IN THE NEWS

Association of Southeast Asian Nations (ASEAN) leaders gather for the 26th ASEAN Summit.
On 28 April, leaders of ASEAN member states met in Kuala Lumpur for the 26th ASEAN Summit, with the establishment of the ASEAN Community by December of this year as their main agenda. The “Kuala Lumpur Declaration on a People-Oriented, People-Centered ASEAN,” was adopted at the summit, which spells out ASEAN’s specific commitments on the political, economic and socio-cultural pillars which are essential for the sustainable development of the region. The leaders also established consensus on institutionalizing the resilience of ASEAN and its people to disasters and climate change.

Leaders meet at the 11th Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) Summit and 9th Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) Summit.
The summits were convened along the sidelines of the 26th ASEAN Summit 28 April. Leaders spoke of the significant progress in Implementation Blueprints 2012–2016 and they looked forward to new development strategies for 2016 and beyond. The Asian Development Bank (ABO)—as the subregions’ Regional Development Partner and Advisor—will continue technical assistance to help speed subregional priority projects.

Commerce and finance ministry officials meet on SAARC integration. Senior officials from commerce and finance ministries of the 8-member South Asian Association for Regional Cooperation (SAARC) attended a SAARC-ADB special meeting 14-15 April in Goa, India. Following the July 2014 recommendations from a workshop on the SAARC Study on Regional Economic Integration Phase II, the representatives agreed to work to reduce or remove non-tariff and para-tariff barriers, promote trade facilitation, approve a SAARC Agreement on Trade in Services, and strengthen cooperation in energy, investment and infrastructure connectivity.

APEC aims to build disaster resilient communities. Recent natural disasters across the Asia-Pacific region led to a call from Asia-Pacific Economic Cooperation (APEC) officials for a more committed and science-based approach of building safer, disaster-resilient communities. During APEC’s 8th Meeting of Emergency Preparedness Working Group (EPWG) 13-14 May, a more holistic response to disaster recovery and resilience was discussed. APEC representatives said education and capacity-building on disaster risk reduction and management would raise awareness across all government agencies of member economies.

APEC is also focusing on strengthening the role science and technology plays in assessing potential risks—to help prevent, mitigate and reduce the impact of natural disasters.

HIGHLIGHTS

1. Cross-border infrastructure: Transport Ministers of India, Myanmar, and Thailand discuss Motor Vehicles Agreement.
2. Trade and investment: Nepal, ADB, and World Customs Organization organize National Workshop on Revised Kyoto Convention Implementation.
4. Regional public goods: Program on harmonizing ASEAN higher education standards starts.

The Third Asia Think Tank Summit: ERCD RCI Thematic Group Roundtable Discussion held 22 May at the Asian Development Bank. Experts presented their research findings on special economic zones and discussed SEZ’s economic impacts on export competitiveness and global value chain participation, success and failure factors, economic benefits and establishment costs, and how they could be better linked to economic corridor development.

RCI Chat is the bimonthly 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.

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India, Myanmar, and Thailand Transport Ministers discuss Motor Vehicles Agreement. On 18 April, Transport Secretaries of India, Myanmar, and Thailand met in Chennai, India to discuss the proposed India-Myanmar-Thailand (IMT) Motor Vehicles Agreement. The agreement will provide a framework for improving cross-border transport between participating economies. The economic importance of enhancing regional road transport connectivity was highlighted.

Uzbekistan railway project to be completed ahead of schedule. The CAREC Corridor 6 (Marakand–Karshi) Railway Electrification Project will likely be completed ahead of its 2016 completion date, says a 13–17 April ADB midterm review. The review found no major problems or project delays. A $100-million ADB loan—approved September 2011—is funding the project. CAREC Corridor 6 runs north-south, eventually linking Europe through Central Asia to the Middle East and South Asia.

Bangladesh clears grid interconnection projects to boost energy supply. Two projects to increase electricity imports from India received the go signal from the Bangladeshi government on 1 April. The $204.6-million interconnection facilities projects will allow the economy to import 600 megawatts of electricity, and ensure a reliable electricity supply. ADB is funding the Bheramara Bahrampur grid link through the Bangladesh–India Electrical Grid Interconnection Project, under the South Asia Subregional Economic Cooperation (SASEC) program.

