

# RCI NEWS AND EVENTS

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*RCI News and Events follows regional initiatives under ADB's four RCI pillars: (i) cross-border infrastructure, (ii) trade and investment, (iii) money and finance, and (iv) regional public goods.*

## IN THE NEWS

### **APEC Economic Leaders' Week stresses free trade.**

Under the theme of a "Resilient Asia-Pacific, Engine of Global Growth," 21 leaders and ministers of Pacific-Rim economies met 1–8 October in Bali, Indonesia for the [Asia Pacific Economic Cooperation \(APEC\) Economic Leaders' Week](#). The joint [declaration](#) highlighted four agenda: (i) support for the multilateral trading system and the 1994 Bogor goals, (ii) promote connectivity, (iii) achieve sustainable growth with equity, and (iv) strengthen APEC. The [4<sup>th</sup> APEC Business Advisory Council Meeting \(ABAC\)](#) held 2–5 October called on APEC leaders "to have a more ambitious agenda on trade, investment, and services liberalization targets." ABAC stressed its belief that the ultimate expression of regional connectivity remains creating a Free Trade Area of the Asia-Pacific. Current negotiations to create a Trans Pacific Partnership (TPP), a Regional Comprehensive Economic Partnership (RCEP), and an Pacific Alliance (a regional free trade agreement (FTA)) in Latin America are driving this process forward.

**Leaders reaffirm ASEAN Community targets at the 23<sup>rd</sup> ASEAN Summit.** Progress toward establishing an [ASEAN Community](#) by 2015 dominated discussions at the [23<sup>rd</sup> ASEAN Summit](#) held 9 October in Brunei Darussalam. At a post-summit briefing 16 October in Jakarta, Deputy Secretary-General Nyan Lynn said that "the leaders [reaffirmed](#) their commitment to intensify efforts toward realizing the ASEAN Community 2015."

**Asian FTAs now total 261, with 113 legally effective.** The number of FTAs continues to grow rapidly in Asia and the Pacific. From 55 FTAs in 2000, there are 261 in different stages of development as of July 2013, according to the [Asia Regional Integration Center's \(ARIC\) FTA database](#). Of these, 113 are in effect, while the others are either proposed, under negotiation, or signed.

**WTO seeks APEC help for Bali package.** On 4 October, the World Trade Organization (WTO) [asked APEC ministers to help](#) build consensus for the 3–6 December

[9th Ministerial Conference](#), to be held in Bali. The multilateral agency cited APEC's track record on trade facilitation as one area where it can give important support. The WTO also welcomed [pledges by the World Bank, International Monetary Fund \(IMF\), and four regional development banks](#)—including the Asian Development Bank (ADB)—in supporting discussions on streamlining trade. On 13 October, the heads of these seven institutions [reiterated their collective commitment to support trade facilitation](#). Meanwhile, the [WTO released latest trade and tariff data](#) 24 October, including a comprehensive review of developments in 2012.

## CROSS-BORDER INFRASTRUCTURE

**CAREC Senior Officials' Meeting announces plan to develop key new routes.** Senior officials of the Central Asia Regional Economic Cooperation (CAREC) program [met](#) 23 October in Astana, Kazakhstan to discuss refinements in transport, trade facilitation, and trade policy strategies; along with updates on energy cooperation. At the CAREC 12<sup>th</sup> Ministerial Conference held 24 October, ministers [endorsed](#) a plan to develop key new road and rail routes linking Central Asia to the People's Republic of China (PRC) and South Asia by 2020. The plan includes projects in priority corridors for road, rail, logistics, and border facilities—a \$38.8 billion investment over the next 7 years. ADB President Nakao gave the [keynote address](#).

