

RCI CHAT

The Monthly Newsletter of the Asia Regional Integration Center
Under the Office of Regional Economic Integration (OREI)

IN THE NEWS

UN Climate Summit sets commitments; announces actions. United Nations (UN) agencies, governments, businesses, financial institutions, civil society organizations, and indigenous leaders reaffirmed their commitment to address climate change at the [UN Climate Summit](#) 23 September. The [UN Environment Programme](#) announced initiatives to reduce global energy demand, mitigate climate change, and improve energy access. Governments, corporations, and civil society organizations are also tackling [food security](#) by committing to increase agricultural productivity while reducing greenhouse gas emissions. The Summit agreed to [halve deforestation](#) by 2020 and eliminate it by 2030. The financial sector pledged to help mobilize [\\$200 billion](#) by end-2015 to help developing economies fund programs that reduce emissions. Global initiatives for [sustainable transport](#) were also announced.

ADB holds transport forum, regional energy trade workshop. The Asian Development Bank (ADB) hosted the [ADB Transport Forum 2014](#) 15–17 September at its headquarters in Manila, Philippines. ADB reported on results thus far of its 2010 [Sustainable Transport Initiative](#), and how to share best practices and technologies on sustainable transport—Videos, online chat transcripts, and other resources are available at the [Forum web page](#). ADB also held a [Regional Energy Trade Workshop](#) 8–9 September to analyze regional power trade through sessions on infrastructure, policy and regulation, as well as regional electricity trade and design.

TPP negotiators move forward on several important issues. [Trans-Pacific Partnership \(TPP\) chief negotiators met in Ha Noi, Viet Nam 1–10 September](#), making important progress on issues involving state-owned enterprises, intellectual property rights, investment, rules of origin, transparency and anti-corruption, and labor. The TPP members—Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States (US), and Viet Nam—also moved forward in constructing packages for preferential access to each other's markets for goods, services and investment, financial services, and government procurement.

Intraregional financial cooperation continues to deepen. On 19 September, financial authorities from the [People's Republic of China \(PRC\)](#), [Japan](#), and the [Republic of Korea](#) reaffirmed “the need for trilateral economic and financial cooperation” for regional stability. On 17 September, the [Australian Securities and Investment Commission](#) and the [Monetary Authority of Singapore](#) agreed on mutual data access to their derivative trading repositories. And on 1 September, during the [2nd GMS Exchanges Meeting](#) in Thailand, the heads of the Greater Mekong Subregion (GMS) Exchanges said they would work to ease the flow of information between members.

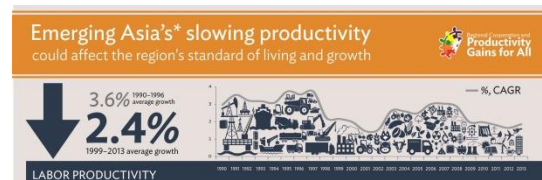


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WHAT'S NEW IN ARIC



ARIC released a new infographic on its [Regional Cooperation and Productivity Gains for All webpage](#). The infographic depicts the relationship of productivity with growth and standard of living. Grab your [copy here](#).



OREI hosts IMF Outreach Presentation on the [IMF 2014 Spillover Report](#) on 26 September. Sweta C. Saxena discussed the

“new phase” of spillovers, against a backdrop of asynchronous growth patterns in industrialized economies and synchronized slowdown in emerging economies. Dr. Saxena is a Senior Economist in the IMF Research Department. OREI head, Iwan J. Azis, chaired the event.

OREI head Iwan J. Azis spoke at the [11th Asia-Europe Finance Ministers' Meeting](#) on 12 September in Milan, Italy. He



discussed how trade integration helped give Asia added resilience when facing the 2008/09 global financial crisis. He also emphasized the importance of trade and investment cooperation between Asia and Europe to enhance productivity.

RCI Chat is the monthly newsletter of the Asia Regional Integration Center (ARIC). It tracks regional cooperation and integration (RCI) activities and events in ADB's 48 regional member economies under ADB's four RCI pillars: (i) cross-border infrastructure, (ii) trade and investment, (iii) money and finance, and (iv) regional public goods.



