

RCI CHAT

IN THE NEWS

Financial forums discuss Asia's global integration. The first [Global Financial Cooperation Forum](#) was held 9 December in Seoul, Republic of Korea. Organized by the Republic of Korea's Financial Services Commission, the forum brought together officials from Association of Southeast Asian Nations (ASEAN) members, Iran, Kazakhstan, Mongolia, the People's Republic of China (PRC), and the Republic of Korea to discuss "Strengthening Financial Infrastructure: Towards Shared Growth of Financial Markets in Asia". On 19–20 January, more than 100 distinguished speakers addressed global corporate leaders in the 8th [Asian Financial Forum 2015](#), which was held in Hong Kong, China under the theme "Asia: Sustainable Development in a World of Change".

Solomon Islands wharf upgrades completed under Joint Maritime Project. Upgrades to five more rural wharves in the Solomon Islands were completed ahead of schedule and within the budget in the second phase of ADB's Domestic Maritime Support Project. These were the Ringgi Wharf on Kolombangara Island, Keru Wharf on Keru Island, Ngasini Wharf on Vangunu Island, and Susabona and Tatamba Wharves in Santa Isabel. The project [upgrades rural wharves](#) to boost access, improve safety, and reduce vulnerability to climate change. To date, a total of 10 wharves and 2 landing ramps have been built or improved under the project—which also supports a franchise shipping scheme to remote communities.

ASEAN and UNICEF sign Framework Agreement for Cooperation. The [Framework Agreement for Cooperation](#) between the ASEAN and the United Nations Children's Fund (UNICEF) was signed 3 December at the ASEAN Secretariat. ASEAN Secretary-General Le Luong Minh signed on behalf of ASEAN with East Asia and the Pacific Regional Director Daniel Toole signed for UNICEF. ASEAN and UNICEF will cooperate to ensure children's sustainable survival, growth, full development and involvement in line with the Convention on the Rights of the Child, the Millennium Declaration and the Millennium Development Goals, as well as the global post-2015 development agenda.

Japan-Australia Economic Partnership Agreement (JAEPA) becomes effective. The bilateral economic agreement between Japan and Australia officially [became effective](#) 15 January. On full implementation of [JAEPA](#), 97.5% of the value of Japanese imports from Australia will benefit from preferential tariff treatment (including tariff reductions and quota arrangements). Tariffs on 82.7% of Australia's merchandise imports from Japan has been eliminated on entry into force of JAEPA, with the remaining tariffs on Australia's sensitive products phased out within eight years.



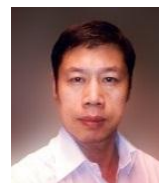
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WHAT'S NEW IN ARIC

ARIC welcomes new project leader



Principal Economist Jong Woo Kang joins ARIC as Project Leader. Under his leadership, ARIC will continue to provide relevant information and analysis on regional economic integration in Asia and the Pacific.

ARIC is now part of Economic Research and Regional Cooperation Department



Previously part of the Office of Regional Economic Integration, ARIC has been absorbed under the newly established Regional Cooperation and Integration Division of ADB's renamed Economic Research and Regional Cooperation Department.

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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

GMS Summit discusses priority regional projects. At the 5th Greater Mekong Subregion Summit in Bangkok, Thailand on 20 December, the Heads of GMS governments were briefed on the [GMS Regional Investment Framework Implementation Plan](#), a \$30.1 billion pipeline of 92 high priority regional projects for 2014–2018, mostly on transport and energy sectors. ADB President Takehiko Nakao delivered the [opening statement](#).

Myanmar becomes full member of ASEAN Infrastructure Fund. Myanmar became the 11th [shareholder of the ASEAN Infrastructure Fund \(AIF\)](#), joining the rest of ASEAN and ADB. At its 18 December meeting, the AIF Board also approved the 2015 project pipeline and discussed the indicative pipeline for 2016–2017, covering priority sectors such as water, transportation, and energy.

ADB supports investment and infrastructure projects in Tajikistan, Bhutan, Greater Mekong Subregion, and the PRC. ADB approved a \$200 million loan to [improve access to regional roads](#) in Yunnan province, PRC to aid poverty reduction and promote regional trade. ADB also approved \$120.5 million financing support to [develop the Nikachhu hydropower plant](#) in central Bhutan. This will boost renewable energy generation in Bhutan, and further expand cross-border power trading in the region.

Additional financing to improve road connectivity in the Kyrgyz Republic. An additional \$15 million in ADB loan and grant financing was signed 26 December for a project to [improve national roads](#) in the Kyrgyz Republic—part of a strategic regional road corridor. The project upgrades the last 60 kilometer (km) section of the Bishkek–Torugart road, which also links the Kyrgyz Republic to the PRC.



