
Introduction

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Not for the first time, real events have caught the research community by surprise. But this time, so significant is the rapidly unfolding entry of China and India into global markets, that the policy costs of the research-gap are particularly high. Hitherto, recognition of the consequences of the rise of these newly dynamic Asian economies (the Asian Drivers) has almost entirely been confined to the high-income economies. But what are the impacts likely to be on poor countries, and poor communities in poor countries? How might the opportunities opened up by the rise of the Asian Drivers be grasped and the threats which they pose be minimised for those countries which comprise the majority of the world's population, but account for a minority of global gross domestic product (GDP)?

In November 2004 and May 2005, the IDS Asian Drivers Team met with various networks of researchers from the South, from the EU and from the US to begin outlining a networked and policy-focused research programme addressing the impact of the Asian Drivers on low-income economies. This *IDS Bulletin* draws on the contributions of these participants, if not as authors of individual articles, then as contributors to the definition of a research agenda.

The first article in this *IDS Bulletin* is an overview of a research agenda developed by the IDS Asian Drivers Team. It sets out a holistic approach, identifying four major vectors through which the Asian Driver economies may have an impact on low-income countries: through trade and production, finance, environmental spillovers and in institutions of global governance. Major knowledge gaps are identified and key methodologies are outlined.

Evans, Kaplinsky and Robinson provide empirical evidence of the growth not just of the Asian trading bloc, but also of the differences between China (integrated in its region) and India (more a self-standing growth-pole). They also show the need for the development of multilevel and interdisciplinary analytical frameworks. This is followed by a series of articles, each of which looks at the impact of the rise of the Asian Drivers on trade, investment and global prices. Edwards and Jenkins focus on the

specific case of the Asian Driver's trade and investment relations in sub-Saharan Africa, and Stevens and Kennan widen the price analysis from the direct impact on bilateral trade to the indirect impact in global markets. Both of these articles identify particular countries which appear to be gaining and losing from trading relationships with the Asian Drivers. Kaplinsky's contribution takes the discussion further by focusing on the relative prices of manufactures and commodities, and explores how the outward expansion of the Asian Driver economies may be affecting the terms of trade.

Schmitz focuses on the trade and production vector and provides a taxonomy of effects through which low-income economies may be affected. He argues that a distinctive feature of the rise of the Asian Drivers may well be their command not just over production capabilities, but innovation capabilities as well.

This is followed by a series of articles exploring the regional nature of these impacts. Mohanty and Chaturvedi zero-in on the product composition of China and India's imports and identify the opportunities this opens for low-income economies in general, and least developed countries in particular. The article by Fleury and Fleury focuses on the developing trade and investment links between Brazil and China, and points to some concerns about trade imbalances and the danger of Brazil being forced back into commodity dependence. The studies of the African clothing industry by McCormick, Kamau and Ligulu, and Morris suggest that the indirect impact of the Asian Drivers in third-country markets may be particularly damaging for those African economies which have seen a recent rise in clothing and textile exports to the US.

The two final contributions to this *IDS Bulletin* relate most closely to the policy arena. Gottschalk explores the impact of rising commodity prices on four Latin American economies, and contrasts the different ways in which the commodity rents have been used. Humphrey and Messner widen this policy agenda by focusing on the implications which rising economic power of the Asian Drivers has for global governance in both public and private spheres.