CROSS-BORDER INFRASTRUCTURE

CAREC reviews energy working plan. The Energy Sector Coordinating Committee of the Central Asia Regional Economic Cooperation (CAREC) program met 4–5 September in Beijing, PRC to review its [Energy Working Plan 2013–2015](#). The Plan has six priorities: (i) develop the Central Asia-South Asia Energy Corridor, (ii) resolve regional energy dispatch and trade issues, (iii) manage energy-water linkages, (iv) mobilize funds to build energy assets, (v) implement energy priority projects, and (vi) build capacity and knowledge management.

SAARC proposes single permit system for road transport; Nepal, India sign power trade agreement. The South Asian Association for Regional Cooperation (SAARC) discussed a proposal 6 September for a [single permit system allowing trade and travel across members' borders](#) at a meeting in Rajasthan, India. Meanwhile, on 4 September, [Nepal and India signed a landmark Power Trade Agreement](#), designed to boost energy security and add revenue to Nepal's budget.

APEC ministers endorse the Beijing Declaration on energy cooperation. On 2 September, energy ministers at the [11th Asia Pacific Economic Cooperation \(APEC\) Ministerial Meeting](#) held in Beijing, PRC endorsed the [Beijing Declaration](#), which introduces new measures to strengthen energy security and sustainable development. A multimillion dollar PRC-based APEC Sustainable Energy Research Center was also inaugurated. They aim to help achieve the 2030 target of reducing the region's energy intensity by 45% from its 2005 level.

UNESCAP calls for greater international cooperation and investment in transport and transit corridors. At the [High Level International Conference on the Role of Transport and Transit Corridors in Ensuring International Cooperation, Stability, and Sustainable Development Connectivity](#) held 3–4 September in Turkmenistan, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) emphasized the critical role of high quality, effective, and functioning transportation to ensure sustainable development in the region; through strengthening connectivity, particularly for landlocked emerging economies.



TRADE AND INVESTMENT

Republic of Korea–Canada FTA signed. On 22 September, Republic of Korea President Park Geun-hye and Canadian Prime Minister Stephen Harper witnessed the signing of their [new Free Trade Agreement \(FTA\)](#). The FTA covers virtually all sectors and aspects of Republic of Korea–Canada trade, including trade in goods and services, investment, government procurement, intellectual property, and cooperation on labor and the environment. The leaders hope to expedite effectivity.

Fifth round of PRC–Japan–Republic of Korea Free Trade Area negotiations end. The [talks—completed in Beijing, PRC on 5 September](#) — progressed on ways to reduce tariffs on goods trade, how to open service trade and investment, and the scope of the eventual agreement. They agreed to include e-commerce, the environment and further cooperation in the agreement and to establish relevant working groups. An interim meeting will be held in the Republic of Korea before the 6th round opens by end-November in Tokyo, Japan.

PRC, Australia hold 21st round of bilateral FTA talks. The [21st round of negotiations on the PRC–Australia FTA held in Beijing, PRC 1–5 September](#). Led by PRC Assistant Minister of Commerce Wang Shouwen, and Australian Vice Executive Secretary of the Department of Foreign Affairs and Trade Jane Addams, they discussed the agreement text on trade in goods, services, and investment.

WTO members agree to ad hoc Sanitary and Phytosanitary consultations as a way around formal dispute settlement. A [new mediation procedure](#) to help World Trade Organization (WTO) members resolve differences on food safety and animal and plant health measures was approved 5 September. The procedure includes “ad hoc consultations” to facilitate smoother trade among economies, with members left on their own to resolve differences concerning standards. For example, setting maximum pesticide residue amounts in food, to prevent the spread of pests such as fruit flies and diseases such as bird flu, is left to the discretion of concerned parties.



MONEY AND FINANCE

International forums in unison: strive for sustainable growth, financial stability. The Group of Twenty (G20) pledged to better real economic conditions through structural reform and an appropriate mix of monetary and fiscal policies. Closing its meeting in Cairns, Australia on 21 September, the G20 said it was mindful of the financial risks associated with heightened global liquidity. The same message came out of the 5th South East Asian Central Banks (SEACEN) High Level Seminar for Deputy Governors in Colombo, Sri Lanka on 11–12 September, the 11th Asia-Europe Finance Ministers' Meeting, and the 29th South East Asia, New Zealand, Australia (SEANZA) Governors' Symposium in Dhaka, Bangladesh on 30 August.

