



IN THE NEWS

Initiatives toward global financial inclusion begin.

G20 hold the first Global Partnership for Financial Inclusion (GPFI) workshop, 1–2 March at the People's Bank of China. Participants discussed global trends in financial inclusion, private sector involvement and the role of government. They particularly focused on digital technology, data collection and updating financial inclusion indicators. Thereafter, the first formal GPFI meeting was held 3 March in Shanghai, PRC. Participants discussed preparing “G20 High-level Principles on Digital Financial Inclusion” and promoted implementing a SME Financing Action Plan.

ASEAN Economic Ministers and EU Trade Commissioner conclude 14th Consultations.

The 14th Consultations, held 3 March 2016 in Chiang Mai, Thailand, highlighted the strong trade and investment relations between the two regions. The Association of Southeast Asian Nations (ASEAN) Economic Ministers and the European Union (EU) Trade Commissioner reaffirmed their commitment to work toward an ASEAN-EU Free Trade Agreement (FTA). They noted progress in assessing ASEAN integration and current bilateral FTAs between the EU and ASEAN.

APEC Cross-Border Privacy Rules system strengthens data security.

The Asia-Pacific Economic Cooperation (APEC) Electronic Commerce Steering Group announced 25 February that the Japan Institute for Promotion of Digital Economy and Community will be an ‘Accountability Agent’ to independently assess firm compliance under the APEC Cross-Border Privacy Rules system. Accountability agents ensure privacy measures used in the system—which transfers personal data across borders—are robust, improving data security around the region for businesses pursuing new growth opportunities.

Finance officials meet to improve disaster risk assessment and insurance coverage.

On 18 February, finance officials from APEC economies met in Lima, Peru to discuss gaps in data gathering and financial protection. APEC is the world's most disaster-affected region; and about two-thirds of reported disaster losses in APEC economies are uninsured.

FEATURE



Trade blog: ADB Principal Economist and ARIC Team Leader Jong Woo Kang explains how cyclical and structural factors have slowed down global trade in the past half-decade and what should be done to shore it up amid sluggish global demand. Read the blog [here](#).



Structure of Value-Added Exports in ASEAN+3

The feature article breaks down ASEAN+3's value-added exports using the 2011 World Input-Output Database and ADB Multiregional Input-Output Tables. (see page 6)





CROSS-BORDER INFRASTRUCTURE



Source: SASEC.

help harmonize regulations and create a common market for electricity in SAARC. Representatives from Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka joined the meeting.

SAARC Energy Regulators establish Regional Regulatory Body.

The Second Meeting of the South Asian Association for Regional Cooperation (SAARC) Energy Regulators was held in Colombo, Sri Lanka 8 February. Participants discussed ways to promote cross-border energy trade across the region. They reviewed and updated the SAARC Plan of Action on Energy Regulations, to ease cross-border electricity exchange between SAARC members. They also agreed to establish a Regional Regulatory Body to

SAARC-ADB training on SAARSTAT Web Portal begins. The SAARC-ADB First Training Programme of Nodal Points on Updating the SAARSTAT Web Portal was held 15-16 February in Colombo, Sri Lanka. It focused on updating available national data to enhance the website's usability. Representatives from Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka learned hands-on how to update and upload information on the website.

India, Nepal sign transit agreements. India Prime Minister Narendra Modi and Nepal Prime Minister KP Sharma Oli held comprehensive talks 20 February in New Delhi, India to promote India-Nepal transport corridors as "highways of progress". The meeting concluded with the signing of (i) transit routes linking Nepal and Bangladesh through the Kakarbhitta-Banglabandha corridor and (ii) a railroad connecting India's Visakhapatnam port to Nepal and Bangladesh.

Road construction to enhance India's East West Corridor kick starts. The 103-kilometer road from Imphal City to Tamenglong via Kangchup, India was inaugurated 6 March. With support under the ADB's South Asia Subregional Economic Cooperation (SASEC) Regional Road Connectivity Investment Program, the improvement will enhance connectivity on India's East West Corridor, and reduce the distance from Imphal to Guwahati, commercial hub of the North East region.

Upgraded highway links GMS East-West/North-South economic corridors. The new and improved National Highway 12 from Phisanulok to Lomsak, Thailand opened 12 March. The upgrade—partially supported by a \$46.7 million ADB loan—expands a 105 kilometer section of the highway from two to four lanes. As the main intersection of the Greater Mekong Subregion's (GMS) East-West and North-South economic corridors, the new highway is a regional gateway for expanding trade, tourism, and investment in Thailand, the Lao People's Democratic Republic (Lao PDR), Myanmar, and Viet Nam.

