

# RCI CHAT

The Monthly Newsletter of the Asia Regional Integration Center

## IN THE NEWS

**CAREC Senior Officials prepare for Ministerial Conference.** Senior officials of the 10 member Central Asia Regional Economic Cooperation (CAREC) program and representatives from partner multilateral institutions met 26–27 June in Manila, Philippines to review progress on priority initiatives. The meeting also finalized the theme and structure for the 13<sup>th</sup> CAREC Ministerial Conference scheduled for November 2014 in Bishkek, Kyrgyz Republic.

**ASEAN looks to broaden trade and investment opportunities with Canada.** Ministers and business representatives from the Association of Southeast Asian Nations (ASEAN) met with Canada's Minister of International Trade 1–5 June to discuss new trade and investment opportunities. The visit highlighted Canada's expertise in transport infrastructure, banking and financial services, energy, manufacturing, and cutting-edge technology. The visit also promoted Canadian business—particularly small and medium enterprises—as part of Canada's Global Markets Action Plan.

**ASEAN+3 to strengthen AMRO capacity and CMIM efficiency.** Officials at the 17<sup>th</sup> ASEAN+3 Finance Ministers and Central Bank Governors' Meeting 3 May in Astana, Kazakhstan agreed to explore ways of strengthening the ASEAN+3 Macroeconomic Research Office (AMRO) and make the Chiang Mai Initiative Multilateralization (CMIM) financial safety net more efficient. They also agreed to smooth cross-border settlement systems for bond transactions.

**Regional capital markets given a boost.** On 30 May, ASEAN Exchanges announced the addition of three new indexes to its FTSE ASEAN Index Series. There are now five indexes of stocks from the seven bourses covered. Also, on 16 June, Australian Parliamentary Secretary to the Treasurer, Steven Ciobo MP, led a business delegation to the Republic of Korea to promote the Asia-Pacific Economic Cooperation (APEC) Asia Region Funds Passport.

**“Sustainable Energy for All” launched for Asia and the Pacific.** The latest “Sustainable Energy for All” hub was launched 18 June during the 9<sup>th</sup> Asia Clean Energy Forum at ADB headquarters. It is one of three regional hubs under the global Sustainable Energy for All Initiative established in 2011. The Initiative mobilizes investment and funds through innovative ways to bring clean, modern energy to the region. The hub, to be hosted and managed by the ADB, is a partnership with the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and the United Nations Development Programme (UNDP).

**SPECIAL FEATURE:** The South Asia Subregional Economic Cooperation (SASEC) Program, p. 4



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[aric.adb.org](http://aric.adb.org)

## WHAT'S NEW AT ARIC

### ARIC launches Climate Change Strategies Database

A joint project with ADB's Regional and Sustainable Development Department, the new database was launched 17 June at the 9<sup>th</sup> Asia Clean Energy Forum 2014 held at ADB Headquarters. Log on to [aric.adb.org/climate\\_change](http://aric.adb.org/climate_change) for the most updated and comprehensive summary of climate change strategies in Asia and the Pacific.

ClimateChange  
Strategies  
Database

A joint project of Asia Regional Integration Center  
and Regional and Sustainable Development Department



### ADB Climate Change channel on YouTube



Watch the [instructional video](#) to learn more about the database: such as its customized query builder and quick spreadsheet data downloads.

2015  
APPROACHING  
Priming for ASEAN Integration



**ARIC at the 2<sup>nd</sup> Asian Business Conference (ABC)** ARIC-OREI was conference partner at the Asian Institute of Management's (AIM) 2<sup>nd</sup> ABC held 26–27 June in Makati City, Philippines. The conference discussed implications of the run-up to the ASEAN Economic Community, scheduled to be launched by end-2015.

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

**ADB helps Tajikistan build vital transport link to Uzbekistan.** The road project links Dushanbe's Western Gate to the Uzbekistan border, providing a key connection between Tajikistan and its neighbors. [ADB's \\$120 million grant, with an additional \\$34.3 million from the Tajik government](#), is a key component of CAREC Corridor 3. The project, which began in 2011, is due for completion in 2015.

**ASEAN strengthens cooperation on information and media.**

On 12 June, the [12<sup>th</sup> Conference of ASEAN Ministers Responsible for Information \(AMRI\)](#) and the [3<sup>rd</sup> Conference of ASEAN Plus Three Ministers Responsible for Information](#) were held in Nay Pyi Taw, Myanmar. ASEAN Ministers adopted a [Declaration on Social Responsible Media for a Peaceful and Prosperous Community](#) to further strengthen cooperation in the fields of information and media.

