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**Publisher:** David S. Hong, Ph.D. 洪德生  
(*President, Taiwan Institute of Economic Research*)

**Editor in Chief:** Johnny C. Chiang, Ph.D. 江啟臣  
(*Acting Director, International Affairs Department, Taiwan Institute of Economic Research*)

## **Editorial Committee:**

Johnny C. Chiang, Ph.D. 江啟臣  
(*Director, International Affairs Department, Taiwan Institute of Economic Research*)

Chen-Sheng Ho, Ph.D. 何振生  
(*Associate Research Fellow, International Affairs Department, Taiwan Institute of Economic Research*)

Darson Chiu, Ph.D. 邱達生  
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Pei-Ru Chen 陳沛如  
(*Assistant Research Fellow, International Affairs Department, Taiwan Institute of Economic Research*)

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# Contents

## Table of Contents

### Articles

**Advancing APEC's Inclusive Growth Agenda..... 4**

Chen-Sheng Ho

*Associate Research Fellow, Department of International Affairs*

*Taiwan Institute of Economic Research*

**Building a Sustainable Community during and after the Crisis:  
The Role of Taiwan..... 10**

Darson Chiu

*Associate Research Fellow, Department of International Affairs*

*Taiwan Institute of Economic Research*

**The Role of Business towards Sustainable Growth..... 14**

Grace Chung

*Associate Research Fellow, Department of International Affairs*

*Taiwan Institute of Economic Research*

**Foreign land investment: Who benefits?..... 19**

Pei-Ru Chen

*Assistant Research Fellow, Department of International Affairs*

*Taiwan Institute of Economic Research*

**Creation of a Sustainable Community:**

**Take India as an Example-Its Challenges and Opportunities..... 24**

Joanna Lan

*Assistant Research Fellow, Department of International Affairs*

*Taiwan Institute of Economic Research*

**Labor Migration and Sustainable Development: A Methodological  
Rethinking..... 28**

Andre Huang

*Assistant Research Fellow, Department of International Affairs*

*Taiwan Institute of Economic Research*



# **Advancing APEC's Inclusive Growth Agenda**

*Chen-Sheng Ho*

## **Introduction**

Since the birth of APEC in 1989, the main purpose of APEC has been to strengthen economic development in the APEC region. This work was boosted in 1994 when APEC Economic Leaders announced the creation of the Bogor Goals which called for developed economies to achieve free and open trade and investment by 2010 and developing economies to do so by 2020. After 1994, APEC has been seeking to realize the Bogor Goals, as the primary way to enhance economic development for APEC members. With the arrival of the 20<sup>th</sup> anniversary of APEC in 2009 and the dateline for developed economies to reach Bogor Goals in 2010, APEC has recently promoted the inclusive growth idea. The major objective of the article is to describe APEC's inclusive growth concept. In addition, the article will examine the APEC process, so as to suggest how the APEC process could incorporate the inclusive growth idea. The ultimate outcome would be to ensure that the APEC region has achieved greater inclusive growth.

## **APEC's Inclusive Growth Idea**

After the APEC Meeting of Ministers Responsible for Trade in July 2009, Ministers had proclaimed the 2009 MRT Declaration. The importance of the Declaration is that it has called for the fostering of inclusive growth in APEC. Ministers have reaffirmed APEC's commitment to the achievement of the Bogor Goals. However, they have also recognized that some segments of their societies have not benefited from economic integration. Additionally, trade and investment liberalization has resulted in adjustment burden on APEC economies (APEC 2009).

Most importantly, the economic crisis has increased the negative effects, such as the elevation of protectionist pressures. In order to mitigate the negative impacts of the economic crisis, APEC members have implemented stimulus packages in the amount of US\$1.78 trillion since September 2008. Ministers have further stated that APEC will continue to ensure that the advancement of globalization and innovation would result in substantial benefits. Furthermore, APEC will focus on the enhancement of inclusive growth (APEC 2009). Essentially, inclusive growth will be advanced in APEC through the facilitation of economic restructuring and the improvement of social resilience. Moreover, APEC will seek to implement programs that focus on worker retraining, SME financing, human capital development, and social safety nets (APEC 2009a).