SPC National Minimum Development Indicators regional database expands scope. The Secretariat of the Pacific Community (SPC), in partnership with the Institute of Statistics and Economic Research of New Caledonia (ISEE) launched an update of the SPC National Minimum Development Indicators (NMDI) website 3 February. The website now includes data on New Caledonia, French Polynesia, and Wallis and Futuna as they strengthen cooperation with Pacific Community members and territories to better integrate into the region. The NMDI website covers seven areas: population, human development, agriculture, fisheries, infrastructure, health, and the Millennium Development Goals providing a comprehensive compilation of statistical data across the region.



TRADE AND INVESTMENT



Source: Gobierno de Chile, Flickr.

and business stakeholders will also be formed to provide feedback and assess the TPP's impact.

Malaysia forms national and consultative committees to implement TPP.

Following the signing of the Trans-Pacific Partnership (TPP) Agreement, Malaysia (and other members) must ratify the agreement. Malaysia's Minister of International Trade and Industry Dato Sri Mustapa Mohamed announced the creation of a **National Committee of ministries and government agencies** to monitor, facilitate, and oversee overall implementation of the TPP. A separate Consultative Committee of industry players

The Philippines, EFTA conclude 5th round of negotiations. The Philippines and the European Free Trade Association (EFTA) finished their **5th round of negotiations 5 February**. Philippine Department of Trade and Industry Undersecretary Dr. Ceferino S. Rodolfo said there was "progress in key areas of complementation" and expressed confidence the FTA would be concluded before June 2016. Dr. Rodolfo said the government is developing a work program to encourage utilization of the FTA by Philippine firms.

Japan-EU Economic Partnership Agreement (EPA) concludes 15th round of negotiations. The **15th round of negotiations on the Japan-EU EPA** was held in Brussels, Belgium 29 February–4 March. Mr. Koji Haneda, Japan's ambassador for International Economic Affairs and Mr. Mauro Petriccione, Deputy Director-General, Directorate-General for Trade of the European Commission discussed areas such as trade in goods and services, intellectual property rights, non-tariff barriers, government procurement, and investment. The next round will likely be held in Tokyo this April.

PRC-GCC holds 6th round of FTA negotiations. The **6th round on the PRC-Gulf Cooperation Council (GCC) FTA** was held in Riyadh, Saudi Arabia 29 February–3 March. The negotiations covered trade in services, investment, economic and technological cooperation and remaining issues on goods trade. The two sides agreed to hold the 7th round in the PRC in early May.

PRC, Georgia hold first round of FTA negotiations. The PRC and Georgia **held the initial round** of negotiations on the PRC-Georgia FTA in Tbilisi, Georgia 22–23 February. They agreed on a negotiation schedule, structures, topics covered and principles. The two sides formed a working group to work on the FTA text.



MONEY AND FINANCE



Source: Royal Thai Government.

14th ACD Ministerial Meeting

welcomes Nepal. The 14th Asia Cooperation Dialogue (ACD) ministerial meeting, held 10 March in Bangkok, Thailand, welcomed Nepal as the 34th ACD member. In his opening remarks, Thai Prime Minister Prayut Chan-o-cha mentioned “the need to deepen regional economic integration supported by multidimensional connectivity to reap the full benefits for our peoples and region.” He said an ACD Business Forum should be established to support business networks, the private sector and micro, small and medium enterprises (MSMEs).

RBI strengthens financial cooperation with key partners. On 12 February, the Reserve Bank of India (RBI) signed a memorandum of understanding with the Central Bank of United Arab Emirates to consider a currency swap agreement. Terms will be ironed out in succeeding technical level discussions. On 13 February RBI extended the SAARC Currency Swap Arrangement until 14 November 2017. Under the arrangement, RBI offers a swap arrangement up to \$2 billion in foreign currency and Indian rupee, subject to the availing SAARC member country’s 2 months import cover, within a \$100 million-\$400 million range per member.

AMRO becomes an international organization. The ASEAN+3 Macroeconomic Research Office (AMRO) celebrated its new status as an international organization 19 February at the Monetary Authority of Singapore. AMRO director, Dr. Yoichi Nemoto, underscored AMRO’s strong commitment to enhance its economic surveillance work, as well as to support the Chiang Mai Initiative Multilateralization Agreement—a \$240-billion currency swap arrangement—to help ensure macroeconomic and financial stability across the ASEAN, the People’s Republic of China (PRC), Japan and the Republic of Korea (ASEAN+3).