**UNESCAP Executive Secretary cites the PRC's key role in regional connectivity.**

Wrapping up an official visit to the People's Republic of China (PRC), UNESCAP Executive Secretary Shamshad Akhtar met with PRC Finance Vice Minister Shi Yaobin 6 June to discuss the PRC proposal to establish an Asia Infrastructure Bank, which would provide badly needed financing for infrastructure projects throughout Asia and the Pacific. [Dr. Akhtar said that PRC experience and leadership in sustainable development will be key to greater connectivity, integration, and cooperation in the region.](#)

**Bhutan and India to launch feasibility study on new cargo transit model.**

[Government officials from Bhutan and India agreed in May to conduct a feasibility study](#) on the pilot UNESCAP Secure Cross-Border Transport Model designed for more efficient cargo handling along key trade corridors. Meanwhile, the [workshop on the final phase of the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation \(BIMSTEC\) Transport Infrastructure and Logistics Study \(BTILS\)](#) was held in Dhaka, Bangladesh 28–29 May where over 165 transport and trade facilitation projects worth \$46 billion were identified.



## TRADE AND INVESTMENT

**TPP negotiators meet in Singapore to assess progress.**

[Ministers and delegation heads of Trans-Pacific Partnership \(TPP\) members met 18–20 May](#) to track progress and try to narrow gaps between proposals on market access and outstanding rules. Participants also reviewed recent bilateral talks—including the April United States (US)-Japan discussions—and the Chief Negotiators' meeting held earlier in May.

**The Republic of Korea holds FTA talks with the PRC, Viet Nam.**

[The 11<sup>th</sup> round of negotiations between the Republic of Korea and the PRC were held 26–30 May](#), citing significant progress on goods trade, trade remedy, regulation, and cooperation. Negotiators held extensive discussions on services trade and investment, as well as reinforcing cooperation in industry, agriculture, fisheries, forestry, and government procurement. Also, [the 5<sup>th</sup> round of the Republic of Korea-Viet Nam FTA talks was held 20–23 May](#). The proposed FTA will be more comprehensive than the current bilateral trade agreement.

**EFTA to sign declaration on cooperation with the Philippines.**

The European Free Trade Association (EFTA)—Iceland, Liechtenstein, Norway, and Switzerland—[signed a Declaration on Cooperation \(JDC\) with the Philippines on 23 June](#). The JDC covers technical barriers to trade, sanitary and phytosanitary measures, trade facilitation, intellectual property rights, public procurement, competition, and trade and sustainable development. It also promotes private sector cooperation and business contacts to increase the imports of machinery, minerals, medical instruments, and textiles from the Philippines. Currently, EFTA multinationals hold several joint ventures with Philippine companies in industry and pharmaceuticals.



## MONEY AND FINANCE

**International forums seek stronger financial cooperation and integration in Asia.** ADB President Takehiko Nakao renewed calls for Asia to pursue innovative financing strategies and to broaden financial knowledge sharing. At the 47<sup>th</sup> Annual Meeting of ADB's Board of Governors held in Astana, Kazakhstan on 2–5 May, discussions included regional standards for bond documentation and unified clearing houses to solidify financial integration in the region. This was echoed at the launch of the Organisation for Economic Co-operation and Development's Southeast Asian Programme 6–7 May, and during the 19<sup>th</sup> Network of Central Bank Governors and Finance Secretaries of the SAARC Region Coordinators' Meeting held in Kathmandu, Nepal 18–19 May.

**Asian economies ink cross-border financial supervision and capacity building agreements.** A number of cooperation agreements have been rolled out by Asian economies since May to enhance supervision and institutional capacity. On 9 May, a bilateral accord was signed between Bank of Thailand and the Financial Services Agency of Japan. In June, formal understanding also became binding between key agencies in Viet Nam and Myanmar; India and the Republic of Korea; Hong Kong, China and Malaysia as well as between the governments of the PRC and Italy.

**Renminbi internationalization continues.** PRC gained more ground in its effort to internationalize the renminbi. On 13 May, the first renminbi-denominated bond floated in Frankfurt (CNY 1 billion), courtesy of the KfW Development Bank, was listed on Frankfurt Stock Exchange. On 22 May, the People's Bank of China and the Reserve Bank of New Zealand renewed their 3-year currency swap arrangement valued at CNY 25 billion (NZ\$ 5 billion). On 18 June, China Construction Bank was designated as the RMB clearing house in London while the China Foreign Exchange Trade System launched a direct trading link between the renminbi and pound sterling. On 28 June, the People's Bank of China signed a memorandum of understanding with the central banks of France and Luxembourg pertaining to offshore RMB business.