## **APEC Process and Inclusive Growth Idea**

It is necessary to describe the APEC process, so as to comprehend how APEC could accommodate the inclusive growth idea. The APEC process is composed of four important dimensions consisting of APEC's goals, decision-making principles, organizational structure and approaches (Chiang and Ho 2009). Since 1994, APEC goals have been the Bogor Goals. At the present moment, there is no indication that APEC would create new goals. Thus the Bogor Goals should continue to exist until the final dateline of 2020.

The second dimension is the decision-making principles. Specifically, the principles consist of consensus building, voluntary participation, and non-binding decisions. They are positioned to be guidelines for the carrying out of discussions and the making of decisions among APEC economies. These three principles have guided APEC since 1989. APEC has continued to support the three decision-making principles (Chiang and Ho 2009). Even though some scholars have called for the implementation of binding decisions, as a way to stimulate the development of concrete actions, APEC members have continued to show their support for non-binding decisions. Therefore, there exists great likelihood that the present decision-making principles will stay relevant into the immediate future.

The third dimension of the APEC process is the APEC fora that constitute the APEC organizational structure. APEC has created APEC Fora that develop policies (policy level) and those that implement policies (working level). The organizational structure consists of three tiers. The top

tier of the organizational structure is the APEC Fora that develop policies consisting of Leaders' Meeting, Ministerial Meeting, Sectoral Ministerial Meeting, and APEC Business Advisory Council (ABAC) (Chiang and Ho 2009).

The middle tier of the APEC organizational structure is composed of APEC Fora that coordinate APEC's work, such as the Senior Officials' Meeting (SOM), APEC Secretariat, Committee on Trade & Investment (CTI), Budget & Management Committee (BMC), Economic Committee (EC) and SOM Steering Committee on ECOTECH (SCE). The SOM is in charge of leading the APEC Fora at the middle tier.

The bottom tier of the APEC organizational structure is made up of APEC Fora that implement policies and actions to achieve APEC's Bogor Goals. Many of the working groups have existed since the birth of APEC, such as the Energy Working Group, Industrial Science and Technology Working Group, Marine Resources Conservation Working Group. Additionally, the development of CTI in 1994 has led to the subsequent creation of several CTI Sub-Fora, such as Group on Services, Sub-Committee on Standards & Conformance, and Electronic Commerce Steering Group. In addition, the Special Task Groups manage specific tasks and report directly to SOM. Finally, Industry Dialogues are held to exchange ideas in automotive, chemical, agricultural biotechnology and life sciences areas (Chiang and Ho 2009).

Finally, the fourth dimension is called approaches. This dimension refers to the various types of actions that APEC Fora have created to achieve the Bogor Goals. The APEC decision-making principles have affected the



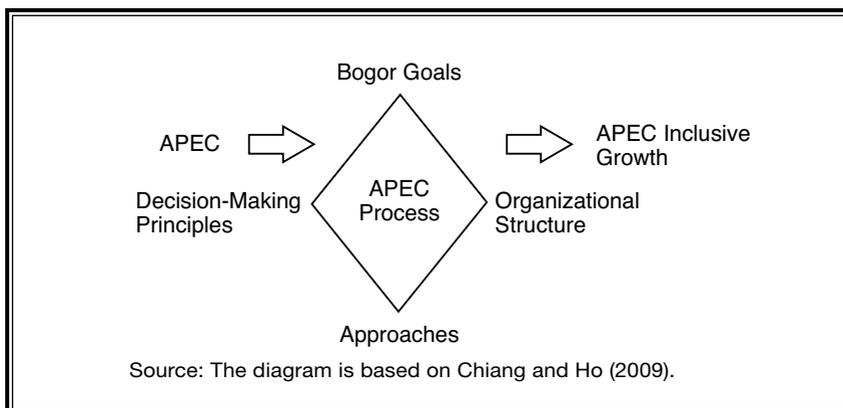
development of the approaches to a great extent. In order to satisfy the decision-making principles, the APEC Fora have developed approaches that are flexible. The major approaches consist of individual action plans (IAPs), collective action plans (CAPs), best practices, pathfinder approach, and model measures (Chiang and Ho 2009).