ADB partners with FINCA Bank Georgia. On 15 February, ADB loaned \$7 million for MSMEs in rural Georgia through FINCA Bank Georgia. The loan will support farming and rural entrepreneurship. Funds may be disbursed in equivalent Georgian lari to protect borrowers from foreign exchange risk. ADB also has an existing partnership with FINCA Azerbaijan, to help MSMEs.

G20 meetings talk of financial reform and inclusion. The G20 Finance Ministers and Central Bank Governors met 26–27 February in Shanghai, PRC. They agreed to better monitor capital flows to better identify risks stemming from large or volatile capital flows. They also stressed the importance of an adequate and effective global financial safety net. They said they would continue to closely monitor and address emerging financial system risks and vulnerabilities. Other key issues discussed include possible broader use of Special Drawing Rights; the global implementation of Base Erosion and Profit Shifting; setting up an international tax policy research center in the PRC; combating terrorist financing through cooperation and the exchange of information, and green finance.



REGIONAL PUBLIC GOODS



Source: ASEAN.

Women entrepreneurs in ASEAN

meet. The 2nd ASEAN Women Entrepreneurs Network (AWEN) Forum was held 5 March in Ha Noi, Viet Nam, attended by businesswomen from SMEs. Participants shared business models for financial inclusion of women, and corporate and social responsibility. The AWEN was established by the ASEAN Ministerial Meeting on Women in April 2014 as a platform to improve business management skills and knowledge sharing.

ASEAN Defense Ministers and Dialogue Partners hold joint field training exercise. On 8 March, the ASEAN Defense Ministers' Meeting Plus (ADMM-Plus) Humanitarian Mine Action and Peacekeeping operations **joint field training exercise** concluded in Pune, India. Over 300 military personnel from ASEAN and its eight Dialogue Partners (Australia, the PRC, Japan, India, the Republic of Korea, New Zealand, Russian Federation and the United States) worked together to foster practical defense cooperation in the region. During the exercise, participants exchanged best practices and experience to better respond to regional and global security challenges.

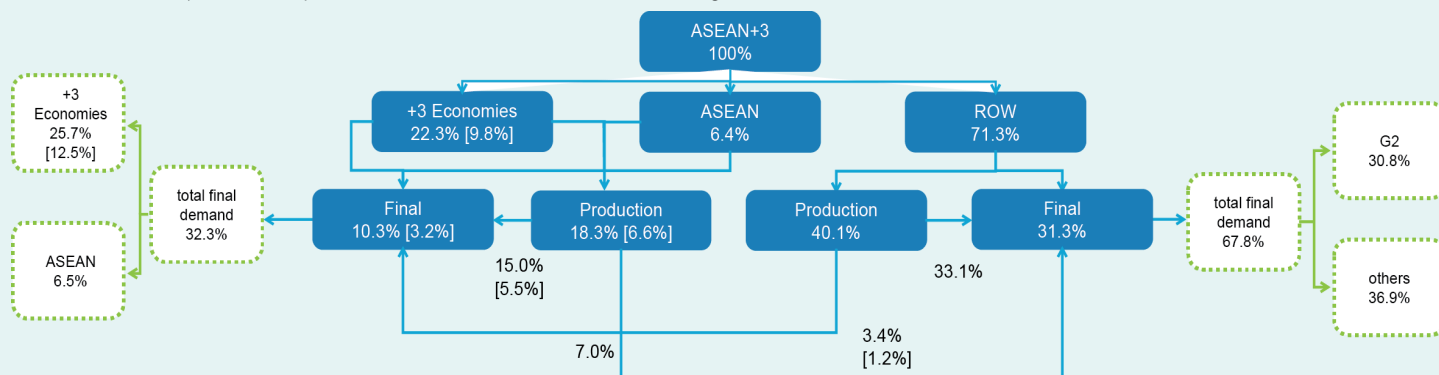
Seedlings distributed in Fiji after cyclone Winston. The SPC and the EU **distributed 43,000 fruit and vegetable seedlings** to the Fiji Government to assist rehabilitation efforts after the devastation of cyclone Winston in February. The project falls under the SPC-EU joint initiative, "Improvement of Key Services to Agriculture (IKSA)", to address food security after the calamity.

APEC economies join to combat corruption. Senior anti-corruption officials from the region met 24 February in Lima, Peru for the **APEC Anti-Corruption and Transparency Working Group meeting**. They discussed what fuels bribery of public officials in cross-border transactions and how to control it. According to the World Bank, cost of corruption reaches \$2.6 trillion annually, or 5% of global gross domestic product. Officials agreed to exchange technical expertise to criminalize and prosecute bribery cases in APEC.



