

The RCI Digest follows the progress of initiatives under ADB's four pillars of regional cooperation and integration (RCI): (i) cross-border infrastructure, (ii) money and finance, (iii) trade and investment, and (iv) regional public goods.

IN THE NEWS

ASEAN+3 establishes new surveillance office, expands ministerial meeting membership. ASEAN+3 finance ministers said 4 May the newly established ASEAN+3 Macroeconomic Research Office (AMRO) will soon be fully operational. Headquartered in Singapore under newly appointed director Wei Benhua of the People's Republic of China (PRC), AMRO will monitor macroeconomic performance among its 13 members, advise on crisis prevention, and devise a basis for determining amounts and terms of support should members require emergency liquidity. Also, the [14th ASEAN+3 Finance Ministers' Meeting](#) agreed that starting 2012, central bank governors will participate in an expanded "ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting."

ASEAN strengthens integration monitoring. At their [4–8 April meeting](#) in Bali, Indonesia, ASEAN finance ministers agreed to strengthen its own monitoring capability, keyed toward economic integration. A newly-established ASEAN Integration Monitoring Office (AIMO) will be the surveillance mechanism for assessing progress toward the region becoming an ASEAN Economic Community (AEC) by 2015.

Infrastructure

South Asia steps up tourist promotion. In May, three agreements were signed between Bhutan and Maldives to begin flights, between Bhutan and Bangladesh to share airports, and between India and Sri Lanka to operate more flights. Also in May, India and Uzbekistan signed an action plan on tourism cooperation.

Seventh BIMP-EAGA Summit highlights connectivity and tourism. In a [joint statement](#) released 8 May, leaders of the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) stressed the importance of cross-border connectivity and tourism for sustainable development. Ministers and senior officials were tasked to intensify dialogue with the private sector and strengthen public-private partnerships to promote infrastructure development in the subregion.

High-level UN forum says intra-regional cooperation in Asia and the Pacific crucial for energy security. At a [high-level forum on regional energy security cooperation](#)—held during the 67th Session of the United Nations Economic and Social

Commission for Asia and the Pacific (UNESCAP) on 25 May—government leaders and regional economic organizations agreed to improve cross-border infrastructure and strengthen institutional links between energy-surplus and deficit economies.

BSEC and TRACECA meet to further cooperation; BSEC Working Group on Transport convenes. On 4 May, leaders from the Black Sea Economic Cooperation (BSEC) and Transport Corridor Europe-Caucasus-Asia (TRACECA) met to discuss the 2012 Second Investment Forum and how to enhance Euro-Asian transport links. Earlier, the [BSEC transport working group meeting](#) on 13–14 April focused on the memoranda of understanding governing the development of the Black Sea Ring Highway, BSEC Motorways of the Sea, and BSEC Facilitation of Road Transport of Goods.

Money and Finance

PRC continues to pursue wider use of the yuan. To help internationalize the yuan, the People's Bank of China (PBOC) signed currency swap agreements with central banks in [Mongolia](#), [New Zealand](#), and [Uzbekistan](#)—adding to existing agreements. Also, Hong Kong, China will introduce an offshore spot yuan fixing rate this year. It already launched the first yuan initial public offering outside the PRC. The PRC and Hong Kong, China signed a memorandum of understanding to establish a formal [bilateral cooperative relationship](#) that aims to work for the mutual development of their financial markets.

ADB pushes greater role of Asia in reforming the international monetary system. At its 44th Annual Meeting in early May, ADB stressed [Asia's growing influence](#) in global economic governance and urged authorities to play a proactive role in designing an effective multilateral framework that promotes global monetary and financial stability.

Equity markets launch website; new commodity exchange opens. Seven ASEAN stock exchanges jointly [launched a website—ASEAN Exchanges](#)—to promote blue chip equities branded as "ASEAN Stars" to global investors. Also, Hong Kong, China launched a commodity exchange—the [Hong Kong Mercantile Exchange](#)—in mid-May following the opening of the [Singapore Mercantile Exchange](#) in August 2010.