The APEC process-inclusive growth relationship can be understood as the interactions of APEC process' four dimensions that result in the advancement of inclusive growth in the APEC region. The diagram of the APEC process-inclusive growth relationship is as follows.

### Suggestions for APEC

In order to ensure that the APEC process is able to interact smoothly, so as to advance APEC inclusive growth, it is suggested that APEC

**Diagram 1**



acknowledges the APEC process-inclusive growth relationship stated here. This acceptance on the part of APEC would enable the realization of the second suggestion that calls for APEC to create the SOM Task Force on Inclusive Growth. The purpose of the Task Force is to coordinate APEC's work to strengthen inclusive growth. In addition, APEC would implement a mechanism for monitoring and evaluation of APEC's progress towards advancing inclusive growth in the APEC region.

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# **Building a Sustainable Community during and after the Crisis: The Role of Taiwan**

*Darson Chiu*

The unprecedented economic crisis resulted from the 2007~2008 global financial turbulence has been triggered by numerous factors. Those factors include the US Federal Reserve's over execution of monetary operations, unrestrained proliferation of borderless with high leveraged and risky financial merchandises, economic cycle of housing markets in the developed world, extreme credit crunch everywhere, and insufficient liquidation. These very complicated and much intertwined factors have jointly created an exceptional anomaly for the global economy and caused a major slowdown.

The Asia-Pacific region generating around 60% of the world's GDP and nearly half of the world's trade certainly cannot ignore the potential economic downturn. After all, big players in this region have all been affected seriously by the financial crisis. The United States of America is now suffering from a soaring unemployment rate that has been the highest during the recent 26 years. The deflation in Japan has continued to pressure the already vulnerable economy and postponed the process of her recovery. Since the American and Japanese internal demands are shrinking, emerging economies especially China can long longer enjoy tremendous output growths. China's economic policies and focus have gradually shifted from outward to inward dimension so as to maintain the economic momentum. Basically, all economies in the

region are just like elsewhere of the world facing a major recession and wondering when the economic decline is going to end.

What we are dealing right now is not just a financial crisis but a major economic downturn. The downturn can result in a great depression if we fail to utilize decisive and optimal economic measures. Like all other APEC economies, Taiwan has been striving to address the economic setback through feasible policies. For example, the Taiwan Central Bank's looser monetary operations had continuously adjusted the rediscount rate from 3.625% in September 2008 to 1.25% in February 2009.

Regarding fiscal policies, Taiwan has planned for a) project of shopping vouchers in an estimated budget of US\$2.6 billions, b) project to expand investment in public works in a budget of US\$ 6.5 billions, c) project to enhance employment in US\$1.5 billions, and project of tax reduction in US\$1.9 billions. The purposes are to stimulate consumption, encourage investment and employment and attract the capital back to markets. According to an estimate conducted by the Directorate-General of Budget, Accounting and Statistics of Taiwan, these policies contribute to 2.57% of the forecasted 2009 real GDP growth. On the whole, Taiwan has fulfilled her duty as an individual economy; however, Taiwan as a member of the region can do more.

As the most recognized intergovernmental organization in the region of Asia-Pacific, APEC ought to strive in good faith to deal with this setback caused by a financial monster and push for economic recovery. As a regional organization, APEC is all-inclusive in terms of member economies and issues. APEC has experienced a number of crises since its formation, and



those crises not only tested APEC's capacity but also helped strengthen APEC's resilience. When coping with the 1997~1998 Asian financial crisis, APEC launched a series of high level conferences that got together finance experts and decision makers in the region to come up with feasible solutions.

