



## IN THE NEWS

### Viet Nam and European Union (EU) agree on free trade deal.

The **free trade agreement (FTA)** will remove nearly all tariffs on goods trade. The EU and Viet Nam must settle remaining technical issues and finalize the legal text, after which the FTA requires EU Council and Parliamentary approval. Negotiations for the ambitious and comprehensive FTA began in June 2012 to increase trade and investment.

**Three development banks cofinance landmark offshore gas field in Azerbaijan.** The Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), and Black Sea Trade and Development Bank (BSTDB) agreed to collaborate on a \$1 billion finance package for the **Shah Deniz stage II**, a landmark offshore natural gas project in Azerbaijan designed for energy security and European supply. The gas field will supply South Eastern Europe through a chain of pipelines—extending the existing South Caucasus Pipeline—as well as planned Trans-Anatolian and Trans-Adriatic pipelines. The total cost of the project is expected to top \$47 billion.

**ASEAN continues to strengthen partnership.** On 22 August, the **47<sup>th</sup> ASEAN Economic Ministers (AEM)** meeting was held in Kuala Lumpur, Malaysia, preceded by a preparatory meeting of Senior Economic Officials. The AEM also met with the 29<sup>th</sup> ASEAN Free Trade Area Council and 18<sup>th</sup> ASEAN Investment Area Council. Ministers highlighted ASEAN's economic resilience amid global uncertainties, foreign exchange volatility and the slow recovery in advanced economies.

**Greater Mekong Subregion (GMS) Ministers take action for inclusive and sustainable development.** During the **20<sup>th</sup> GMS Ministerial Conference** held 9–10 September in Nay Pyi Taw, Myanmar, ministers called for the mobilization of additional funding to fully implement a \$30-billion pipeline of investment and technical assistance projects that will drive growth and infrastructure development in the subregion. They endorsed a new framework for urban development in the GMS, with greater emphasis on green development, which complements the aims of the new Sustainable Development Goals.

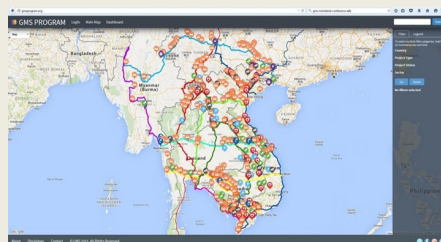
## HIGHLIGHTS

1. **Cross-border Infrastructure:** Myanmar section of Asian Highway linking IMT becomes operational.
2. **Trade and Investment:** ASEAN, Hong Kong, China relations.
3. **Money and Finance:** SAARC finance ministers discuss integration.
4. **Regional Public Goods:** Tonga and Pacific Community sign sustainable development pact.

### FTA database update: Asian FTAs continue to rise



The **ARIC Free Trade Agreement (FTA) database** September 2015 update registers 215 FTAs that are under negotiations, signed but not yet in effect, and in force. While the rise of Asia's FTAs shows sign of slowing down, **Asia's FTAs continue to make progress in 2015.**



**GMS Project Database** is now available online. It provides information about all projects in the GMS Program since 1992, including 200+ future projects set forth in the GMS Regional Investment Framework. The projects are also mapped out, with links to Project Data Pages.

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.

For inquiries, please email us at [aric-info@adb.org](mailto:aric-info@adb.org)

For updates, follow us on





## CROSS-BORDER INFRASTRUCTURE



Source: SASEC.

### Myanmar section of Asian Highway linking India, Myanmar, and Thailand opens.

The 25.6-kilometer **Myawaddy-Thin Gan Nyi Naung-Kawkareik** section of the planned Asian Highway linking the three economies was inaugurated 30 August. The segment, part of the ADB-funded East-West Economic Corridor Project, cuts travel time between two Myanmar provinces—Thin Gan Nyi Naung and Kawkareik—from 3 hours to just 45 minutes. At the same time, a cornerstone-laying ceremony was held at Myawaddy for building the Myanmar-Thailand Friendship Bridge No. 2, linking Myawaddy (Myanmar) with Maesot (Thailand).

### Bangladesh, Bhutan, India, and Nepal (BBIN) negotiate Motor Vehicles Agreement (MVA) protocols.

The technical committees of BBIN wrapped up a 2-day meeting 8–9 September hosted by the Ministry of Road Transport and Bridges, Bangladesh for the **BBIN MVA** protocol negotiations. They agreed on guidelines on cross-border movement of passengers and cargo vehicles, and initiated negotiations on various issues on customs and transport, including issues about permits and tracking systems to be employed.