Officials review key SASEC achievements. SASEC Nodal Officials representing Bangladesh, Bhutan, India, the Maldives, Nepal, and Sri Lanka met at the sidelines of ADB’s 48th Annual General Meeting in Baku, Azerbaijan on 4 May to discuss key achievements of the SASEC Program over the past 12 months and provide overall strategic guidance for the future. Three main points were made: (i) regional cooperation is gaining importance in South Asia, driven by the region’s current dynamics; (ii) inter-regional connectivity between South and South East Asia is increasingly important for SASEC; (iii) ADB’s merger of its Asian Development Fund (ADF) and ordinary capital resources (OCR) will significantly increase available financing for integration projects.
Nepal, ADB, and World Customs Organization (WCO) organize National Workshop on Revised Kyoto Convention (RKC) Implementation. To support Nepal’s accession to the RKC, a national workshop on RKC implementation was organized by Nepal’s Department of Customs, ADB, and the WCO on 14-15 April in Nagarkot, Nepal. Participants discussed the scope and structure of RKC, benefits of Nepal’s RKC accession, and proposed legal amendments to comply with the RKC General Annex. Nepal’s accession to the RKC is a strategic thrust of SASEC’s Trade Facilitation Program.

13th ASEAN Economic Community (AEC) Council Meeting and 13th ASEAN- European Union (EU) Economic Ministers Meeting at the sidelines of 26th ASEAN Summit. At the 13th AEC Council Meeting and the 13th ASEAN- EU Economic Ministers’ Meeting 26 April in Kuala Lumpur, Malaysia, the 10 ASEAN ministers discussed priorities for the 2015 AEC and set guidelines on the 2025 AEC vision with concrete activities to develop an integrated, competitive, and dynamic ASEAN economy. ASEAN Ministers and the EU Trade Commissioner also agreed to review implementation of the ASEAN-EU trade and investment agenda for 2015 which includes consideration of a future free trade agreement (FTA). Trade and investment between ASEAN and the EU continues to grow, with the EU the second-largest trading partner and biggest foreign investor in ASEAN.

The People’s Republic of China (PRC), Japan, and the Republic of Korea hold 7th Round of FTA negotiations. The Conference of Chief Negotiators held the 7th Round of [People’s Republic of] China-Japan-[Republic of] Korea FTA negotiations Seoul, Republic of Korea 12 May. The two-day meeting discussed trade in goods and services, investment, and the scope of the FTA. Negotiations began in November 2012. The three economies have a combined gross domestic product exceeding $16 trillion, or more than 20% of global GDP. The three have a total trade volume of almost $7 trillion, or more than 20% of world total. A PRC-Japan-Republic of Korea FTA holds huge potential to further improve trade and investment among the three economies and promote greater integration of the regional value chain.

Trans-Pacific Partnership (TPP) talks continue. Trans-Pacific Partnership Chief Negotiators met in Maryland, United States (US) 23–26 April to resolve differences on market access and trade rules under the proposed TPP. Issues discussed include investment, intellectual property rights and goods trade. The US hosted another TPP Chief Negotiators meeting in Guam 15-25 May.

Negotiations reach 11th round for Japan-Colombia Economic Partnership Agreement (EPA). The negotiations for the Japan-Colombia EPA were held in Tokyo, Japan 18–22 May. Japan’s Ambassador for International Economic Affairs and representatives from relevant ministries met Colombia’s Chief Negotiator and representatives from relevant ministries and agencies. In this round of negotiations, progress has been achieved in areas such as Trade in Goods, Government Procurement, and Rules of Origin. Both sides decided to work on scheduling the date of the 12th round of negotiations through diplomatic channels.
ASEAN+3 Finance Ministers and Central Bank Governors meet alongside ADB annual meeting.

On 3 May, the 18th ASEAN+3 Finance Ministers and Central Bank Governors’ Meeting was held in Baku, Azerbaijan. The ministers and governors affirmed their commitment to ensure the region’s financial safety net—the Chiang Mai Initiative Multilateralization (CMIM)—is operationally ready. They agreed to strengthen the CMIM’s surveillance arm—the ASEAN+3 Macroeconomic Research Office—to improve regional macroeconomic and financial analysis. They also praised ABMI’s contributions in developing local currency bond markets and improving intraregional currency access, the increase in projects guaranteed by the Credit Guarantee and Investment Facility, as well as progress on the Cross-Border Settlement Infrastructure Forum. Meeting separately, the PRC—Republic of Korea-Japan Finance Ministers and Central Bank Governors reaffirmed their commitment to regional financial cooperation.

Islamic financial services summit focuses on regulation.
The 12th Islamic Financial Services Board Summit was held in Almaty, Kazakhstan 20–21 May to discuss “Core Principles for Islamic Finance: Integrating with the Global Regulatory Framework.” The summit focused on supervision and monitoring in the Islamic financial services industry, issues faced by regulatory authorities and financial institutions in adopting Basel III capital and regulatory frameworks, and increasing Islamic finance for real sector development and cross-border integration.