Trade-oriented APEC economies such as Japan, Taiwan, Singapore and many others have suffered more from the shrinking of global demand due to the crisis. And many economies have been experiencing economic setback as a result of trade contraction; therefore, promoting trade is a feasible solution to revitalize the economy. However, many trading companies especially SMEs in the region have difficulties acquiring sufficient fund for operation because of worldwide credit crunch. For that reason trade finance will be the means to provide sufficient capital and support regional trade. APEC economies hence can provide incentives for major financial institutions to participate and help companies in need access capital, whereas the key is trust building at the time of uncertainty.

To echo the needs to promote trade and address the crisis, Taiwan's Ministry of Economic Affairs has launched an economic plan, "New Zheng He Plan" with an approved budget of US\$260 million to boost exports from 2009 to 2012. The idea is to symbolize that Taiwan will overcome the crisis in the spirit of determination demonstrated by the great Admiral Zheng He, a legendary mariner in the ancient Ming dynasty. Part of the budget will be used to promote trade financing through preferential loans, seek cooperation with re-lending banks and provide export credit insurance. As a member of Asia-Pacific, the role of Taiwan during the economic crisis is to do her best by adopting a plan like this and helping trading partners.

The current economic crisis has impacted on less developed social structures more severely. The impacts hinder our efforts and progress in fighting hunger, solving the problems of poverty, and addressing environmental issues. Furthermore, several leading indices including the leading index issued by the US Conference Board, Japan's Cabinet Office's monthly leading indicators, the OECD leading index, the Euro Area economic sentiment indicator, and the consumer confidence index issued by the University of Michigan all show a positive sign of recovery with a bounce back upward sloping recently. As the leading index is able to capture the potential growths in the future 3 to 6 months, we may conclude that the bottom of recession is no longer unforeseeable and the recovery is coming. In short, the leading indices now outperform the lagging indicators.

At a time when the economic downturn will end in next to no time and recovery has started. We ought to pay further attention to social and environmental dimensions as this has been brought up many times in APEC events. The relevant economic policies adopted at this critical time have to be not only economic reasonable but also environmentally sound and socially acceptable. Most importantly, the policies have to balance all stakeholders' interests without losing sight of impacts to vulnerable groups during the period of post economic crisis. After all, our duty is to meet the needs of the present generation without compromising the needs of future generation. As a member of the APEC community, Taiwan can play a more significant role during and after the crisis. Policies that promote inclusive growths such as social safety net, HRD, green production and consumption and many more can be incorporated into existing stimulus operations.



# The Role of Business towards Sustainable Growth

*Grace Chung*

Around the globe, there is a growing realization that the future world will be resource and carbon constrained. The high energy and fuel prices, deforestation, water stress and environmental degradation proved too difficult for governments to manage on their own. The world's population will continue to grow, China and India will continue to increase their wealth and use of resources, and the world will continue to be under pressure. The need for sustainable development has never been more pressing.

In fact, the current economic crisis provides the opportunity to rethink the role of business and to push forward with the policies and developments necessary to move towards a low-carbon economy. This will not only help the transition to a low carbon economy in the coming years, at the same time, it also creates employment, reduce fuel poverty, tackle social inequalities, and lay the foundation for a new generation of innovative world leading businesses in the world. While government has an important role to play in stimulating companies to act through incentives, rewards and the threat of penalties, it is ultimately businesses that will deliver a supply of goods and services that are less damaging and more resource efficient. As such, the private sector plays a leading role in helping to shape the evolving green economy of the future.

When Trade Ministers met recently in Singapore for the 15<sup>th</sup> Meeting of APEC Ministers Responsible for Trade (MRT), in the context of full discussion on "addressing global crisis, preparing for economic recovery", they stressed the need to ensure that economic growth strategies are environmentally sustainable, specifically to deploy climate-friendly technologies and encourage energy efficiency. It is believed that these technologies and efforts can also create new opportunities for economic growth. The focus on innovation related stimulus measures also showcases how economic recovery packages deployed today can help prepare future growth, including in the area of green technologies.

Having said that, in one recent report released by the OECD, the measures taken that are related to innovation, including broadband, science and innovation, and green technologies were hit hard by the economic crisis as the capital to finance it grows scarce and incentives to develop a greener economy have also been weakened. Furthermore, some developing economies have been suspicious that environmental provisions in trade agreements are disguised protectionism by developed economies.