Structure of Value-Added Export in ASEAN +3

Value-added export decomposition = Domestic value-added + Foreign value-added



Note: Figures in bracket are for PRC.

Source: Asia Regional Integration Center (ARIC) calculations using data from World Input-Output (IO) Tables and ADB Multiregional Input-Output tables (ADB-MRIO), and methodology from Z. Wang, S-J. Wei, and K. Zhu. 2014. Quantifying International Production Sharing at the Bilateral and Sectoral Levels. *NBER Working Paper No. 19677*. Cambridge, MA: NBER.

Note: Except for Bangladesh, Malaysia, the Philippines, Thailand and Viet Nam IO tables, which were constructed by ADB, the rest were sourced from the World Input-Output Database (WIOD). While the WIOD and ADB IO tables have been constructed in a clear conceptual framework on the basis of officially published input-output tables in conjunction with national accounts and international trade statistics, level numbers are likely to remain different from those officially released by the respective economies.

The decomposition of ASEAN+3 value-added exports shows that 2011, 32.3% of ASEAN+3 value-added exports satisfied intraregional final demand, 30.8% served G2 final demand, and 36.9% met final demand elsewhere. It also shows that almost 64% of intraregional trade was in intermediate goods used in production—and of this, 18.5% was driven by final demand externally (taking into account the share of intermediate goods trade for assembly and production within the region and then shipped outside the region). Conversely, 40.1% of ASEAN+3 trade was in intermediate goods used in production externally—and of this, 37.4% was driven by final demand within ASEAN+3.

Within ASEAN+3, the decomposition shows PRC total final demand accounts for 12.5% of total ASEAN+3 value-added exports. This is higher than the share of final demand from Japan (8.9%), but way below that coming from the US (17.4%). This shows that PRC, EU, Japan, and the US remain as the key value-added export destinations ASEAN+3 value-added exports.



APRIL–MAY 2016 RCI EVENTS CALENDAR

APRIL 2016		MAY 2016	
1–4	20th ASEAN Finance Ministers' Meeting (Vientiane, Lao PDR)	2–3	Formal AFCDM+3; 18th ASEAN+3 Finance Ministers and Central Bank Governors' Meeting (Frankfurt, Germany)
2–3	ASEAN+3 Finance and Central Banks Deputies' Meetings (AFCDM+3) (Vientiane, Lao PDR)	3–4	18th Meeting of the Technical Working Group and Sub-Regional Ministerial Steering Committee on Transboundary Haze Pollution (Singapore)
3–5	Asia-Pacific Forum on Sustainable Development 2016 (Bangkok, Thailand)	5–6	6th APEC Meeting of the Ocean and Fisheries Working Group (Arequipa, Peru)
4–5	ASEAN-Russia Senior Officials Meeting , (Moscow, Russian Federation)	10–12	17th Meeting of the ASEAN Working Group on Coastal and Marine Environment (Malaysia)
4–8	21st Meeting of the ASEAN Intergovernmental Commission on Human Rights (Jakarta, Indonesia)	12–13	ASEAN Culture and Arts Cooperation Dialogue (Jakarta, Indonesia)
7–8	Workshop on Electronic Exchange of Data among SASEC Customs Administrations (New Delhi, India)	22	Festival of Pacific Arts 2016 (Guam)
13–14	47th Meeting of the APEC Expert Group on Energy Efficiency and Conservation (Taichung, Taipei, China)	24	APEC Workshop on Financial Inclusion Policies (Trujillo, Peru)
13–14	46th APEC Expert Group New and Renewable Energy Technologies Meeting (Taichung, Taipei, China)	27–28	Senior Finance Officials' Meeting (Trujillo, Peru)
18–19	Road Safety Workshop (CAREC) (Bangkok, Thailand)	24–27	10th ASEAN Defense Ministers' Meeting (Vientiane, Lao PDR)
18–19	Second Meeting of the CAREC Railway Working Group (Bangkok, Thailand)		
20–22	15th Transport Sector Coordinating Committee Meeting (Bangkok, Thailand)		
22–29	12th RCEP TNC and related meetings (Perth, Australia)		
23–25	41st ASEAN Senior Transport Officials Meeting (Philippines)		
25–28	APEC Business Advisory Council 2 (Port Moresby, Papua New Guinea)		



Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO)
 © [YEAR] ADB. The CC license does not apply to non-ADB copyright materials in this publication.
 Publication Stock No: ARMXXXX-(X)