**ADB will support \$6 billion in regional connectivity projects in Bangladesh.** ADB plans to provide some \$6 billion for **regional connectivity** road transport and railway network projects. ADB will support five SASEC connectivity projects during 2016–2018. In 2016, it will support implementation of the 100-kilometer (km) Dohazari to Cox Bazar railway link (Phase I and II), and a Railway Sector Investment Program. In 2017, ADB will finance the SASEC Road Connectivity Project II (Hatirkamrul-Rangpur-Burimari four-lane highway), and in 2018 will provide a loan for the Dhaka–Chittagong dual gauge (230 km) access link to Chittagong Port.

**India, Nepal to build first South Asian Association for Regional Cooperation (SAARC) oil pipeline.** India and Nepal signed a **Memorandum of Understanding (MOU)** 24 August to construct a pipeline from Raxaul (India) to Amlekhgunj (Nepal) and re-engineer the Amlekhgunj Depot and allied facilities. The MOU will help secure the long-term supply of petroleum products to Nepal. Its design will help preserve the environment along the route and decongest the Raxaul border.

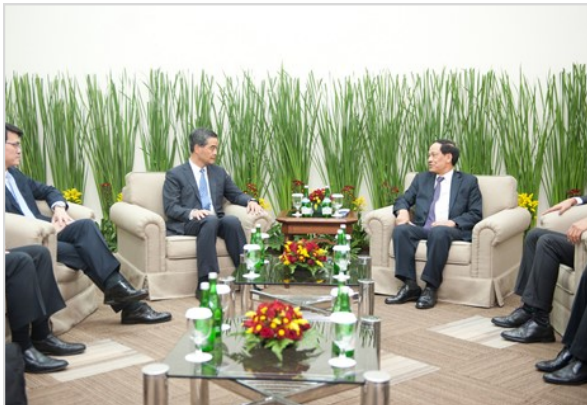
**ADB and United Kingdom (UK) help boost regional connectivity in Pakistan.** ADB and the UK's Department for International Development (DFID) will cofinance the **Hassanabdal–Havelian Expressway**. The original \$327 million investment—earlier approved by ADB—will connect the existing M1 at Hassanabdal (Burhan) to Havelian. With DFID's \$121.6 million grant, ADB will extend the expressway north to Abbottabad and Mansehra. The upgrade makes Pakistan the conduit for goods moving between southern Arabian seaports and the PRC.

**ADB and Central Asia Regional Economic Cooperation (CAREC) Institute promote regional transit agreement.** ADB facilitated the second consultation **workshop** 7–9 September to ease transit between the PRC, Kazakhstan, the Kyrgyz Republic, and Pakistan through the Quadrilateral Traffic in Transit Agreement (QTTA). Originally signed in 1995, the QTTA was stalled partly due to landslides that blocked the Karakoram Highway, part of CAREC's Corridor 5.

**Turkmenistan–Afghanistan–Pakistan–India (TAPI) Steering Committee endorses consortium leader for gas pipeline project.** The TAPI Steering Committee endorsed Turkmen gas as consortium leader of the TAPI Pipeline Company Limited during their 22<sup>nd</sup> meeting 6 August. The endorsement allows Turkmen gas to spearhead efforts to build, finance, own, and operate the planned 1,600-kilometer TAPI natural gas pipeline, expected to export up to 33 billion cubic meters of natural gas annually from Turkmenistan to Afghanistan, Pakistan, and India for 30 years.



## TRADE AND INVESTMENT



Source: ASEAN Secretariat.

### The Association of Southeast Asian Nations (ASEAN) and Hong Kong, China seek closer economic relations.

Hong Kong, China's Chief Executive C. Y. Leung said ASEAN's economic dynamism offers tremendous opportunity to expand trade, investment, and services between the two. In welcoming progress in free trade agreement negotiations, ASEAN Secretary-General Le Luong Minh and Leung said talks could be concluded in 2016. Minh discussed recent developments in ASEAN, including preparations for the end-2015 establishment of the ASEAN Economic Community, and ASEAN's Vision for the next 10 years, expected to be adopted later this year.

**Malaysia-Turkey FTA becomes effective.** After 4 years of negotiations, the Malaysia-Turkey FTA came into force 1 August. The FTA provides duty-free treatment for Malaysia's key exports to Turkey, which includes textiles and apparel, iron and steel products, leather and rubber products. The economies will phase-out import duties in stages over 8 years from effectivity. Turkey will also eliminate existing additional duties (ranging from 20%-30%) on textiles, apparel and footwear, which currently affect over 1,000 tariff lines.

**Regional Comprehensive Economic Partnership (RCEP) holds 3<sup>rd</sup> ministerial meeting.** Economic ministers from the 16 RCEP members attended the 3<sup>rd</sup> RCEP Ministerial Meeting 24 August in Kuala Lumpur, Malaysia. The ministers said they were encouraged by progress made after nine rounds of negotiations since they began in November 2012. They noted some breakthroughs that settled several key issues.

