

**The Second 2007 Asia-Pacific Strategy Forum**  
Korea National Committee for Pacific Economic Cooperation (KOPEC)

**The Dialogue with Mr. Shyam Saran, India**  
**on**  
**India's Perspective on Regional Cooperation and Integration in East Asia**

**January 18, 2007**

**1. Overview**

The second KOPEC Asia-Pacific Strategy Forum of 2007 was held at the Lotte Hotel in Seoul on January 18, 2007. The title of the forum was “India's Perspective on Regional Cooperation and Integration in East Asia,” with Mr. Shyam Saran, Special Envoy of the Prime Minister of India, as keynote speaker. Attendees include prominent figures from both the government and academia. The list of participants is attached at the end. The forum began with opening remarks by Dr. Soogil Young, KOPEC Chair, followed by Mr. Shyam Saran’s keynote presentation and then free discussion, moderated by Dr. Soogil Young.

**2. Summary**

**Opening Remarks and Introduction**

In his opening remarks, Dr. Young welcomed Mr. Shyam Saran, Ambassador Parthasarathi, three other guests from India, and Korean participants, including Forum members, to the meeting. Then, following his self-introduction, Dr. Young let Forum members introduce themselves, and he asked Ambassador Parthasarathi to introduce the Indian guests, starting from Mr. Shyam Saran. Mr. Shyam Saran was the Vice Minister of Foreign Affairs until September 2006, at which point he assumed his responsibilities as special envoy of the Prime Minister of India. Among various areas of bilateral cooperation between Korea and India that had been discussed during his visits to Korea, one of the focus areas has been energy cooperation. Mr. Shyam Saran has served as the ambassador to Myanmar, Mauritius, Nepal, and various other places.

## **Keynote Presentation**

Mr. Shyam Saran's presentation started with an informal dialogue over breakfast, followed by the main presentation on the subject matter, followed by a Q&A session. Mr. Shyam Saran began, upon the request of Dr. Young, the informal dialogue by speaking of the nature of the area of energy cooperation that India is seeking to develop with Korea. Mr. Shyam Saran mentioned that India is facing a challenge in terms of ensuring adequate energy supplies to meet the rapid economic growth averaging 8 to 10 percent per annum and the huge size of economy. Mr. Shyam Saran next stated that environmental issues are also a major concern related to energy strategy for India because, currently, more than 50 percent of India's energy requirements are met by coal, which results in harm to the environment. Shifting energy sources from fossil fuels to non-fossil fuels, from conventional to non-conventional, and developing new sources, such as hydrogen-fuel or bio fuels were considered as medium and long-term energy strategies of India.

India also considers nuclear energy to be a clean and safe source of energy, and has built fairly good infrastructure in the nuclear field, and has capable technologies in this area. Mr. Shyam Saran then mentioned that the energy challenge, including the use of nuclear power, is a concern that India is not facing alone; it is shared by other countries, including the U.S. and the nations of the EU. There have been various efforts made in reference to collaboration and strategic partnerships in this area, including ITER projects in which both Korea and India are members.

Regarding the question raised by Dr. Oh-Seok Hyun from KITA about the potential contribution of nuclear power to improving power generation in India and another question by Chair Dr. Young about the particular target share of nuclear power in the future, Mr. Shyam Saran answered by saying that, although the current contribution of nuclear power to total energy generation capacity is small, around 3 %, the target is 20,000 MW by 2020, which is still moderate, and 63,000 MW by 2030, which is quite an optimistic target share.

With regard to Mr. Suk Bum Park's question on the level of cooperation in terms of nuclear power generation and safeguarding the technology of nuclear energy, disarmament, and non-proliferation of nuclear weapons, Mr. Shyam Saran stressed that India's civilian indigenously built facility is expected to have sufficient safeguards up to the year 2014, and that civilian facilities and the strategic program will be completely separated by 2014. He also emphasized that India has made and will make consistent efforts in terms of ensuring India's eventual goal of disarmament.

After Mr. Shyam Saran's presentation on India's energy related issues during the informal talk over breakfast, Dr. Young, the Chair of the Forum, invited him to speak on India's perspective on economic integration in East Asia, as well as in the Asia-Pacific region, which was the main topic of today's meeting. Mr. Shyam Saran began his main presentation on this issue by explaining how India's development plan has changed from the rather self reliant model of growth before the early 1990s to that of linking the economy to the external, that is the global system, during the early 1990s in which India was going through a severe economic and oil crisis caused by the first Gulf War. After the reassessment of its economic strategy after the crisis, India decided to shift toward the externally linked, global system. Now India puts much emphasis on its integration with the global economy, and understands integration of East Asia in the context of India's global strategy. Mr. Shyam Saran explained that the trend in terms of the shift in relative balance and the center of gravity from a western-centered global system to Asia can even be considered as a "resurgence of Asia-centered history," in which India was at the cross-roads of very dense maritime communications of East toward Southeast Asia, toward China before the maritime linkages were interrupted by colonialism.