## REGIONAL PUBLIC GOODS

**SPC and PIDF sign 4-year MoU on sustainable development.** The Secretariat of the Pacific Community (SPC) and the Pacific Islands Development Forum (PIDF) signed a 4-year memorandum of understanding (MoU) to address issues related to sustainable development in the Pacific region. The MoU includes developing a joint program covering areas of mutual interest and information-sharing. SPC and PIDF have already agreed to jointly develop programs covering youth and green growth.

**Regional Secretariat established for the Coral Triangle Initiative.** During a meeting held in May in Manado, Indonesia, ministers from Indonesia, Malaysia, the Solomon Islands, and Timor-Leste ratified an agreement to establish a Regional Secretariat for the Coral Triangle Initiative on Coral Reefs, Fisheries, and Food Security. Two new ADB publications, the Regional State of the Coral Triangle Report and the Economics of Fisheries and Aquaculture in the Coral Triangle, explain how destructive- and over-fishing are primary threats to the coral reefs themselves, and to the livelihoods of the local population. Climate change, pollution, and unsustainable coastal development are also major concerns. The Coral Triangle secretariat will lead regional cooperation programs to strengthen management of coastal and marine resources and address climate change impact on fisheries and livelihoods.

**BIMP-EAGA environment cluster to implement Philippines' climate change proposal.** The Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) agreed to carry out a \$1.2-million project—"Building Local Community Resilience in BIMP-EAGA for Climate Change Adaptation and Mitigation and Disaster Preparedness". The Philippine proposal, made at the 3<sup>rd</sup> BIMP-EAGA environment cluster meeting held in May in Sandakan, Malaysia, involves community-level capacity building on humanitarian assistance and disaster response.

## SPECIAL FEATURE



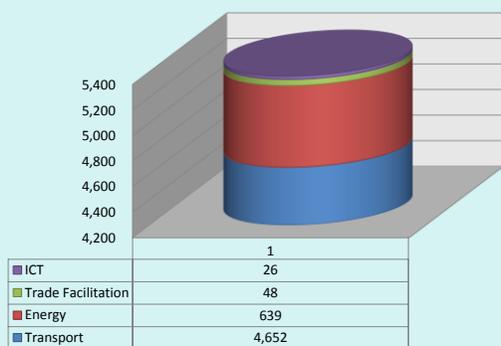
Bangladesh, Bhutan, India, the Maldives, Nepal, and Sri Lanka

### South Asia Subregional Economic Cooperation (SASEC) Program

Established in 2001, SASEC brings together Bangladesh, Bhutan, India, the Maldives, Nepal, and Sri Lanka in a project-based partnership to promote regional prosperity by improving cross-border connectivity, boosting trade among members, and strengthening regional cooperation.

South Asia is one of the least integrated regions in the world, with intraregional trade in 2010 a mere 4.3% of the region's total trade. Although hampered by poor infrastructure, low investment, and lack of access to regional and global markets, there remains tremendous potential to build faster and better multimodal transport connectivity and border crossings, stronger market integration, and closer trade links to neighboring East and Southeast Asia. ADB serves as SASEC Secretariat.

SASEC Loan and Grant Investment Projects, 2001-2014



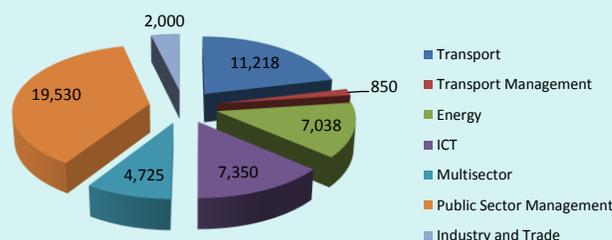
Source: SASEC Secretariat

SASEC priority sectors include transport, trade facilitation, and energy. SASEC also supports regional initiatives in information communication technology (ICT). Since the first \$133 million road corridor project was approved in 2001, members have focused on strengthening regional links to promote economic growth and foster regional cooperation. A total of \$5.36 billion in loans and grants have been approved (through April 2014).

ADB approved \$360 million in financing for SASEC energy and transport projects in 2013, including Nepal's SASEC Road Connectivity Project and the second tranche of India's North Eastern States Road Investment Program, which will improve regional connectivity and road transport efficiency in support of cross-border trade. Nepal's Project Preparatory Facility for Energy will enhance energy security and make Nepal an energy exporter by through hydropower and electrical transmission projects.