### 3<sup>rd</sup> Round of negotiations for a Japan-Turkey Economic Partnership Agreement (EPA) held.

The 7-10 September 3<sup>rd</sup> round of negotiations for a Japan-Turkey EPA in Tokyo discussed goods and services trade, investment, intellectual property rights, improvement of the business environment, government procurement, sanitary and phytosanitary, electronic commerce, general and final provisions covering rules of origin, customs, competition, and dispute settlement.

**CAREC working group resumes talks on Almaty-Bishkek Corridor Initiative.** The Joint Working Group's second meeting, held 4-6 August, reviewed progress in the Almaty-Bishkek Corridor Initiative, including future work in other areas such as special economic zones and industrial parks, and information technology (IT).



## MONEY AND FINANCE



Source: Bhutan Ministry of Finance.

### SAARC finance ministers discuss integration.

On 19–20 August, the 7<sup>th</sup> Meeting of SAARC Finance Ministers and the 7<sup>th</sup> Meeting of SAARC Finance Secretaries were held in Kathmandu, Nepal. The meetings assessed progress made in implementing recommendations from the previous meeting in 2013, as well as the proposed SAARC Development Fund. Ministers also discussed cooperation in trade, finance, and other economic sectors to ease the flow of capital and intraregional long-term investment.

### Japan, People's Republic of China (PRC), and the Republic of Korea discuss recent developments.

On 4 September, the 7<sup>th</sup> Tripartite Governors' Meeting among the People's Bank of China, Bank of Japan, and Bank of Korea was held in Ankara, Turkey. The governors discussed recent economic and financial developments as well as financial liberalization in the three countries. The 8<sup>th</sup> Tripartite Governors' Meeting will be hosted by the Bank of Japan in 2016.

### Asian financial institutions forge closer relations.

On 27 August, Bank Negara Malaysia and the Bank of Thailand signed an MOU to establish a framework to promote the settlement of bilateral trade and direct investment in local currencies. The arrangement would reduce currency settlement risks and business transaction costs. On 3 September, the Central Bank of Sri Lanka

received \$1.1 billion in addition to the \$400 million received in April 2015 under a currency swap facility offered by the Reserve Bank of India to SAARC central banks. The funds should stabilize the rupee exchange rate in line with macroeconomic fundamentals and movements in other currencies of major trading partners. On 8 September, the Industrial and Commercial Bank of China (ICBC) opened a branch in Yangon, Myanmar, becoming the first PRC commercial bank operating in the country. ICBC is one of the nine foreign banks awarded with service licenses by the Myanmar government in October 2014. On 7 September, the People's Bank of China and National Bank of Tajikistan signed a currency agreement for the yuan and somoni to boost trade and investment. Under the agreement, the central banks can exchange payments in the two currencies to ease bilateral trade.



## REGIONAL PUBLIC GOODS



Source: Secretariat of the Pacific Community.

### Tonga and the Secretariat Pacific (SPC) Community sign sustainable development pact.

On 9 September, Prime Minister 'Akilisi Pohiva of Tonga and Colin Tukuitonga, Director-General of the SPC, signed a 5-year MOU to strengthen mutual cooperation in sustainable development. The 2016–2020 MOU was formalized at a ceremony held on the sidelines of the Pacific Leaders Forum in Port Moresby, Papua New Guinea. The MOU will assist achieving the vision of a more progressive Tonga and utilize the SPC's expertise in pursuing a more inclusive, sustainable and dynamic knowledge-based economy as well as enhancing resilience to climate and disaster risk.

**Asia-Pacific Economic Cooperation (APEC) works on mitigating new health threats.** Health ministers and officials from the 21 APEC members agreed to boost their health systems over the next 5 years and mitigate emerging, potentially catastrophic health threats to people and the region's economic security. Officials finalized and endorsed the **Healthy Asia-Pacific 2020 Initiative** roadmap during a 2-day meeting 28-29 August in Cebu, Philippines. The roadmap focuses on building preparedness, prevention and response to public health emergencies, including disaster response, along with infectious and chronic diseases.

**Ministers from the GMS discuss transboundary haze control.** On 20 August, the **5<sup>th</sup> Meeting of the Subregional Ministerial Steering Committee on Transboundary Haze Pollution** in the GMS was held in Nay Pyi Taw, Myanmar. The weather and haze outlook was presented by the ASEAN Specialized Meteorological Center, which said there is a 90% chance of El Niño conditions prevailing into early 2016. Ministers committed to work toward reaching the target reduction from 75,000 hotspots in the region in 2008 to 50,000 by 2017, and developing an ASEAN Haze-Free Roadmap.

