

# RCI CHAT

## IN THE NEWS

**The Republic of Korea and New Zealand sign free trade agreement.** The Republic of Korea President Park Geun-hye and New Zealand Prime Minister John Key witnessed the signing of the [Republic of Korea-New Zealand FTA \(KNZFTA\)](#) in Seoul 23 March. New Zealand will remove tariffs on all goods from the Republic of Korea 7 years after the agreement becomes effective. Seoul will reciprocate by abolishing tariffs on 96.4% of New Zealand shipments within 15 years upon effectivity. The Republic of Korea, New Zealand's third-largest beef export market, will scrap the 40% tariff levied on beef within 15 years and the 45% tariff on kiwis within 6 years.

**SASEC Transport Project to improve Bhutan-India link receives go signal.** Work to [improve road connectivity and facilitate trade between Bhutan and India](#) will begin soon along the Phuentsholing-Jaigaon border. An ADB-financed project under the South Asia Subregional Economic Cooperation (SASEC) program will construct a bypass road from Jaigaon, India to Pasakha, Bhutan, including a mini-dry port in Phuentsholing, Bhutan.

**ASEAN Finance Ministers and Central Bank Governors finalize banking integration framework.** The [1<sup>st</sup> ASEAN Finance Ministers' and Central Bank Governors' Meeting \(AFMGM\)](#) held 21 March in Kuala Lumpur, Malaysia concluded a milestone agreement—the ASEAN Banking Integration Framework—which allows qualified ASEAN Banks to enter reciprocal bilateral agreements to channel funds into productive investments across ASEAN.

**ASEAN, PRC strengthen ties through youth participation in cultural and tourism cooperation.** Over 120 youth participants from ASEAN members and the People's Republic of China (PRC) joined a seminar, tour visits, and cultural performances during the 13-18 March [Youth Exchange Visit](#) in Siem Reap, Cambodia. The seminar presented an overview of ASEAN-PRC relations, the role of youth in culture and tourism, challenges facing youth participation in ASEAN-PRC tourism cooperation, and recommendations for the future direction of ASEAN-PRC relations.



ISSUE NO. 9

APRIL 2015

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## FEATURED EVENTS



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## CROSS-BORDER INFRASTRUCTURE

**Japan provides \$3 million grant to support Afghanistan Road Corridor upgrade.** The Government of Japan has approved a \$3 million grant to Afghanistan to improve the latter's main [north-south road corridor transport route](#). The grant will fund a geotechnical survey, feasibility study, and detailed design for a new alignment, including a tunnel, along the Salang road corridor. The 70-kilometer section of the corridor connects Jabul Seraj to Khinjan, north of Kabul, a key portion of north-south road route.

**BIMSTEC finalizes MOU for inter-regional power grid.** Senior officials from the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) finalized a [draft deal to establish grid connectivity](#), allowing its seven members to share surplus electricity. The draft deal came during the 5<sup>th</sup> Meeting of the BIMSTEC Task Force on Trans-Power Exchange held 16 March in Dhaka, Bangladesh.

**Indian Energy Exchange plans to trade with Bhutan, Bangladesh and Nepal.** India has organized an integrated power grid for South Asian Association for Regional Cooperation (SAARC) members to begin [cross-border trading on the Indian Energy Exchange \(IEX\)](#). Trading will begin with short-term buying and selling of 220 megawatts of power with India's three neighbors with grid connectivity—Bangladesh, Bhutan, and Nepal. The IEX, an automated power-trading exchange, plans to trade 120MW with Bhutan, and 50MW each with Bangladesh and Nepal. This four-nation power trade will hasten implementation of the SAARC Framework Agreement for Energy Cooperation signed in Kathmandu in 2014.

**Greater Mekong Railway Association holds 1<sup>st</sup> meeting.** The Greater Mekong Railway Association (GMRA) held its first General Meeting 11 March in Kunming, PRC. Representatives of the GMRA Board of Directors and some 50 participants from GMRA members attended. Discussions focused on completing missing rail links to connect the region and legal agreements for cross-border rail traffic.

**ADB and India sign \$300 million loan agreement for SASEC Road Connectivity Investment Program.** On 26 March, the Asian Development Bank (ADB) and the Government of India signed a \$300 million loan agreement, aimed at improving road connectivity and increasing domestic and regional trade along the [North Bengal-Northeastern region](#) international trade corridor.