Other financial sector seminars/meetings held in April–May. The APEC Financial Regulators Training Initiative (FRTI) ran two seminars in May—(i) Regional Seminar on Derivatives of Structured Products in Seoul on 23–27 May and (ii) [Risk Management and Internal Controls Seminar](#) in Manila on 9–13 May. Co-hosted by ADB and the Republic of Korea, a Training Course on Regional Economic and Financial Monitoring was held in Seoul on 2–20 May. Finally, the [Fifth Informal Meeting of the SAARC Finance Ministers](#) was held on the sidelines of the ADB Annual Meeting in Ha Noi 4 May.

Trade and Investment

TPP ministers meet on sidelines of APEC Trade Ministers Meeting. During the [APEC Ministers Responsible for Trade](#) meeting in Big Sky, Montana, United States (US) on 19 May, [Trans-Pacific Partnership \(TPP\) ministers](#) discussed progress toward an Asia-Pacific regional trade agreement.

ADB signs first trade finance agreement in Georgia. ADB sealed a [trade finance agreement](#) with the Bank of Georgia and TBC Bank 12 April. The agreement is expected to strengthen Georgia's trade sector and its role as strategic hub between Asia and Europe.

Vanuatu steps closer to WTO accession. The Working Party on [Vanuatu's accession](#) to the World Trade Organization (WTO) adopted an accession package in May. The package covers trade regime reform and includes a market access schedule. Following its adoption by the WTO's General Council and country ratification, Vanuatu will become a full-fledged WTO member.

PRC-Japan-Korea Trilateral Economic and Trade Ministers' Conference holds eighth session. Trade ministers of the [PRC](#), [Japan](#), and the Republic of Korea (Korea) attended the eighth economic and trade ministerial conference in Tokyo, Japan 24 April. Among topics discussed was government-industry-academia joint research on a PRC-Japan-Korea free trade agreement (FTA), aside from other trilateral cooperation issues and regional and global cooperation.

Korea ratifies FTA with EU; India-Australia trade talks begin. On 4 May, Korea's National Assembly [ratified](#) the Korea-European Union (EU) FTA, which, coupled with earlier [European parliament approval](#), means the FTA is currently scheduled to take effect 1 July. Meanwhile, [India](#) and [Australia](#) announced 12 May the start of negotiations for a possible FTA between the two.

Regional Public Goods

ASEAN members join forces to fight dengue. On 3–5 May, the World Health Organization (WHO) and ASEAN country representatives met to take [action on dengue prevention and control](#). ASEAN agreed to collectively launch a campaign advocating dengue management and to scale up efforts toward more permanent prevention and response measures.

ADB, Australia collaborate on clean energy initiatives. ADB and Australia agreed to finance [A\\$12.4 million in technical assistance](#) to promote more efficient energy use in the Pacific. Australia also agreed to provide an [untied grant of A\\$21.6 million](#) for ADB-administered trust funds targeted at water investment and clean energy initiatives in Asia and the Pacific.

ASEAN-Japan Ministerial Meeting reasserts pledge on joint disaster management. In April, ASEAN and Japan ministers met in Jakarta, Indonesia to call for [full implementation](#) of the ASEAN Agreement on Disaster Management and Emergency Response (AADMER)—and to start up the ASEAN Coordinating Center for Humanitarian Assistance on disaster management (AHA Center).

Singapore, UK to cooperate on Asian climate change research. In May, Singapore's National Environment Agency and the United Kingdom (UK) Met Office signed a [three-year agreement](#) on regional climate change research. The two will develop climate models and conduct research on tropical climate and weather systems affecting Singapore and its neighbors.

Thailand, Viet Nam host climate change meetings. [Action plans](#) based on Cancun decisions were discussed at the United Nations Framework Convention on Climate Change (UNFCCC) in Bangkok 3–8 April. Also, the second meeting of the ASEAN Working Group on Climate Change (AWGCC) was in Ha Noi 19 April, where the results of an [ASEAN-Germany project](#) on energy efficiency and climate change mitigation was discussed along with progress since the UNFCCC meeting last December.

STUDIES AND REPORTS

[Asian monetary unit and monetary cooperation in Asia](#) (*April, ADBI*)—Eiji Ogawa and Junko Shimizu show the effectiveness of the Asian Monetary Unit (AMU) and AMU Deviation Indicators (AMU DI) as surveillance indicators for monetary cooperation in Asia.

