Trade-led Growth in Times of Crisis Asia-Pacific Trade Economists' Conference 2-3 November 2009, Bangkok

Session 10

Inclusive Regional Trade and Integration Policies and the Role of Monitoring Systems:

Asia-Pacific in a Comparative Perspective

Philippe De Lombaerde and Lurong Chene

Asia-Pacific Research and Training Network on Trade

www.artnetontrade.org

Inclusive Regional Trade and Integration Policies and the Role of Monitoring Systems: Asia-Pacific in a Comparative Perspective

Philippe De Lombaerde and Lurong Chen (UNU-CRIS)

ARTNeT 5th Anniversary Conference: Trade - Led Growth in Times of Crisis



I. Introduction

Monitoring:

• What?

"all relevant processes of information gathering, processing and dissemination, performed by different kinds of actors in different moments and lapses of time, **in order to control, evaluate, correct and/or influence the <u>regional trade</u> and <u>integration policies</u> and <u>the</u> <u>functioning of the regional institutions</u>" (Costea et al., 2008)**

By whom? (actors)...

- public or private
- regional, extra-regional, or international
- Why?...



The importance of monitoring

- a paradigm shift in (regional) trade policy-making: the traditional diplomatic → the scenario of policy-making in general.
- RTAs presents the difficulties related to their coexistence, compatibility and interaction.
- The increasing number of issue areas and the number of players can render the entire implementation process hostage to political imperatives and weakest links, and multiplies the demands of inter-agency coordination.
- a well-delineated governmental monitoring system provides a single window for private sector actors to resort to in the face of inadequate or inconsistent implementation, and, as such, greases trouble-shooting in the monitoring system.
- from a policy-making perspective, better monitoring has the capacity to make integration policies more effective and integration processes more transparent, involving higher degrees of participation and legitimacy, and therefore, making the processes more sustainable.
- monitoring can also engender positive externalities beyond the process of implementing the regional agreements, induce trust among the partners, and come to include activities aimed at propelling the development of new strategies and initiatives that guide regional integration project in the right directions.
- good RTA monitoring can contribute to good regional governance practices, such as accountability, participation, and effectiveness.
- From the perspective of the non-European partners there is a need to complement these with monitoring systems for their respective RTAs and/or to integrate these in systems with a wider scope.



II. Monitoring of Regional Trade and Integration Policies

• Monitoring Practises worldwide:

IDB/UNU-CRIS stocktaking exercise

- Monitoring Practises in Asia-Pacific
 - ASEAN
 - the Pacific Islands Forum



Lessons from the IDB/UNU-CRIS stocktaking exercise:

- Complexity of monitoring
 - (complexity of integration process: various issues, various actors)
- Scope
 - From pre-agreement-signed stage to post-agreement-implemented stage
- Built-in agendas
 - the odds of successful monitoring are vastly improved when the RTA carries a clear, built-in agenda and processes for its administration and implementation.
- National/regional interaction
 - monitoring of RTAs starts at the national level. Especially in the less institutionalized RTAs, regional organizations can play only a limited role in guaranteeing high-quality monitoring.
- From the perspective of a regional organization, coordination costs and informational demands are high
- Regional monitoring mechanisms may not just perform technically sophisticated monitoring tasks.
 - It can play a more independent and political role when the regional integration process is deepened and accompanied by the building of relatively autonomous supranational institutions. (the EU)
- Role of third country/international actors
 - in developing country RTAs, the role of external donors—third countries or international organizations—in monitoring can be crucial.



III. Indicator-based Monitoring of Regional Trade and Integration Policies

The use of indicator-systems worldwide :

- There are very few sustained efforts, which is not very encouraging for the new initiatives currently being developed in the Asia-Pacific region.
- The political role of monitoring does not seem to be crucial for the regional integration process.
- Few actors are usually involved in monitoring.
- Different logical components of regional integration are targeted (De Lombaerde and Van Langenhove, 2006).
- Monitoring in practice seems to have a wide array of objectives (including: measurement of the level of regional integration, measurement of pre-conditions, assessment of the contribution of individual countries to regional integration, evaluation of regional integration policies, comparison, evaluation of donor-financed support programs, strategic use in the context of interregional negotiation processes).
- Monitoring systems are often characterized by underdeveloped conceptual frameworks and poor selection criteria for the indicators.
- The size of the indicator-systems varies considerably. A recent review of several systems revealed that indicator systems cover between less than ten and close to 150 variables.
- The same review revealed that one third of the included variables does not necessarily inform us about the regional integration processes!







or systems for Asia&Pacific:

I: REPSF/Dennis & Yusof (2003)

sia/ASEAN: ADB/Capannelli et al. (2009)

CP/Landell Mills/ADE (2009)