**APEC measures participation of women in regional economy.** Indicators that track progress of women's participation in the economy were developed by the APEC Policy Partnership on Women and the Economy. The **APEC Women and The Economy Dashboard 2015** was launched 16 September in Manila, Philippines, covering five priority areas: (i) access to capital and assets; (ii) market access; (iii) skills, capacity-building, and health; (iv) leadership, voice, and agency; and (v) innovation and technology. The indicators are tools to help prioritize gender mainstreaming and monitor progress of ongoing initiatives. APEC aims to help women participate in regional and global markets—and Dashboard indicators show headway.

**Pacific islands prioritize literacy.** In celebration of the **International Literacy Day** on 8 September, Director-General Colin Tukuitonga of the SPC spoke of the need to improve literacy for development. The SPC, through its Educational Quality and Assessment Programme, provides technical support to learning systems to improve the region's teaching and learning results.



## OCTOBER–NOVEMBER 2015 RCI EVENTS CALENDAR

OCTOBER		NOVEMBER	
1–2	Ministers of Agriculture and Forestry meeting (Nadi, Fiji)	2–4	2015 APEC Climate Change Symposium (Manila, Philippines)
1–4	10 <sup>th</sup> Meeting of the High Level Task Force on ASEAN Community's Post-2015 Vision (Kuala Lumpur, Malaysia)	2–6	40 <sup>th</sup> ASEAN Senior Transport Officials Meeting & 21 <sup>st</sup> Transport Ministers Meeting (Kuala Lumpur, Malaysia)
2	Special ASEAN Ministerial Meeting on the Rise of Radicalization and Violent Extremism (Kuala Lumpur, Malaysia)	4–5	Conference of the Pacific Community (Alofi, Niue)
2–3	APEC Policy Partnership on Food Security Meeting (Iloilo, Philippines)	5–6	12 <sup>th</sup> Asia–Europe Meeting (ASEM) Foreign Meeting (Luxembourg)
6–7	19 <sup>th</sup> ASEAN Socio–Cultural Community (ASCC) Senior Officials Meeting and 14 <sup>th</sup> ASCC Council (Kuala Lumpur, Malaysia)	13–19	APEC Voices of the Future (Manila, Philippines)
6 – 8	Regional Conference on Time Release Studies in the GMS/IMT–GT (Tokyo, Japan)	14	21 <sup>st</sup> IMT–GT Ministerial Meeting (Alor Setar, Malaysia)
9–13	10 <sup>th</sup> RCEP Trade Negotiating Committee (TBC)	16–17	APEC Ministerial Meeting (Manila, Philippines)
12–16	APEC Training Course on Development of Bioenergy Crops as Renewable Energy Sources for APEC Economies (Yogyakarta, Indonesia)	16–18	APEC CEO Summit (Manila, Philippines)
13	APEC Ministers–Energy CEOs Dialogue (Cebu, Philippines)	16–19	Special AICHR Meeting (TBC)
13–14	12 <sup>th</sup> APEC Energy Ministerial Meeting (Cebu, Philippines)	17	APEC SME Summit (Manila, Philippines)
14–15	SASEC 2025 Regional Workshop (Singapore)	17	BIMP–EAGA 10 <sup>th</sup> Transport Ministers Meeting (Davao, Philippines)
14 – 16	Bhutan National trade Facilitation Committee Working Group Orientation (Thimphu and Paro, Bhutan)	18	ABAC Dialogue with Leaders (Manila, Philippines)
19–22	Almaty–Bishkek Corridor Initiative 3 <sup>rd</sup> Joint Working Group Meeting: Consultation Workshop (TBA)	18–19	APEC Economic Leaders' Meeting (Manila, Philippines)
20	BSEC Meeting of the Ministers of Transport (Bucharest, Romania)	18–20	ASEAN Young Leaders Summit (Kuala Lumpur, Malaysia)
26–29	CAREC Workshop on Small and Medium Enterprises and Private Sector Development (Suzhou, PRC)	18–22	27 <sup>th</sup> ASEAN Summit & Related Summits (Kuala Lumpur, Malaysia)
27–28	4 <sup>th</sup> Meeting of the SASEC Customs Subgroup (Cebu, Philippines)	19–21	ASEAN Business & Investment Summit 2015 (Kuala Lumpur, Malaysia)
27–29	APEC Workshop on Capacity Building for Providing Medical External Quality Assurance (Kuala Lumpur, Malaysia)	24–25	2015 APEC Typhoon Symposium (Manila, Philippines)
28–29	3 <sup>rd</sup> APEC Meeting of Ministers Responsible for Forestry (Port Moresby, Papua New Guinea)	25–26	SASEC Trade Facilitation and Transport Working Group (Tokyo, Japan)