[Indonesian perceptions and attitudes toward the ASEAN Community](#) (*April, Journal of Current Southeast Asian Affairs*)—Guido Benny and Kamarulnizam Abdullah find that despite Indonesian respondents' lack of knowledge on the proposed ASEAN Community, they are supportive of the idea.

[Foreign direct investment in cross-border infrastructure projects](#) (*April, ADBI WPS*)—In their survey of foreign direct investment in cross-border infrastructure in Asia, Latin America, and Eastern and Central Europe, the authors—Kwok-Chiu Fung, Alicia Garcia-Herrero, and Francis Ng—find that the literature points to the importance of government involvement and coordination in the success of transnational infrastructure projects.

[Reshaping Global Economic Governance and the Role of Asia in the Group of Twenty](#) (*April, ADB & Peterson Institute for International Economics*)—The report draws on important lessons from the recent global financial crisis to provide strategic guidance for emerging Asia's participation in the G20 and the reform of global economic governance.

[Financial integration in emerging Asia: challenges and prospects](#) (*May, ADB WP*)—Cyn-Young Park and Jong-Wha Lee present evidence of the increasing degree of financial integration in emerging Asian markets. They find that the region's equity markets are integrated more globally than regionally—even as regional and global integration has increased significantly since the 1997/98 Asian financial crisis. Still, they find emerging Asia's local currency bond markets generally segmented.

[The status of East Asian free trade agreements](#) (*May, ADBI WP*)—Yunling Zhang and Minghui Shen argue that new trade barriers arise from the multi-layered feature of East Asian FTAs and suggest a region-wide FTA with wider participation and broader coverage.

[Trade policies, investment climate, and exports across countries](#) (*May, World Bank WP*)—Murat Seker shows that regulatory quality, customs efficiency, infrastructure, access to finance, and improved investment climate promote convergence in exports.

JUNE–JULY EVENTS

- **[Meeting on Regional Cooperation on Facilitation of International Road Transport](#)**, 30 May–1 June (Beijing, PRC)
- **[Indoor Air 2011](#)**, 5–10 June (Texas, US)
- **[10th ASEM Foreign Ministers' Meeting](#)**, 6–7 June (Godollo, Hungary)
- **[UN Climate Change Conference June 2011](#)**, 6–17 June (Bonn, Germany)
- **[The 2nd Annual World Islamic Banking Conference: Asia Summit](#)**, 8–9 June (Singapore)
- **[2011 High Level Meeting on HIV/AIDS](#)**, 8–10 June (New York, US)
- **[Policy options to support climate-induced migration in Asia and the Pacific - Policy dialogue](#)**, 9 June (Geneva, Switzerland)
- **[World Economic Forum on East Asia 2011](#)**, 12–13 June (Jakarta, Indonesia)
- **[1st ASEAN Dengue Day](#)**, 15 June (Jakarta, Indonesia)
- **[12th Meeting of the ASEAN Working Group on Coastal and Marine Environment](#)**, 15–18 June (Nha Trang City, Viet Nam)
- **[4th World Economic and Environmental Conference](#)**, 18–21 June (Shandong, PRC)
- **[6th Asia Clean Energy Forum 2011: New Business Models and Policy Drivers—Building the Low-Carbon Future](#)**, 20–24 June (Manila, Philippines)
- **[15th Meeting of the ASEAN Working Group on Multilateral Environmental Agreements](#)**, 30 June – 1 July (Singapore)
- **[The 2nd Annual Asia Islamic Banking Conference](#)**, 4–5 July (Kuala Lumpur, Malaysia)
- **[24th Meeting of SEACEN Directors of Supervision/13th SEACEN Conference of Directors of Supervision of the Asia-Pacific Economies](#)**, 7–9 July (Colombo, Sri Lanka)
- **[44th ASEAN Ministerial Meeting/Post Ministerial Conferences/18th ASEAN Regional Forum Meeting](#)**, 15–23 July (Bali, Indonesia)
- **[20th High Level Task Force Meeting on Economic Integration](#)**, 21–22 July (Lombok, Indonesia)
- **[Third International Forum for Sustainable Asia and the Pacific 2011](#)**, 26–27 July (Yokohama, Japan)

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