TRADE AND INVESTMENT

SASEC meets on sanitary/phytosanitary (SPS) measures and other technical barriers to trade (TBT). ADB and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) organized the 1–3 December meeting to [address issues concerning existing standards under SPS and TBT](#). ADB and UNESCAP also co-organized a workshop in Hua Hin, Thailand on 10–12 December that [finalized a feasibility study report on the Secure Cross-Border Transport Model](#) between India and Bhutan. Moreover, a nine-member delegation from Nepal undertook a study visit to Sri Lanka Customs from 19–23 January to engage in knowledge sharing in customs reform.

Viet Nam seeks to enhance trade with India, concludes FTA negotiations with Customs Union, holds 11th round of FTA talks with EU. During the 2nd [meeting](#) of the India-Viet Nam Sub-commission on Trade, the two economies agreed to enhance economic and trade cooperation with the goal of reaching a bilateral trade target of \$15 billion by 2020. Viet Nam and the Customs Union of Russia, Belarus, and Kazakhstan announced the [conclusion](#) of FTA negotiations 15 December. The agreement covers goods and services trade, customs cooperation, SPS measures, TBT, and legal issues. The FTA is expected to be signed early 2015. The European Union (EU) and Viet Nam negotiators [met](#) in Brussels 19–23 January to discuss services, investment, government procurement, competition, and regulation issues. The next round of talks will be held in Viet Nam in March.

Republic of Korea, New Zealand FTA initialed. New Zealand Trade Minister Tim Groser announced the [initialing](#) of the bilateral trade agreement with the Republic of Korea, following legal verification of the FTA text. Once the FTA is ratified, 85% of Australian exports to the Republic of Korea and 90% of Republic of Korea exports to Australia will have no tariff.

Eurasian Economic Union (EEU) has become effective. On 1 January 2015, the Treaty on EEU has become [effective](#), creating an economic union that provides for free movement of goods, services, capital and labor and pursues coordinated, harmonized and single policy in the sectors determined by the document and international agreements within the Union. The Eurasian Economic Union consists of Armenia, Belarus, Kazakhstan, Russian Federation, and will include the Kyrgyz Republic.



MONEY AND FINANCE

ASEAN banking integration advances. On 31 December, Bank Negara Malaysia, Bank Indonesia and Indonesia's Financial Services Authority signed an agreement to promote equal treatments for banking institutions conferred and established as Qualified ASEAN Banks, a precursor to the conclusion of the ASEAN Banking Integration Framework. Beginning 2015, Malaysia assumes ASEAN chairmanship and pledges to continue to work toward the vision of ASEAN Economic Community (AEC) 2015, take stock of all achievements made, and move forward to develop AEC's Post-2015 Vision.

Renminbi internationalization continues. Early December marked the debut of Republic of Korea's RMB-Won direct trading. On 14 December, the People's Bank of China (PBC) and the National Bank of Kazakhstan renewed a CNY7 billion/KZT 200 billion bilateral swap arrangement (BSA) for another 3 years—an agreement on payments and settlements between the renminbi and the tenge was also signed. A similar CNY70 billion/THB 370 billion BSA was renewed between the PBC and Bank of Thailand on 22 December. The BSA memorandum of understanding (MOU) also established RMB clearing arrangements in Thailand. A currency swap was also arranged between the PBC and Nepal's Rastra Bank on 23 December. On 8 January, the PBC authorized the Industrial and Commercial Bank of China (Thailand) Public Company Limited and Bank of China (Malaysia) Berhad as RMB clearing banks for Thailand and Malaysia, respectively. On 21 January, the PBC and the Swiss National Bank signed an MOU establishing clearing arrangements in Switzerland and expanded the RMB Qualified Foreign Institutional Investor pilot scheme to Swiss investors with a CNY50 billion quota.

Asian financial institutions continue to expand cooperation globally. On 4 December, Luxembourg's Industrial and Commercial Bank of China branch signed an MOU to cooperate in listing RMB-denominated securities on Luxembourg Stock Exchange. Luxembourg is currently the top listing venue for RMB bonds outside Asia. The China Financial Futures Exchange and Dubai Gold & Commodities Exchange signed an MOU—the first of its kind—8 December to strengthen cooperation between the countries' derivatives markets. On 22 December, the Stock Exchange of Thailand and Bank of China signed an MOU to expand awareness of the Thai capital market in the PRC and to enhance cooperation between the two institutions. And on 12 January, the Reserve Bank of India and the European Central Bank signed an MOU to enhance future cooperation.



