

## **EFFECTIVE AND EFFICIENT INSTITUTIONS NEEDED TO BUILD ASIAN REGIONALISM: ADB**

**TOKYO, JAPAN (4 March 2011)** – More effective and efficient institutions are needed to complement Asia’s market-driven regional integration and to manage the challenges of Asia’s expanding role in the global economy, says a new joint study of the Asian Development Bank (ADB) and the Asian Development Bank Institute (ADBI).

The book, *“Institutions for Regional Integration: Toward an Asian Economic Community”*, takes stock of existing institutions for regional cooperation and integration in Asia and the Pacific, and discusses the need for institutional innovation and reform in creating an Asian economic community.

Despite a dense network of institutions, Asia remains "institution light" and marked by few formal or explicit commitments from member countries in terms of an agenda for cooperation.

While many institutions of regional integration (IRIs) have served the region well in recent decades, the book argues that the institutional architecture needs to be strengthened to consolidate Asia’s hard-won economic gains, extend the benefits of cooperation beyond East Asia, and ensure the compatibility of regional and global integration. It highlights that regional integration remains uneven across sub-regions and sectors.

“Building the right institutional framework for Asian integration is not only important for the region to eradicate poverty and sustain growth momentum, but it is also good for the rest of the world as Asia increases its contribution to the global economy,” ADB President Haruhiko Kuroda says in the foreword to the book.

The book emphasizes that formulating a strategy to strengthen Asia’s IRIs requires strong commitment from political leadership, adequate financial resources, and a supportive knowledge community with a shared commitment to Asian regionalism.

To reform IRIs, policymakers need to tackle issues related to national sovereignty, delegation of authority, the role of secretariats, membership and compliance rules, decision-making principles, and linkages among Asian IRIs and between regional and global institutions.

In calling for the creation of an integrated and effective Asian economic community, the study offers two general principles – openness and transparency. Asia’s embrace of open regionalism implies that it does not discriminate against non-members while encouraging regional institutions to make the most of existing global institutions and conventions. Meanwhile, transparency will enhance accountability and strengthen governance.

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The book also offers three specific recommendations: (i) strengthening and rationalizing existing institutions for regional integration such as the Association of Southeast Asian Nations, South Asian Association for Regional Cooperation, and the Pacific Islands Forum; (ii) further developing existing institutions to exploit functional opportunities; and (iii) establishing new pan-Asian institutions and empowering existing ones.

The book, the final in a trilogy of studies on regionalism by ADB and ADBI, calls for stronger secretariats; adequate financial and human resources, and legal mandates; clear membership and compliance rules; transparent decision-making; and closer institutional linkages among regional arrangements to help strengthen overarching regional institutions.

In some cases, further developing functional institutions at the sub-regional level such as the Greater Mekong Subregion, Central Asia Regional Economic Cooperation, and South Asia Subregional Economic Cooperation would allow more Asians to reap the benefits of cooperation and integration.

Wider issues may also need to be addressed through building new pan-Asian institutions or strengthening existing ones. The report recommends the creation of new pan-Asian institutions such as a Pan-Asian Infrastructure Forum, an Asia-wide Free Trade Area, an Asian Financial Stability Dialogue, an Asian Legal Advisory Council, and regional public goods forums. The new pan-Asian institutions could be clustered under an umbrella organization such as a Council of Asian Economic Cooperation, which would function as a coordinating body at the highest political level.

ADB, based in Manila, is dedicated to reducing poverty in Asia and the Pacific through inclusive and environmentally sustainable economic growth, and regional integration. Established in 1966, it is owned by 67 members—48 of which are from the region.

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