**ASEAN-[Republic of] Korea Centre organizes 2013 ASEAN Connectivity Forum.** On 21–22 October in Seoul, Republic of Korea, the [ASEAN-Korea Centre](#) [hosted](#) the 2013 ASEAN Connectivity Forum to discuss ways to enhance [ASEAN Connectivity](#)—and how the Republic of Korea can contribute to ASEAN's infrastructure development. The forum focused on physical connectivity—infrastructure financing, construction, and operations. Strengthening ASEAN connectivity is important both for ASEAN and its Dialogue Partners, which includes the Republic of Korea.

**APEC study says improved connectivity strengthens regional linkages; but gaps remain.** A comprehensive study reviewing the current state of connectivity in APEC—and its key challenges—was [presented](#) to APEC Senior Officials 2 October by the APEC Policy Support Unit. The study—[Improving Connectivity in the Asia Pacific Region](#)—analyzes institutional, physical, and people-to-people connectivity in the region. It also maps out other regional initiatives and identifies gaps and opportunities for APEC moving forward. On institutional connectivity, for example, APEC has made progress in trade facilitation and behind-the-border issues—although critical gaps remain. The study also cites challenges and opportunities in promoting structural reform, customs, multi-modal connectivity, public-private partnerships for infrastructure, and visa facilitation.

## TRADE AND INVESTMENT

**TPP progress reviewed; members aim to close deal by end-2013.** Trade ministers [met](#) alongside the APEC Ministerial Meeting 8 October to review progress on the TPP. The meeting moved discussions forward on comprehensive market access, regional agreements, cross-cutting trade issues, new trade issues, and engagement of additional Asia-Pacific countries in the TPP. Outstanding issues remain, for example, on market access and intellectual property, although negotiators hope to seal a deal by the end of the year.

**PRC seeks deeper cooperation with ASEAN, India.** The PRC reaffirmed its commitment to deepen ties with ASEAN—particularly trade and investment. On 9 October, the [16<sup>th</sup> ASEAN-PRC Summit](#) underscored the value of the ASEAN-PRC Free Trade Area and the need for discussions to upgrade the agreement. Among other targets, the PRC and ASEAN want to reach \$500 billion in bilateral trade by 2015 and \$1 trillion by 2020. Bilateral investment flows should reach \$150 billion over the next 8 years. The PRC and India also discussed trade during the [official visit](#) of India's Prime Minister Manmohan Singh 22–24 October. The leaders discussed prospects of a bilateral trade agreement; the state of RCEP negotiations; and the Bangladesh, PRC, India, and Myanmar Economic Corridor, among others.

**EU, Japan hold third round of FTA negotiations.** The European Union (EU) and Japan held [negotiations](#) 21–25 October in Brussels, Belgium. Working group negotiations covered goods trade, technical barriers to

trade and non-tariff measures, rules of origin, customs and trade facilitation, sanitary and phytosanitary measures, and service trade, among others. Negotiations focused on EU concerns over non-tariff barriers and the further opening of Japan's public procurement. The fourth round of negotiations are planned for early 2014.

**India and Indonesia discuss WTO negotiations.** The trade ministers of India and Indonesia [met](#) 11 October in Bali on the prospects of an “Early Harvest” WTO agreement on trade facilitation. The ministers said a partial agreement at this stage would give a boost to the multilateral trading system. They also discussed fulfilling food security commitments.

## MONEY AND FINANCE

**Southeast Asian central banks push for greater financial stability and integration.** At the [South-East Asian Central Banks \(SEACEN\) 30th Anniversary Conference](#) held 20 October in Kuala Lumpur, Malaysia, governors and deputy governors discussed macro-financial linkages—greater cross-border financial integration, supervisory policy challenges, financial integration, and the new global financial architecture. The SEACEN Research and Training Centre launched a new semiannual publication—the [SEACEN Financial Stability Journal](#)—part of SEACEN's strategic initiative to manage financial stability. The journal will be a knowledge-sharing platform to promote new thinking and collaboration on financial stability issues; to share and strengthen practical implementation of ways to promote financial stability and systemic risk management among SEACEN members.