ASEAN aims for banking integration; but large roadblocks remain. In the cusp of the Association of Southeast Asian Nations (ASEAN) banking integration, [Bangko Sentral ng Pilipinas is encouraging Philippine banks to develop better brand recognition](#), while [Indonesia's Financial Services Authority wants local bank input on the ASEAN Banking Integration Framework](#). US banking giant BNY Mellon, however, points to the [need for ASEAN to address regulatory fragmentation](#) in line with international protocols.

Offshore renminbi use gains further backing. On 12 September, [United Kingdom declared its plan to become the first European economy to issue renminbi bonds and agreed to cooperate with the PRC on initiatives to boost its use](#). On 15 September, the state-owned Bank of China (BOC) was appointed PRC clearing bank in France pursuant to the July agreement with [two French institutions that were awarded renminbi qualified foreign institutional investor licenses](#). On the same day, the BOC became the [first offshore renminbi bond issuer to list on Euronext](#), followed by the signing of a memorandum of understanding between the two entities to develop a strategic partnership. On 19 September, the [Singapore Exchange announced it would include renminbi in the basket of currencies eligible for futures contracts](#). This came about 3 days after the [PRC government closed a 3-year bilateral currency swap arrangement with Sri Lanka \(CNY 10 billion/SLRs 225 billion\)](#). Earlier in September, [Australia and Canada](#) also said they were interested in forming their own renminbi hubs.



REGIONAL PUBLIC GOODS

Multilateral Development Banks release climate change financing report. On 19 September ADB—together with the African Development Bank, European Bank for Reconstruction and Development, the European Investment Bank, Inter-American Development Bank, and the World Bank Group—released the [Joint Report on MDB \[Multilateral Development Bank\] Climate Finance 2013](#). The MDBs allotted nearly [\\$24 billion](#) in 2013—over \$75 billion since 2011—for climate change-related projects in developing and emerging economies. Of the total amount for 2013, 80% (\$19 billion) was for climate change mitigation and 20% (\$5 billion) for adaptation. East Asia and the Pacific, non-European Union Europe, and Central Asia each received about 20%, while South Asia, Sub-Saharan Africa, Latin America and the Caribbean, and new European Union members got 10–15% each.

First ASEAN Judicial Working Group meeting focuses on strengthening environmental cooperation. The [first meeting of the ASEAN Judicial Working Group](#)—held 15 September—focused on finding ways to boost cooperation on environmental problems confronting the region. The meeting was also in preparation for the 4th ASEAN Chief Justice's Roundtable on Environment scheduled for November—to be hosted by ADB together with the Supreme People's Court of Viet Nam. ADB has worked with the Supreme Court of Indonesia and the Federal Court of Malaysia to support previous roundtables.

ADB supports women leadership in Asia and the Pacific. On 1 September, ADB [launched](#) the Asia Women Leaders Program (AWLP) at a workshop in Seoul, Republic of Korea. Featuring eminent Asian women, the AWLP focuses on boosting women leadership in both public and private sectors in Asia and the Pacific. The program aims to use targeted public policies and programs—such as leadership training for senior government officials on effective communication and negotiations. The AWLP is hosted by ADB and the Seoul-based Korean Women's Development Institute.