Nevertheless, sustainable development is an area of risk that, when managed effectively, can create opportunities. It is regarded to be a win-win situation for business. Green business practices and innovation actually help companies to realize enhanced profitability, lower operational and financial risk, improve productivity and enhance public image. Green will also create rapidly growing new markets for sustainable products and services and promotes competitive advantage. Companies that move quickly have an opportunity to realize the benefits of going green before market



conditions and regulations increase the costs associated with environmentally sustainable practices. Hence it is necessary to promote the private sector's ability and willingness to contribute to a sustainable world, particularly, a new generation of business leaders who are willing to bring a new mentality to building lasting value through innovation and growth that creates sustainable wealth in the global economy.

In response and in an effort to mitigate as far as possible the negative impact of the crisis on innovation taking a long-term view, business as usual is clearly not an option. This year, in response to the extreme circumstances faced by the region's businesses, as representatives of the APEC business community, the APEC Business Advisory Council (ABAC) have sent interim letters to APEC Leaders and Trade Ministers, urging them to make the region more eco-friendly include developing a clear legal and regulatory framework for environmental protection; liberalization of trade in environmental goods and services (EGS); promotion of energy security and efficiency; development of green technologies; capacity building and showcasing best practices for sustainable cities; and implementation of the APEC Food System.

At the same time, it is deemed necessary for governments to share the risk of new technologies with the private sector through R&D tax credits, public-private partnerships and supporting innovation in SMEs. Furthermore, a government/industry dialogue can help address areas for development. For example, in APEC, the Energy Business Network (EBN) that was established caters to the need for sustained dialogue between governments and industry and is thus a valuable interface between the APEC Energy Working Group

and its business network. It is a platform to discuss issues associated with prospects and challenges of sustainable development. Most of all, it calls upon APEC to commit to the spirit of intensifying international cooperation towards mobilizing investments to this end.

Looking ahead, doing business in a world increasingly affected by climate change will present challenges and companies will need to be aware of both the general and specific aspects of climate change likely to affect their particular businesses. Since climate change also presents major business opportunities, therefore, it is essential for business to be aware that it has a crucial role to play in both developing new low-carbon technologies and changing consumer behavior to adopt a low-carbon lifestyle.

In this regard, ABAC has also conveyed that governments should aim to set transparent and consistent policy frameworks to give business the certainty necessary to encourage investment in low emissions and energy efficient technology. Business needs a consistent framework if it is to play its full role in seeking improved energy efficiency, investing in new equipment and processes, and innovating to meet the twin challenges of improving energy security and reducing greenhouse gas emissions. At the same time, protection of intellectual property rights to climate change-related technologies and the elimination of tariffs and other barriers to trade in environmental goods and services (EGS) are key drivers of private sector investment in the development and deployment of clean technologies and, as such, are key to achieving global climate change objectives as well as supporting global economic recovery and growth.



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# Foreign land investment: Who benefits?

*Pei-Ru Chen*

Ever since the food crisis in 2007/2008 when the security of food supplies rose to the top of national agenda around the globe, acquisitions of farmland across Africa, Latin America, Central Asia, and Southeast Asia have become a trendy alternative for countries with natural resources constraints or heavy reliance on imported food to produce food overseas. While foreign land deals could mean development opportunities for the recipient countries, the increase in the size and number of land acquisition has also prompted concerns about land grabs or a new form of colonialism. Principles for a code of conduct have been proposed to address these concerns. However, given the complexity of these issues, more thoughts should be given to the subject, so as to ensure a win-win situation, further contributing to a sustainable food supply in a global sense.

International land investment is in an upward trend. According to a joint study by FAO, IIED, and IFAD, which examined large-scale land deals in sub-Saharan Africa over the past 5 years, a total of 2,492,684 hectares of land, excluding allocations below 1,000 hectares and pending applications, have been allocated for investment in Ethiopia, Ghana, Madagascar, Mali, and Sudan during the period 2004~2009. Foreign direct investment has also risen to a new high in 2007, recording a 30-odd billion dollars up from



the previous records of 22 billion dollars in 2006 and 17 billion dollars in 2005 (Cotula et al., 2009, p.25). While natural resources and investment opportunities are, among other things, central to the investment deals, the majority of land is being used for food and biofuels. Gathered data also indicate a significance of foreign investment and large private sector presence with strong government support (ibid., 40~51).