## TRADE AND INVESTMENT

**PRC launches feasibility study on FTA with Georgia, signs cooperation agreement on Silk Road economic belt.** The PRC Ministry of Commerce and Georgia's Ministry of Economy and Sustainable Development signed a joint declaration launching [a feasibility study on PRC-Georgia FTA negotiations](#) in Beijing 9 March. They also signed an MOU to cooperate on establishing the Silk Road Economic Belt. The MOU aims to promote trade and economic cooperation in the construction of the economic belt to increase trade, investment, economic and technological cooperation, and infrastructure development.

**SAARC is finalizing harmonization standards.** SAARC economies are finalizing [mutually acceptable standards](#) covering five sectors—food and agricultural products, jute, textile and leather, building materials, chemicals and chemical products, and electrical and electronic products. The South Asian Regional Standards Organization (SARSO), established in 2011, became operational 3 April 2014. Approved SARSO standards—or “SAARC Regional Standards”—will become mandatory for all members.

**SASEC Customs Subgroup holds 3<sup>rd</sup> meeting.** During the [Third SASEC Customs Subgroup \(SCS\) Meeting](#) 11–12 March in Goa, India, participants agreed on implementation modalities for subregional projects, reviewed national and subregional initiatives for customs reform and modernization, and endorsed the terms of reference for a study on Electronic Exchange of Trade-Related Information. A knowledge-sharing event on customs compliance programs was also held.

**Nepal customs officials join workshop on time release study.** The Nepal Department of Customs, in partnership with ADB, the World Customs Organization, and Japan Ministry of Finance, organized the [first National Workshop on Time Release Study \(TRS\)](#) 17–19 March in Kathmandu, Nepal. Technical training was held for customs officials on TRS software—which measures customs performance on trade facilitation at the border. Participants included representatives from government agencies and private sector organizations.



## MONEY AND FINANCE

**ESMA and Singapore cooperate on central counterparty arrangements.** On 9 March, Monetary Authority of Singapore (MAS) and the European Securities and Markets Authority (ESMA) concluded an MOU for [cooperation arrangements for Central Counterparties](#) in Singapore that have applied for recognition under the European Markets Infrastructure Regulation. The MOU fulfils a pre-condition for ESMA to recognize CCPs in Singapore to provide clearing services to European Union (EU) participants and trading venues.

**Singapore, Malaysia and Thailand sign MOU on streamlined review of securities prospectus.** On 3 March, MAS, Singapore Exchange, Securities Commission Malaysia, and the Securities and Exchange Commission Thailand signed a [Memorandum of Understanding \(MOU\) to establish a Streamlined Review Framework for the ASEAN Common Prospectus](#). The framework will facilitate cross-border offerings of equity and plain debt securities across ASEAN markets.

**APEC highlights financial inclusion.** The [APEC Finance and Central Bank Deputies' Meeting](#) gathered 3-6 March in Tagaytay, Philippines to review progress on Asia-Pacific financial development. ADB Vice President Stephen Groff delivered the [welcome remarks](#), and he stressed on the importance of cooperation to deepen financial inclusion, not only in individual countries but across the region. The deputies discussed the proposed Cebu Action Plan, which covers the three pillars of financial integration, transparency, and resiliency. Other priorities discussed included widening access to capital and markets for small businesses, and improving the financial infrastructure for greater financial inclusion.

**Financial institutions deepen cooperation.** On 25 March, Reserve Bank of India (RBI) signed a [Currency Swap Agreement](#) with the Central Bank of Sri Lanka, wherein the latter can make withdrawals of US Dollar or Euro in multiple tranches up to a maximum of \$400 million or its equivalent. The swap arrangement, which was also made available to other SAARC economies, shall provide a backstop line of funding in time of balance of payments or liquidity crises until longer term arrangements are made or if there is need for short-term liquidity due to market turbulence. Meanwhile, RBI and the Bank of Uganda on 13 March signed an [MOU to strengthen cooperation](#) in areas such as sharing of supervisory information among the authorities.



## REGIONAL PUBLIC GOODS

**First Asian Ministerial Conference on Disaster Risk Reduction will be held in 2016.** The [first Asian Ministerial Conference on Disaster Risk Reduction post-2015](#) will be held in India during 2016, as announced by Home Affairs Minister H.E. Rajnath Singh during the [Third UN World Conference on Disaster Risk Reduction](#) held 14-18 March. The conference is expected to endorse a regional action plan for the post-2015 framework for disaster risk reduction—a key element of the global effort to implement the new framework. India will collaborate with the United Nations Office for Disaster Risk Reduction in hosting the conference.

