



GROWING TOGETHER

Regional integration for an inclusive and sustainable Asia-Pacific Century

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Changed new international context

- Regional cooperation and integration was an important agenda in the early period. But since the 1980s globalization has taken the centre stage
- Asia and the Pacific's rapid growth supported by favourable external economic environment in the past
- External economic environment changed dramatically since the onset of 2008/09 crisis
 - Business-as-usual not an option
- Regionalism as a dominant trend in the world economy with EU, NAFTA, MERCOSUR, CARICOM, SADC
- Lessons from experiences of other regions suggest that regionalism leads to more balanced and equitable development:
 - relatively smaller and poorer economies grow faster because of production restructuring; economic convergence
- As a late starter, the region has many underexploited opportunities
- Shared vulnerabilities and risks
- Stalemate in WTO negotiations

Asia-Pacific a late starter but now a growing recognition is now attached to regionalism

- Asia-Pacific countries begin to pay serious attention to regionalism since 1997-98 crisis
 - Chiang-Mai Initiative
 - ASEAN advances AFTA implementation and adopts a vision of ASEAN Economic Community
 - » ASEAN dialogue partnership process strengthened with Summit level annual dialogue leading to ASEAN+1 FTAs and now **RCEP**
 - » Broader forums of ASEAN and dialogue partners: ASEAN+3 and the East Asia Summit (ASEAN+6)
 - SAARC concluded SAFTA in 2004 and then SATIS (2010)
 - ECO adopts ECOTA;
 - PICTA and PACER
 - Numerous bilateral FTAs are initiated across the length and breadth of the region to create the Asian Noodle Bowl
 - several functional groupings initiated: ACD, CICA, SCO,
- Several Asia-Pacific leaders articulate visions of integrated Asia Relevance of a broader framework with a long run goal of creating an economic community of Asia and the Pacific is widely shared



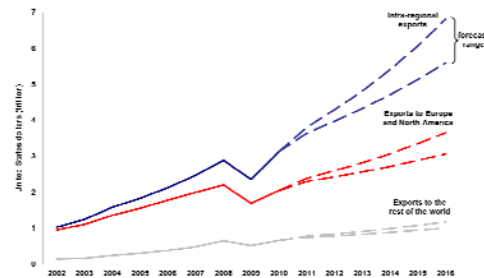
Enhancing regional economic integration

- Key elements of a plan to enhance regional economic integration could include the following
 - **An integrated Asia-Pacific Market**
 - **Seamless Connectivity for goods, energy and people**
 - **Financial cooperation to facilitate redeployment of region's savings**
 - **Addressing shared vulnerabilities such as energy and food security, natural disasters and environment sustainability**
- Contribute to the **long-term vision** of economic community of Asia and the Pacific



Towards an Integrated regional market

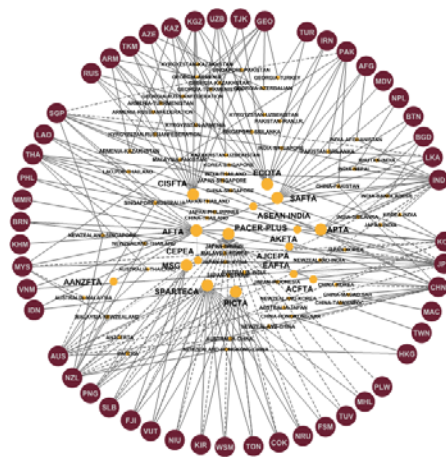
- Intraregional trade expanding fast; can grow faster with some facilitation
- Potential in subregions but often across the subregions
- potential of intraregional trade in services remains to be exploited,
 - even though significant flows in tourism, migration
- Intraregional FDI flows have started to grow



Indicator of opportunities to export from	To	East & North-East Asia	South-East Asia	South & South-West Asia	North & Central Asia	Pacific	Asia and the Pacific	Europe	North America	Rest of the World
East & North-East Asia		23.3	3.7	5.3	3.6	0.8	36.8	20.8	3.9	11.8
South-East Asia		19.4	2.3	4.1	1.7	0.6	28.1	16.2	5.4	6.9
South & South-West Asia		9.1	2.1	2.8	1.9	0.5	16.5	12.9	3.6	7.0
North & Central Asia		13.5	3.1	6.1	1.0	0.7	24.4	18.1	7.9	6.8
Pacific		5.2	1.4	2.5	0.7	0.3	10.1	7.3	1.8	3.5
Asia and the Pacific		13.0	2.4	3.9	1.6	0.6	21.4	14.1	4.3	6.7
Europe		13.8	3.8	5.6	4.5	1.0	28.6	29.7	6.1	13.7
North America		32.1	6.6	11.1	4.3	1.5	55.6	40.3	10.9	16.5
Rest of the World		9.5	2.2	3.9	1.3	0.6	17.5	12.1	4.9	5.6