The growing interests in overseas acquisitions of farmland go far beyond Africa, too. Media reports have shown that food security concerns, as well as expectations of high returns, have also pushed foreign investors to look for land in other countries, such as Brazil, Kazakhstan, Pakistan, Cambodia, Laos, Philippines, Indonesia, and Ukraine, etc., to boost food production (GRAIN, 2008; IRIN, 2009). It is estimated that a total of 15~20 million hectares of farmland, equivalent to a fifth of EU farming areas, have been either under negotiation or subject to transactions in developing countries since 2006, according to the findings of the Washington-based International Food Policy Research Institute, IFPRI, cited in the Economist. What's more, the IFPRI research also shows a \$20~30 billion worth of value in these land deals (Economist, 2009).

Increasing investments in developing countries, in principle, could be beneficial to the recipient countries. For example, the prospect of creating more jobs in the farm and non-farm sectors, as well as for improving rural infrastructures, is said to benefit local communities. In addition, the introduction of new technologies, new farming practices, and new seeds, etc., is also expected to increase food production, not only for export but also for local consumption (von Braun and Meinzen-Dick, 2009). According to

Susan Payne, chief executive of Emergent Asset Management, a UK-based investment management firm, "there is a lot of enthusiasm for [this kind of investment]... because local groups, including governments, want [it] there." Besides, "there will not be the jump-start to get Africa growing rapidly in agriculture" had capital not been provided like it is now (Hunt, 2009).

Even so, however, there remain risks, too. One major concern lies in the unequal power relationship between negotiating parties. Disparities in terms of bargaining power between foreign investors and local communities could affect the livelihood of small farmers, especially in countries where legal structures or human capacities are inadequate to enforce norms or agreements. On the other hand, intensive farming coming with large-scale investments could threaten ecological sustainability as well. Despite calls for an international code of conduct to address the potential problems, a fine balance remains to be struck between international regulations and their national counterparts (Godoy, 2009; von Braun and Meinzen-Dick, 2009; Woodrow Wilson Center, 2009).

Principles have been proposed to regulate international land deals. For example, transparency is required to keep local communities properly informed and involved. In addition, respect for local land rights and market values, as well as sharing of benefits, are also important. Moreover, environmental impact should be carefully assessed and monitored, with investment projects well integrated into national development agenda. Finally, national food security should prevail in case of food crisis. Meanwhile, to ensure that contracting parties are both protected and regulated, it is also essential that the policy environment and the



implementation and enforcement capacities in the recipient countries be improved, too (Aso, 2009; von Braun and Meinzen-Dick, 2009).

The story should not end there, though. Questions remain to be asked as to how incentives will be provided in the first place to push for change in each party involved. In addition, even with "teeth" in place, or international arrangements conformed to international business laws (von Braun and Meinzen-Dick, 2009), it remains unclear how these rules will be enforced and honored. It is only the beginning of the quest. Given the newly acquired interests in land deals across national boundaries, a fuller understanding of related issues is warranted, which certainly makes continuing inquiries worthwhile tasks.

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# Creation of a Sustainable Community: Take India as an Example-Its Challenges and Opportunities

*Joanna Lan*

## Introduction

Considering India's great performances in the fields such as mathematics, philosophy, and religion etc., we can say that India is really a country with great ancient culture in the world. The people in India had been influenced by it in a lot of fields. Now India is one of BRIC and which with high economic growth rate. India's GDP was as the following table:

**Table 1: BRIC's GDP Table**

Unit: A billion of U.S. Dollars

Country	2006	2007	2008
Brazil	1,089.301	1,333.502	1,572.839
China	2,657.842	3,382.445	4,401.614
India	874.771	1,102.351	1,209.686
Russia	989.428	1,294.383	1,676.586

Data Source: International Monetary Fund.