**Tonga, Papua New Guinea sign international food security treaty.** Tonga and Papua New Guinea signed the [International Treaty on Plant Genetic Resources for Food and Agriculture](#), to ensure continued availability of plant genetic resources. Tonga officially became party to the treaty 16 March and will be eligible to participate in both monetary and non-monetary benefit-sharing mechanisms—including initiatives on technology transfer, capacity building, and information on food crops from the Global Information System on Plant Genetic Resources. Papua New Guinea will formally join 15 May 2015.

**ADB assists Vanuatu after tropical cyclone.** ADB has approved an [initial grant to the government and people of Vanuatu](#) after tropical cyclone Pam pummeled the island nation, causing deaths and extensive damages. ADB also pledged to support neighboring economies affected by the cyclone. The initial package for relief and initial reconstruction work in Vanuatu will come from ADB's Asia Pacific Disaster Response Fund and other fund sources. ADB will work with the government and other development partners to identify the most urgent and important assistance required.

**ADB will support CAREC Institute.** The [CAREC Institute](#) complex was launched 2 March in Urumqi, Xinjiang Uyghur Autonomous Region, PRC. ADB Vice President Wencai Zhang called for closer partnerships between ADB and the CAREC Institute to deliver knowledge solutions to clients. At the same time, the CAREC Institute and ADB Institute jointly organized a training workshop on economic corridors and global value chains.

## APRIL 2015 UPCOMING EVENTS

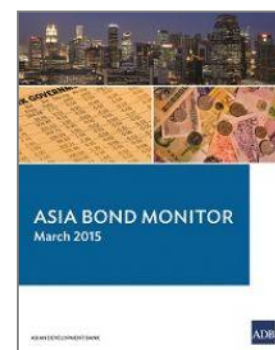
WEEK 1	6-7	21 <sup>st</sup> ASEAN-[People's Republic of] China Senior Officials' Consultations (ACSOC) (Jinghong City, Yunnan Province, PRC)
	6-9	3 <sup>rd</sup> Meeting of the High Level Task Force (HLTF) on ASEAN Community's Post-2015 Vision (Jakarta, Indonesia)
WEEK 2	11-17	7 <sup>th</sup> World Water Forum (Daegu and Gyeongbuk, Republic of Korea)
	13-17	Pacific Health Ministers Meeting (Yanuca Island, Fiji)
WEEK 3	14-15	SAARC-ADB Special Meeting of Representatives of Commerce and Finance Ministries (Goa, India)
	14-16	National Workshop on Revised Kyoto Convention (Kathmandu, Nepal)
	20-23	2 <sup>nd</sup> APEC Business Advisory Council Meeting (Mexico City, Mexico)
	18	Meeting of the Transport Secretaries of India, Myanmar, and Thailand (Chennai, India)
WEEK 4	21-22	APEC Public-Private Dialogue on Facilitating SMEs Goods and Services Providers and Exporters to Better Integrate into Regional and International Markets (Da Nang, Viet Nam)
	24	ASEAN, BIMP-EAGA and IMT-GT Land Transport Facilitation Consultation Meeting (Surabaya, Indonesia)
	24-27	26 <sup>th</sup> ASEAN Summit (Kuala Lumpur and Langkawi, Malaysia)
	26-28	IMT-GT 9 <sup>th</sup> Summit (Langkawi, Malaysia)
	26-28	11 <sup>th</sup> BIMP-EAGA Summit (Langkawi, Malaysia)
	28-29	21 <sup>st</sup> Annual Meeting of the GMS Working Group on Environment (Phuket, Thailand)
	28-29	14 <sup>th</sup> CAREC Transport Sector Coordinating Committee Meeting (Ulaanbaatar, Mongolia)

## FEATURED PUBLICATIONS



### Asian Development Outlook 2015: Financing Asia's Future Growth

ADB's *Asian Development Outlook 2015* projects developing Asia's GDP to grow 6.3% in both 2015 and 2016, supported by a strengthening recovery in major industrial economies and soft global commodity prices.



### Asia Bond Monitor—March 2015

The *Asia Bond Monitor* reviews recent developments in Emerging East Asia's local currency bond markets along with the outlook, risks, and policy options. The March issue includes a special section on Oil and Gas Companies' Bonds in Asia.