REGIONAL PUBLIC GOODS

ASEAN+3 intensifies Ebola preparedness and response. ASEAN+3 health ministers gathered 15 December at a Special Meeting on Ebola Preparedness and Response in Bangkok, Thailand. They discussed regional collaboration in responding to Ebola.

Ten-year campaign to promote civil registration and vital statistics begins in the Pacific. A 2015-2025 campaign to highlight the importance of accurate civil registration and vital statistics has been launched in Noumea, New Caledonia. The campaign is part of the Regional Action Framework—endorsed during the Asia-Pacific ministerial meeting, which included officials from health, statistics, planning, internal affairs and social affairs, and representatives from 11 Pacific nations.

Pacific health agenda set. Health Ministers from all 22 Pacific island countries and territories endorsed a comprehensive Pacific Sexual Health and Well-Being Shared Agenda for 2015-2019. The agenda aims to promote sexual and reproductive rights and reduce the prevalence of sexually transmitted infections and HIV, adolescent pregnancy, gender-based violence and sexual assault—particularly among vulnerable populations.

Increasing investment in natural capital in the GMS. Environment leaders from Greater Mekong Subregion (GMS) gathered for the 4th GMS Environment Ministers Meeting held on 29 January 2015 in Nay Pyi Taw, Myanmar. In the Joint Ministerial Statement, it was recognized that natural capital underpins inclusive and sustainable development, especially for the rural poor. Leaders called for stronger partnerships to raise awareness on natural assets, finance initiatives to safeguard them, and ensure that sustainability considerations guide policy and investment decisions.

FEBRUARY 2015 UPCOMING EVENTS

WEEK 1	2-3	Meeting of SASEC Transport Secretaries on Regional Road Transport Connectivity (Kolkata, India)
	2-6	Training on Customs Valuation and Risk Management (Mumbai, India)
	3-5	Promotion of Access to Justice for Women Victims of VAW in Trafficking Cases (Brunei Darussalam)
	3-7	ASEAN Program Evaluation for Persons with Disabilities (Manila, Philippines)
	6-7	ASEAN Consultative Meeting on “Integrating Nutrition into ASEAN Integrated Food Security Framework and its Strategic Plan of Action for Food Security (2015–2019) (Bangkok, Thailand)
WEEK 2	11-13	2 nd SEACEN Seminar on Central Bank Governance: Issues in Central Bank Finance (Signature Program) (Rescheduled from FY 2014) (Indonesia)
	12-13	ASEAN Safe Schools Initiative (ASSI) Inception Workshop (Yogyakarta, Indonesia)
WEEK 3	17-19	3 rd Heads of Health Meeting SPC (Nadi, Fiji)
	19-21	Republic of Korea-ASEAN Regional Workshop on Community Care for Older Persons in ASEAN (Republic of Korea)
WEEK 4	24-25	Natural Disaster Risk Assessment and Area Business Continuity Plan Formulation back-to-back with 3 rd ACDM Working Group Meeting on Risk Assessment, Early Warning and Monitoring (Ha Noi, Viet Nam)
	26-27	APEC Senior Officials Meeting (SOM) (Clark, Philippines)
	26-28	13 th ASEAN Regional Forum Inter-Sessional Meeting on Disaster Relief (ISM on DR) (Chengdu, People’s Republic of China)
	27	Seminar to Develop a Monitoring and Reporting Tool for Regularly Tracking Progress, Barriers and Strategies for Women’s Political Participation and Planning Workshop to Formulate the Framework for AMS Country Studies “Advancing and Monitoring Women’s Political Participation in the ASEAN Region Project” (Siem Reap, Cambodia)
	27-28	ASEAN Workshop on HIV/AIDS in the Workplace (Singapore)

PUBLICATIONS



No. 137 — The Progress of Paperless Trade in Asia and the Pacific: Enabling International Supply Chain Integration Sung Heun Ha of Korea Trade Network and Sang Won Lim of UN ESCAP discuss how to facilitate integration of international supply chain using paperless trade in the Asia and Pacific region.

No. 145 — The ASEAN Economy in the Regional Context: Opportunities, Challenges, and Policy Options ADB’s Giovanni Capannelli suggests that ASEAN needs an ambitious plan for economic integration beyond the ASEAN Economic Community (AEC), which will be launched in 2015.

No. 146 — Trans-Pacific Partnership versus Regional Comprehensive Economic Partnership: Control of Membership and Agenda Setting ADB economist Shintaro Hamanaka analyzes the Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership from two angles: (i) control of membership and (ii) control of agenda.