India's GDP was composed by agriculture: 17.2%, industry: 29.1%, services: 53.7% in 2008. According the GDP table we knew, the annual percent change of GDP of Brazil, China, India, and Russia in 2008 was correspond to 17.95%, 30.13%, 9.74%, and 29.52%. Unfortunately, its GDP growth rate was the lowest one among BRIC. Even the GDP growth rate still

performed well in India.

As many would have known, textiles, chemicals, cement, food processing, healthcare, mining, petroleum, and software etc. are the main industries in India. In order to sustain the economy development in India, we would like to take "Healthcare" industry as an example to explore the challenges and opportunities.

## **Healthcare and Tourism Industries**

From more than 3500 years ago, Indian had used the Aryurvedic tradition medicine to treat people. Then there were a lot of valuable herbs and medicine be created and be used until now. India government had also promised to double their funding of healthcare in 2008. It meant to raise the fund from 1 percent to 2 percent of India GDP. The reason why to promise it was because they wanted to cure and prevent people get in diseases.

Besides, the healthcare fee in developed countries is much more expensive than developing countries. In view that people from the developed countries are able to retrieve the medical information and have the choice in choosing the place to take the healthcare services. In this regard, this allows tourists to take a trip to other countries and undergo the surgery or other kinds of medical services. Hence, medical tourism was raised as a newly industry in some countries nowadays and India is one of those countries. Some tourists may go to India for replacement or abundant chest surgery.

According to the thesis of Gupta (2007) and Turner (2007), they had mentioned that India, Thailand, and Singapore governments were



very aggressive to associate hospitals, airline companies and hotels with healthcare services to promote medical tourism.

At the same time, we know that Indian healthcare industry has been growing rapidly. According to the information from Technopak Advisors's report "India Healthcare Trends 2008", it was mentioned that healthcare industry, which is just a US\$ 35 billion industry in India. Nevertheless, in the future, it will be expected to reach over US\$75 billion by 2012 and US\$150 billion by 2017. Moreover, currently only 10 percent of the Indian population have health insurance. It meant that there is a great potential for growth in this field.

Considering the above mentioned, we could reasonably deduce that medical tourism will have a good fortune in India in the foreseeable future.

## **Vision**

How to balance the medical tourism development between enlarging the Indian GDP and sustain its environment is an important issue for the Indian government. Medical tourism effects sustainable healthcare and tourism development in many aspects. It will be good to develop medical tourism if we take the following aspects as considerations. From the view of tourism income, visibility of the sightseeing resources in India, and how to integrate the sightseeing resources, medical tourism is good in sustainable tourism. Medical tourism also can reduce the healthcare costs, enhance the medical quality, medical service human capital, and the innovation of medical technology etc., above all, medical tourism promotes development in

the healthcare industry. Even if there are obvious advantages in developing medical tourism to sustain healthcare and tourism industries in India, the Indian government still has to manage and plan it punctiliously. When the tourists come, they may divvy the local medical resources and make much more extra medical garbage. In order to avoid those disadvantages, how to develop the medical tourism carefully is thus a big challenge to India government.

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# Labor Migration and Sustainable Development: A Methodological Rethinking

*André Huang*

For many years, migration issues have become one of the top policy agendas in industrialized as well as in developing countries. It had gained more importance as the numbers of migrant labors increased. It was estimated that in 2008 around 200 million people or 3 percent of the world population lived and worked outside their country of birth. The number of migrant labors of Asia was growing at a speed of 13% per year since 2001. Due to the increasing migrant labors, their remittances have been the biggest channel of North-South capital transforming. Developing countries as a whole received 300 billion of remittances in 2006, while foreign aids and FDI just reached 104 and 167 billion respectively.

Although the significant contributions of migrant labors to the social and economic development of both the sending and receiving countries had been widely recognized, there are still lasting debates on the relationship between international labor migrations and sustainable development. It has been so especially after the outbreak of global economic crisis in 2008 which makes large amounts of migrant returning and decreases significantly the volume of remittances.