OCTOBER 2014 UPCOMING EVENTS

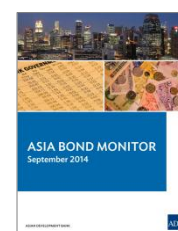
WEEK 1	1-3	Asia-Pacific Climate Change Adaptation Forum (Kuala Lumpur, Malaysia)
	1-3	WTO Public Forum 2014 “Why Trade Matters to Everyone” (Geneva, Switzerland)
	3-4	Joint ESCAP-World Bank Conference on Unlocking Regional Economic Opportunities in South Asia (Bangkok, Thailand)
	6-9	CAREC Learning Opportunity: Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety (Ulaanbaatar, Mongolia)
	7	ADB Seminar: Innovation and Technological Learning in ASEAN’s Manufacturing Sector (Tokyo, Japan)
	7	Workshop on ASEAN Tourism Strategic Plan 2016–2020 (Manila, Philippines)
	7-9	ADB’s 2nd Regional Workshop on Strengthening Country Safeguard Systems —Towards Common Approaches for Better Results (Manila, Philippines)
WEEK 2	8	12th ASEAN Tourism Professionals Monitoring Committee Meeting (Manila, Philippines)
	8-9	6th Expert Group Meeting on ASEAN–Japan Action Plan on Environment Improvement in the Transport Sector (Tokyo, Japan)
	11	8th ASEAN Tourism Integration and Budget Committee Meeting (Manila, Philippines)
	13-14	9th ASEAN Commission on Promotion and Protection of the Rights of Women and Children (Yangon, Myanmar)
WEEK 3	15-16	10th ASEAN–PRC Maritime Consultation Meeting (Tianjin, PRC)
	15-16	13th ASEAN Committee on Women (Yangon, Myanmar)
	16-18	SEACEN Conference of Directors of Payment and Settlement Systems and 13th Meeting of SEACEN Directors of Payment and Settlement Systems (Kuala Lumpur, Malaysia)
	17	6th ASEAN+3 Committee on Women (Yangon, Myanmar)
	19-21	APEC Finance Deputies’ Meeting and APEC Senior Finance Official’s Meeting (Beijing, PRC)
	21-22	APEC Finance Ministers’ Meeting (Beijing, PRC)
	21-24	2nd WCO-ADB Joint Subregional Train-the-Trainer Workshop on Customs Valuation (Male, Maldives)
WEEK 4	23-24	CAREC Authorized Economic Operators Workshop (Baku, Azerbaijan)
	24	Cooperation Fund for Fighting HIV/AIDS in Asia and the Pacific Regional Conference (Bangkok, Thailand)

FEATURED PUBLICATIONS



Asian Development Outlook 2014 Update

Developing Asia is continuing along a stable growth path. Although US policy could still surprise markets, the effect on developing Asia would be modest compared with the 2013 shock caused by anticipated tightening. Demand does not threaten to reignite inflation, as regional economies continue to produce somewhat below capacity. Along with benign international commodity prices, this will keep inflation in developing Asia moderate. *September 2014*



Asia Bond Monitor

Emerging East Asian local currency bond markets continued to perform well as global financial conditions have remained relatively benign thus far in 2014. The region, however, should prepare for possibly tighter liquidity as US quantitative easing is expected to end in October. More expansionary monetary actions from the eurozone and Japan could offset some of the impact on liquidity conditions caused by the end of US quantitative easing. *September 2014*



No. 500 — Connecting South Asia and Southeast Asia: A Bangladesh Country Study

Mustafizur Rahman, et al review connectivity initiatives in Bangladesh and its two neighboring regions, proposing ways to deepen regional and interregional connectivity. *September 2014*

No. 499 — The Pacific’s Connectivity and Its Trade Implications

Matthias Helble studies the importance of transport connectivity for Pacific economies to better participating in the global economy. *September 2014*

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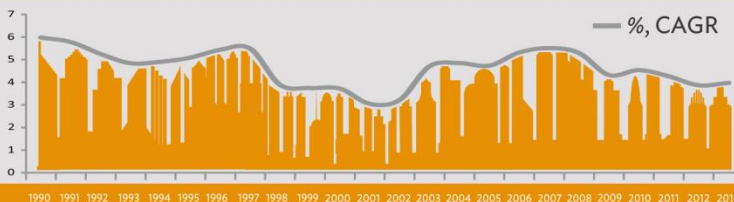


Regional Cooperation and Productivity Gains for All

Emerging Asia's* slowing productivity could affect the region's standard of living and growth



LABOR PRODUCTIVITY



GDP



EMPLOYMENT

Note: *Asia excluding the People's Republic of China, India, and Japan.

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