAN countries. Mr. Ortiz stressed the need to manage the ASEAN integration with East Asian economies, as well as the need for a well performing ASEAN + 4 economic integration model, which includes China and India.

Ms. Pham Thi Thu Hang, Director, Enterprises Development Foundation of Vietnam, pointed out the implications of China and India specifically focusing on SMEs in Vietnam. Ms. Hang stressed the importance of the cooperation of the SMEs to complement instead of compete, for the Vietnamese Government to support reducing the technology gap and market gap, and finally the donors to provide more expertise for SMEs to improve their connectivity to the global economy.

Lastly, Chairperson and UNIDO Goodwill Ambassador Dr. Reinosuke Hara wrapped up the Roundtable, with his insights on "more effective management", by precisely accounting for 1) Total costs; 2) Just-in-time production/delivery system; 3) Safety; and 4) Energy saving and environmental preservation. He forecasted future areas of cooperation in the Asia and Pacific region in 2 areas 1) Energy and the environment, and 2) Information and Communications Technologies.

This successful Roundtable has spurred a new idea to hold a follow-up meeting in the first half of 2008, to discuss the possible role of UNIDO with respect to the increasing presence of China and India and its implications to developing countries in the Asia and Pacific region.