In terms of India's own process of engagement with Southeast and Northeast Asia, both of which have been promoted, Mr. Shyam Saran indicated that India's partnership with ASEAN countries, which started merely as a sectoral partnership, has been upgraded to a dialogue partnership, and then finally to a summit partnership in the form of ASEAN + 1. India is looking at an early Free Trade Agreement with ASEAN. Secondly, with regard to the engagement process with Northeast Asia, India-China, and India-ROK, bilateral relations have been growing rapidly, although the process with Japan is somewhat behind. India has also been moving toward FTAs or comprehensive economic partnership agreements with individual countries in both Southeast Asia and East Asia.

Mr. Shyam Saran moved on to India's view on or approach to integration of the Asian economy, which was the highlight of today's presentation. First, India believes that ASEAN should be in the driver's seat of the integration. He stressed the importance of ASEAN's comfort level and explained the possible risks when either India or China instead are in the driver's seat. Second, India's interests are in the larger entity in the form of ASEAN + 6, rather than the two-track approach in which ASEAN + 3 leads, and then the rest follow. Thirdly, Mr. Shyam Saran pointed out that the integration process in other important areas, including strategic and security related issues, terrorism, piracy, and financial infrastructure, have not been actively discussed, and he stressed the importance of international cooperation in these areas.

## Discussion

After Mr. Shyam Saran's keynote presentation, the discussion was opened to the participants. Several questions were raised. Honorary Chair Dr. Kiwhan Kim asked about Mr. Shyam Saran's plan on visiting KEPCO, the Korean Electric Power Company, and suggested India's interests in the Korea Stock Exchange, and vice versa. Dr. Soogil Young, the Chair, asked about India's own vision of the Asian economic community, as well as what the Asia Pacific economic community, in terms of APEC's vision, means to India. He also made comments at the end of the conference on the creation of the Asian version of the OECD-based international energy agency. Mr. Suk Bum Park asked about India's plan or vision for the sub-regional grouping, having India at the center or hub, and integrating smaller countries surrounding India, and, secondly, about India's cooperation in the energy sector with Russia. Professor Seyoung Ahn asked how should Asian countries, including India, should handle the U.S.'s concern about an Asia-only economic bloc without U.S. participation, and he also asked about the role of overseas Indian people in terms of consolidating India's cooperation with the region. Lastly, there also was a question about how realistic it is to imagine Asian economic integration.

Although not all questions were fully answered, Mr. Shyam Saran provided comprehensive answer to most of them. To sum up, Mr. Shyam Saran emphasized that India's own vision of the Asian economic community is rather on a larger scale, and not of an exclusionary nature. He added that India's focus is on ASEAN + 6, rather than pursuing APEC's idea since India is not yet a member of APEC, even though they keep this possibility of being a member open. Responding to the question on sub-regional grouping, Mr. Shyam Saran introduced the various integration processes with neighboring countries such as Sri Lanka, Nepal, Bhutan, and Bangladesh, stressing that South-Asia has become more and more an integrated unit, although a challenge in terms of relations with Pakistan still remains. Regarding the question of India's cooperation in the energy sector with Russia, Mr. Shyam Saran explained that although the relationship that India had with the former U.S.S.R. has not carried over in terms of its relationship with Russia, no dramatic change has taken place. He emphasized that energy is a very important component of the strategic partnership between India and Russia. With regard to the realization of Asian economic integration, Mr. Shyam Saran asserted that, although it is not easy to put a date on the integration, realizing Asian economic integration is very realistic, provided there is a strong sense of commitment by each country involved.

The meeting was adjourned after brief concluding remarks of Dr. Soogil Young, the Chair, who thanked Mr. Shyam Saran for his informative and comprehensive presentation and other guests and members for their participation.

### **3. List of Participants (in alphabetical order)**

<b>Ahn, Seyoung</b>	Professor, Graduate School of International Studies, Sogang University
<b>Hyun, Oh-Seok</b>	President, Trade Research Institute, Korea International Trade Association (KITA)
<b>Jung, Sung Rae</b>	Manager, International Cooperation Division, Federation of Korea Industries (FKI)
<b>Kim, Bonghoon</b>	Business Analyst, POSCO Research Institute (POSRI)
<b>Kim, Kihwan</b>	International Advisor, Goldman Sachs; Honorary Chair, KOPEC
<b>Kim, Sang Kyom</b>	Executive Director, KOPEC
<b>Kumar, Gaitri I</b>	Joint Secretary / Director General (Americas), Ministry of External Affairs, Government of India
<b>Lee, Soon Cheul</b>	Senior Research Fellow, Korea Institute for International Economic Policy (KIEP)
<b>Park, Bun Soon</b>	Research Fellow, Samsung Economic Research Institute (SERI)
<b>Park, Suk Bum</b>	Director-General, International Economic Affairs Bureau, Ministry of Foreign Affairs and Trade, Korea
<b>Parthasarathi N.</b>	Ambassador of India to Republic of Korea
<b>Rao, Hamid Ali</b>	Joint Secretary / Director General (Disarmament & International Security Affairs), Ministry of External Affairs, Government of India
<b>Saran, Shyam</b>	Special Envoy of the Prime Minister of India
<b>Sherpa, Tshering W.</b>	Second Secretary, Embassy of India, Seoul
<b>Young, Soogil</b>	Chair, KOPEC