G20 Ministers discuss economic impact of recent global developments. The 2nd G20 Finance Ministers and Central Bank Governors Meeting was held 16–17 April in Washington D.C. to discuss recent global developments—such as lower oil prices, exchange rate volatility, prolonged low inflation, sustained internal and external imbalances, high public debt, and geopolitical tensions. Participants stressed the role investment plays as a critical driver of growth. They agreed to work on creating concrete country-specific investment strategies.

ADB welcomes pilot cross-border bond issuance. On the sidelines of its May annual meeting, ADB welcomed the first planned pilot issue of a cross-border bond under the ASEAN+3 Multicurrency Bond Issuance Framework initiative. The framework, which is being finalized under the ADB-supported ASEAN+3 Asian Bond Markets Initiative (ABMI), will promote a deeper and more integrated regional bond market. It will allow borrowers to use standardized documentation for bond issuance across markets. It should also give international investors greater confidence in investing in unfamiliar markets. ADB also welcomed a new roadmap to develop a regional bond settlement system.

Asia inks currency swaps. On 8 April, the Reserve Bank of Australia signed an AUD40 billion/CNY200 billion new bilateral local currency swap agreement with the People’s Bank of China (PBC). It renews the initial 2012 swap arrangement for a further 3 year period. On 17 April, Bank Negara Malaysia and the PBC renewed its CNY180 billion/ MYR90 billion currency swap agreement for the second time for a further 3 year term. And on 10 May, the National Bank of the Republic of Belarus and PBC signed a BYR16 trillion/CNY7 billion bilateral currency swap agreement, also effective for 3 years. In addition, the Bank of Japan and Monetary Authority of Singapore signed 21 May a third bilateral swap agreement wherein Singapore dollar and Japanese yen can be swapped for a maximum of $3 billion and $1 billion, respectively.
Program to harmonize ASEAN higher education standards begins. ASEAN, the EU and a consortium led by the British Council signed a grant contract for the European Union Support to Higher Education in the ASEAN Region (SHARE) 6 May at the ASEAN Secretariat in Jakarta, Indonesia. SHARE will help harmonize ASEAN higher education standards and support development of an ASEAN Qualification Framework and Quality Assurance program. SHARE will also provide 500 scholarships for ASEAN students. Drawing from the experience of the EU in establishing the European Higher Education Area, the program will be useful in improving the standards and quality of higher education institutions across the region.

Pacific island countries discuss water and sanitation issues at the 7th World Water Forum. During the side session convened by the Secretariat of the Pacific Community at the 7th World Water Forum 7 April, representatives from the governments of Fiji, Papua New Guinea and Samoa presented regional issues and solutions on water and sanitation to forum delegates. They also presented results from the region’s successful Integrated Water Resources Management program. The Forum reaffirmed that water and sanitation is a fundamental human right. It also stressed the key role civil society plays in improving access to safe water and sanitation.

Compendium of case studies on Pacific islands climate and disaster resilient development initiatives launched. The Secretariat of the Pacific Community—with support from the United Nations Office of Disaster Risk Reduction, United Nations Development Program, Pacific Island Forum Secretariat and the University of the South Pacific—released a compendium of Case Studies on Climate and Disaster Resilient Development in the Pacific on 5 May. The compendium consists of 40 case studies from Pacific island countries that address climate and disaster risk through climate change adaptation, disaster risk management and reducing greenhouse gas emissions.

Select ASEAN scientists join second ASEAN-US Science and Technology Fellowship. On 4 May, the ASEAN Committee on Science and Technology and US Mission to ASEAN announced the 14 early-career ASEAN scientists—chosen through a highly competitive process—to join the 2015 ASEAN-US Science and Technology Fellowship. The fellows will work in host ministries in their own countries for one year to contribute their expertise in biodiversity, energy security, and fisheries and coastal management.

ADB and Bhutan sign agreement on Second Green Power Development Project. On the sidelines of the 48th ADB Annual Meeting in Baku, Azerbaijan 4 May, ADB and Bhutan signed a loan agreement for the $120.5-million Nakachhu hydropower plant. This is the second clean power development project under the SASEC Program, which also funded the $145 million Dagachhu hydropower plant. These projects will help Bhutan meet its growing demand for electricity and promote regional energy trade between Bhutan and India.
## MAY–JUNE 2015 RCI EVENTS CALENDAR

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<td>Meeting of India, Myanmar, and Thailand on the Proposed Motor Vehicle Arrangement (Bangalore, India)</td>
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<td>AICHR Regional Symposium on Judicial Review and Human Rights (TBC)</td>
<td>5&lt;sup&gt;th&lt;/sup&gt; Meeting of the High Level Task Force (HLTF) on ASEAN Community’s Post-2015 Vision (Myanmar)</td>
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