Towards an Integrated regional market

- High trade costs in intraregional trade: tariffs and non-tariff barriers
- Barriers to trade in services and investments also remain
- Approaches to liberalization limited to subregional and bilateral arrangements—**Asian Noodle Bowl**
 - Do not provide an integrated broader market
 - Poor facilitation of trade between subregions
- Coverage also varies with most agreements liberalizing trade in goods and are gradually extending their coverage to trade in services and investment. Some provisions for migration covered in a few agreements
- **Need to complement the subregional groupings by a broader arrangement to lead to a pan-Asia-Pacific regional trade agreement**
 - Broader, comprehensive (substantially all trade), deeper
 - Liberalization, facilitation and cooperation
 - Can be evolved in a progressive manner
 - Equitable: S&DT
 - Economic cooperation should cover assistance for lagging regions and vulnerable sections



Three options to evolve a broader pan-Asia-Pacific RTA

Three possible routes for market integration

Creating an Asian Economic Area to join the sub-regional groupings

- an umbrella arrangement to provide a framework for subregional groupings to exchange tariff preferences on a reciprocal basis and share experiences
- May be complicated by different stages of evolution of the subregional groupings
- Leaves out some major economies e.g. China, Japan, RoK
- Potential for substantial welfare gains
- Potential of learning between the subregional groupings
 - Creating a **Consultative Group** of the Subregional Groupings on Economic Cooperation

Building on ASEAN+ approach

- RCEP of ASEAN+6 as a nucleus of an incipient Asia-Pacific-wide FTA to which other Asia-Pacific countries could accede to in future
- ASEAN+1 FTAs concluded with all the six dialogue partners that can be multilateralized with common rules of origin
- Already based on Liberalization, Facilitation and Economic Cooperation
- Potential for substantial welfare gains
- Need for opening it up for accession for other Asia-Pacific countries
- RCEP guiding principles

A new Asia-Pacific Trade and Economic Cooperation Agreement

- A new agreement under the auspices of ESCAP open to all member states
- Based on substantially all trade (negative list basis) conforming to Article XXIV of GATT
- Comprehensive coverage: goods, services and investments, facilitation
- Special and differential treatment for poor countries and economic cooperation covering support to lagging regions and vulnerable sections
- Potential to raise welfare by more than one percent of the whole region with poorer countries benefiting more.

ASEAN+ approach or RCEP Options seems most promising with a critical mass and negotiations launched provided other countries can join it.

An **Expert Working Group** can explore the feasibility of the most optimal and inclusive approach to market integration

A **Consultative Group of Regional Groupings** would still be useful

Towards a seamless connectivity

- Maritime and aviation links relatively better with advanced countries and often poor with neighbouring countries
- Land transport important for regional integration and balanced regional development
 - Simulation results show that improving connectivity has potential to increase economic growth especially for relatively poorer areas
 - Critical for the landlocked developing countries
 - ESCAP initiatives for developing Asian Highway, Trans Asian railways and network of Dry Ports
- Steps needed for strengthening connectivity across the region
 - construction of missing links in Trans-Asian Railway networks and upgrading the Asian Highway links
 - Improving transport facilitation measures
 - Investing in intermodal facilities such as dry ports
 - Acceding to intergovernmental agreements on AH, TAR and Dry ports
 - Implementing the Regional Strategic Framework for International Road Transport adopted by Ministerial conference on Transport

Energy connectivity for energy security

- Energy resources unevenly distributed with some major net exporters and others net importers
- Rapid expansion of energy trade in the region
- Energy connectivity unevenly developed, mostly bilateral or subregional
- A regional framework is provided by ESCAP's Asia-Pacific Ministerial Energy Forum, Vladivostok, May 2013
 - Need for evolving Asian Energy Highway and power grids
 - Developing a regional energy market and agreements setting out consistent rules for energy trade
 - Cooperation also for development of energy conservation technologies and nonconventional energy sources, joint exploration by region's energy companies



Cooperation in ICT Connectivity to address digital divide

- Digital divide a dimension of inter-country disparities
 - ICT services more expensive in poorer countries
- Exponentially rising volumes in digital traffic
- Need for heavy investments in ICT infrastructure
- Expanding ICT connectivity will require greater intergovernmental cooperation for building Asia and the Pacific's new **information superhighway**



Enhancing regional financial cooperation

- Missed opportunities
 - Large reserves of over \$7 trillion mostly invested outside the region
 - Private savings by Asian wealthy \$7.4 trillion in 2008 also largely invested outside the region
 - AP countries' needs for funds are also provided by western capital markets
 - Intermediation of Asia's savings and investments is done by the western capital markets
- Most existing initiatives at early stages and generally with limited scope and coverage
 - Chiang-Mai Initiative – Multilateralization (CMIM); SAARC Swap arrangement
 - Asian Bond Fund and Asian Bond Market Initiative
 - SAARC Development Fund (SDF) and ASEAN Infrastructure Fund (AIF)
 - Associations of central banks viz. SEANZA, SEACEN, EMEAP, SAARC Finance
 - Asian Exim Banks Forum, Association of Credit Rating Agencies in Asia
- The region could benefit from pooling regional funds to provide liquidity, boost trade financing and invest in infrastructure
- Infrastructure financing more promising in terms of financial viability
- Need to examine the elements of a regional financial architecture to achieve these objectives



Addressing shared risks and vulnerabilities

Food and energy insecurity

Dealing with disasters

Pressures on natural resources and sustainability

- Vulnerability to supply and prices of natural resources and energy, land use

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_6427