**Swap arrangements continue to expand.** The [People's Bank of China \(PBC\)](#) and the [Central Bank of Iceland](#) renewed a CNY3.5 billion/ISK66 billion swap agreement in September for another 3 years. Similarly, the [PBC and Bank Indonesia](#) renewed a CNY100 billion/IDR175 trillion swap agreement 1 October for another 3 years. A landmark 3-year CNY350 billion/EUR45 billion swap agreement was also signed between the [PBC and the European Central Bank](#) 9 October. The agreement provides liquidity support to expand the renminbi market in the eurozone, promote renminbi use outside the PRC, and facilitate bilateral trade and investment. On 12 October, the [Bank of Korea \(BOK\)](#) and [Bank Indonesia](#) signed a KRW10.7 trillion/IDR115 trillion/USD10 billion 3-year swap agreement. A 3-year KRW5.8 trillion/AED20 billion swap agreement was signed 13 October between

the [BOK and the Central Bank of the United Arab Emirates](#). And a KRW5 trillion/MYR15 billion 3-year swap agreement was signed 20 October between the [BOK and Bank Negara Malaysia](#). Currency swaps offer additional liquidity when needed and reduce exposure to exchange rate fluctuations that affect trade. They also diversify reliance on the US dollar in conducting bilateral trade.

**The PRC moves to expand international renminbi use.**

On 15 October, a groundbreaking deal capped the [5th United Kingdom-PRC Economic Financial Dialogue](#) with an agreement to establish London as a global offshore hub for renminbi trading and direct renminbi investment into the PRC. Under the PRC's Renminbi Qualified Foreign Institutional Investor (RQFII) program, London was given an initial quota of CNY80 billion. On 22 October, the [10th Joint Council for Bilateral Cooperation \(JCBC\) between the PRC and Singapore](#) extended the RQFII program to Singapore with an aggregate quota of CNY50 billion, with both agreeing to establish direct currency trading. On 24 October, a Memorandum of Understanding (MOU) was signed between the [PBC and the US Federal Deposit Insurance Corporation](#) to expand mutual cooperation—which began in 2007—in financial services, depositor protection, cross-border resolution of financial institutions, crisis management, and international financial stability policy deliberations.

**Integrated ASEAN capital market advances.** [Malaysia, Thailand, and Singapore](#) signed an MOU 1 October to establish an ASEAN collective investment scheme (CIS) framework that will allow retail investors access to these three markets. The CIS is expected to be implemented the first half of 2014.

## REGIONAL PUBLIC GOODS

**ADB report warns against the threats of climate change in East Asia.** The ADB report, '[Economics of Climate Change in East Asia](#)', says East Asia's estimated \$864 billion in assets are at risk due to rising sea levels, more severe storms and intense droughts caused by climate change. The most vulnerable sectors are infrastructure, coastal protection, and agriculture. The estimated aggregate annual cost to protect these sectors is below 0.3% of East Asia's annual GDP between 2010 and 2050. The report, written by experts from Asia, North America, and Europe—using the best databanks and models on climate change available—examines how the

PRC, Japan, Republic of Korea, and Mongolia can respond to climate change challenges through a combination of adaptation and mitigation measures.

**Asia-Pacific alliance aims to fight malaria.** Targeting a 75% reduction in [malaria](#) cases and deaths by 2015, the [Asia Pacific Leaders Malaria Alliance \(APLMA\)](#) was created during the East Asia Summit 9–10 October with the endorsement of 18 Asia-Pacific leaders. ADB will serve as APLMA's secretariat. Two groups were established—the Regional Financing Taskforce and Improving Access to Quality Medicines and Other Technologies Taskforce—to develop sustainable funding mechanisms until malaria transfer is eradicated, to increase regional production of and access to quality medicines, and to reduce availability and use of low-quality anti-malaria medicines.