The SASEC Trade Facilitation Program covering Bangladesh, Bhutan, and Nepal is well underway with the release of a second financing tranche in 2014. Achievements to date include accession of Bangladesh to the World Customs Organization's Revised Kyoto Convention, establishment of a trade facilitation committee in Bhutan and the development of an e-Customs Master Plan in Nepal. ADB leveraged \$6 million in technical assistance for the program in 2013, sourced from the Japan Fund for Poverty Reduction.

SASEC Technical Assistance Portfolio 2001-2013 (\$ '000)



SASEC projects are supported by capacity-building and knowledge-sharing forums on all core areas. See more details on 2013-2014 SASEC events.

The SASEC Trade Facilitation Strategic Framework—approved in 2014 in close collaboration with partners such as WCO and UNESCAP—will support members in customs modernization, transport facilitation, improving border facilities, and standardization.

Since 2001, ADB has approved almost \$55 million in funding for 54 SASEC-related technical assistance projects.

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## JULY 2014 UPCOMING EVENTS

WEEK 1	30 June –4 July	35 <sup>th</sup> Session of the Joint Scientific Committee for the World Climate Research Programme (Baden-Württemberg, Germany)
	3–8	16 <sup>th</sup> Session of the World Meteorological Organization Commission for Climatology (CCI) (Baden-Württemberg, Germany)
WEEK 2	7–10	3 <sup>rd</sup> APEC Business Advisory Council Meeting 2014 (Seattle, United States)
	7–9	UN-REDD 12 <sup>th</sup> Policy Board Meeting (Lima, Peru)
	8–9	31 <sup>st</sup> Meeting of the Executive Committee of the Group on Earth Observations (Geneva, Geneva, Switzerland)
	9–10	ASEM Senior Officials' Meeting (Brussels, Belgium)
	9–11	Joint Forum Economic Ministers and Pacific Health Ministers Meeting (Honiara, Solomon Islands)
WEEK 3	14	Finalization Meeting of the BTILS Update and Enhancement Transport and Trade Facilitation (New Delhi, India)
	14–18	ASEAN 5 <sup>th</sup> Regional Comprehensive Economic Partnership Meetings (Singapore)
	17	Asian Development Bank Institute (ADBI) Seminar: 21 <sup>st</sup> Century Challenges for Southeast Asia (Tokyo, Japan)
WEEK 4	21	Finalization Meeting of the SAARC Regional Economic Integration Study Regional Cooperation (Thimphu, Bhutan)
	23–24	6 <sup>th</sup> International Forum for Sustainable Asia and the Pacific (Yokohama, Japan)
	24	ADBI Seminar: What Prevents Inter-industry Labor Reallocation? (Tokyo, Japan)
	24–25	Workshop on “Study on the Reduction of Energy Consumption and Prevention of Harmful Exhaust Emissions from International Shipping in the APEC Region” (Beijing, PRC)
	24–25	Expert Consultation on Regional Connectivity and Asian Information Superhighway, South Asia (Thimphu, Bhutan)
	24–25	ASEAN Project Seminar on Establishment of Skill Framework (Nay Pyi Taw, Myanmar)
	25–26	ASEAN Myanmar- Indonesia -Thailand Project on Building Technical Framework (Nay Pyi Taw, Myanmar)

## PUBLICATIONS



**No. 132 - Study of Non-Notified Trade Agreements to the World Trade Organization: The Case of Asia and the Pacific Region** This study by S. Hamanaka is the first scholarly attempt to find Regional Trade Agreements (RTA) that have not been notified to the World Trade Organization (WTO), with an emphasis on Asia and the Pacific.  
*May 2014*

**No. 131 - The Nexus between Antidumping Petitions and Exports during the Global Financial Crisis: Evidence on the People's Republic of China** F. Lin, H. C. Tang, and L. Wang quantify how the People's Republic of China's (PRC) export volume to its major trading partners during the global financial crisis affects the antidumping (AD) petitions filed by the trading partners against the PRC.  
*May 2014*

**No. 130 - Analysis of Informal Obstacles to Cross-Border Economic Activity in Kazakhstan and Uzbekistan** R. Vakulchuk and F. Irnazarov pay special attention to the role and influence of informal trade barriers from a micro (industry-specific) perspective in Kazakhstan and Uzbekistan. The study depicts the methods employed by private companies to overcome existing hurdles to cross-border trade between the two countries.  
*May 2014*



**No. 6 - Deepening India's Shallow Export Basket** Though India has concluded a number of FTAs already, there is little evidence that these have boosted trade to a significant degree. Would an FTA with the PRC be any different? K. Chaturvedi suggests that the nature of the bilateral relationship opens the door for an FTA to spur much-needed domestic reform that can unlock India's trade potential.  
*Mar 2014.*

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