Then, what is the issue of the debates? In order to answer this difficult question, it may be worth taking a start with a little joke. A man worked

in a supermarket is suspected by his employer of stealing some goods. As he leaves the supermarket every evening, his wheelbarrow is searched systematically, but nothing is found. Until at last the man finds another job and quits, the guard could not help but asks him whether if he did steal. The man says: "Well, yes, my friend, what I keep stealing is the wheelbarrow themselves..."

Along this line, we can now better analyze the problem of the conventional thinking on the issue related to labor migration. Traditionally, the studies of labor migration, whether if it refers to sustainable development or not, have adopted the perspective of an individual. And as we all know this has involved, on the sending side, the examination of the reasons for labor to migrate and its consequences on the individual, group and country. On the receiving side, this involved similar issues such as the reasons for an employer to recruit migrant labor and its consequences. Is this not a perspective just like searching for some specific goods in the joke above? Whatever the specific issue, the studies have generally assumed that individuals respond to the push and pull factors associated with market. In each case, an individual migrant or employer are conceptualized as actively also rationally pursuing for utilities maximization, as the neoclassical economics assumed.

While this approach is important, it is too restricted to clarify the functioning of the system within which the international labor migration and development interact in a complicated way. Conventional analysis of labor migration often neglect the essential structures which "contain", as the wheelbarrow in the joke, or "set the stage" for individuals to take different acts.



An often case which potentially exposes the weakness of the conventional analysis of the relationship between labor migration and sustainable development is the subject of remittance. Most of the studies of this subject begin at asking the following questions: What are the effects of remittance on migrants, their family and the sending country? Does the remittance help the economic development of the sending country? While most studies agree that the remittance constitutes an important resource for their family and sending country, the effects on the development remains to be controversial.

"Temporary" migrant labor was often seen as being able and willing to return to the sending country with the skills and capital necessary to spur development. Many studies found that, however, in the short term, migrant labor or their family may use the remittance to start a small business such as a shop, café or boarding-house and make a good living, but this is obviously far from being an engine of sustainable development. In the long term, remittance may help the migrant's family to gain better knowledge and skills, but this would not change, or even strengthen, the pattern of international labor migration. It is not surprising at all that there is nothing more permanent than "temporary" migration.

The deep structure working behind this difficulty is the capitalist world system constituted by the separation of periphery, semi-periphery and core. In accessing the meaning of it, one should not forget that the migration of peoples and of individuals is by no means a peculiarly modern phenomenon. What makes modern migratory phenomenon unique is its connection to the capitalist globalization. Migrations of people lead to the setting up of

organized societies, structured and complete, within the newly colonized areas. These societies are often similar to those originally inhabited by the "migrants". Modern migrations are migration of labor, not of peoples. This is to say that the migrants take their place in an organized and structured host society. In that society, they generally acquire an inferior status, such as wage earners and share-croppers.

Migrant labor within this system is characterized by the institutional differentiation and physical separation of the processes of renewal and maintenance. One consequence of a system of migrant labor is the externalization, to an alternate economy and/or state, of certain costs of labor-force renewal, which were normally borne by the employer and/or state of employment. That is why the remittance cannot become the engine of sustainable development and may even strengthen the migrant pattern reversely, for it would not go beyond the level of simple reproduction of the migrant labors and must be unsustainable if the migrants return home for whatever reason. In other words, the remittance is a result and component of the capitalist world system and has no sustainability in itself, not to mention to spur sustainable development.

In the capitalist world system, the periphery and semi-periphery have exported commodities, capitals and labors to the core for many years, while the FDI and other forms of capital North-South transferring were highly concentrated on few countries such as China, India or Brazil. This pattern has been shocked and reversed at least temporarily by the trade, financial and domestic-labor protectionism that has occurred with the breakout of the global economic crisis in 2008. The crisis is an explosive event reveals



the basic contradictions of capitalist world system and forces adjustments. Hence, it is the issue on the function, contradictions and prospect of capitalist world system that should be brought back into the study of labor migration and sustainable development.