**ADB funds energy efficiency projects in Southeast Asia.**

ADB granted a \$20 million [multicurrency loan](#) to Cofely Southeast Asia to invest in energy efficiency projects in the region. The loan allows Cofely to build, upgrade, and expand energy efficiency infrastructure across the region. Cofely will use a business model proven effective in the US, Europe, and several other markets. Once proven effective in Southeast Asia, business establishments like hospitals, hotels, shopping malls, and many others are expected to adopt more cost-effective and energy-saving solutions. In addition to the loan, ADB approved \$600,000 in technical assistance to advance awareness on energy efficiency—by gathering senior business owners and leaders from Southeast Asia to discuss the role of energy efficiency in improving business and sustaining economic growth. ADB will hold workshops for senior executives on energy efficiency services in Kuala Lumpur, Manila, Bangkok, and Phnom Penh within 2 months.

## NOVEMBER-DECEMBER 2013 EVENTS

- 4–8 November: [2<sup>nd</sup> Meeting of Forum of Asian Ministers of Transport, Second Meeting](#) (Bangkok, Thailand)
- 5 November: [Clean Fuels and Vehicles Forum in the ASEAN Region](#) (Singapore)
- 7–8 November: [G20 Financial Stability Board Plenary Meeting](#) (Moscow, Russia)
- 11–13 November: [APEC Climate Symposium 2013](#) (Jakarta, Indonesia)
- 11–15 November: [Secretariat of the Pacific Community 43<sup>rd</sup> Meeting of the Committee of Representatives of Governments and Administrations](#) (Suva, Fiji)
- 11–15 November: [ASEAN 13<sup>th</sup> Telecommunications and IT Ministers Meeting, 14<sup>th</sup> Telecommunications Senior Officials Meeting and Dialogue Partners' Meetings](#) (Singapore)
- 11–22 November: [19<sup>th</sup> Conference of the Parties to the UN Framework Convention on Climate Change](#) (Warsaw, Poland)
- 14–15 November: [2<sup>nd</sup> Meeting of the Greater Mekong Subregion \(GMS\) Urban Development Task Force](#) (Yunnan Province, PRC)
- 18–19 November 2013: [Global Trade Facilitation Conference 2013](#) (Bangkok, Thailand)
- 18–19 November 2013: [Aid for Trade Regional Expert Dialogue](#) (Bangkok, Thailand)
- 18–22 November 2013: [Asia-Pacific Trade and Investment Week](#) (Bangkok, Thailand)
- 18–22 November: [The 11<sup>th</sup> International Congress on AIDS in Asia and the Pacific](#) (Bangkok, Thailand)
- 19 November 2013: [3<sup>rd</sup> Meeting of the Asia-Pacific Foreign Direct Investment \(FDI\) Network for Least Developed and Landlocked Developing Countries](#) (Bangkok, Thailand)
- 19–23 November: [2<sup>nd</sup> Peer Review on Low-Carbon Energies - Feed-in Tariff \(FIT\) System for Renewable Energy](#) (Philippines)
- 20–22 November 2013: [3<sup>rd</sup> Session of UNESCAP Committee on Trade and Investment](#) (Bangkok, Thailand)
- 20–22 November 2013: [UNESCAP Training on Evidence-based Policymaking in Trade and Investment](#) (Bangkok, Thailand)
- 21–22 November: [6<sup>th</sup> OECD Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes](#) (Jakarta, Indonesia)
- 26 November: [Steering Committee on Facilitation of Road Transport of Goods in the BSEC region](#) (Istanbul, Turkey)
- 3–4 December: [Federation of Euro-Asian Stock Exchanges General Assembly](#) (Muscat, Oman)
- 3–6 December 2013: [9<sup>th</sup> WTO Ministerial Conference](#) (Bali, Indonesia)
- 14–15 December 2013: [ASEAN-Japan Commemorative Summit for the 40<sup>th</sup> anniversary of the establishment of ASEAN-Japan relations](#) (Japan)