



Connect Asia Newsletter

Information on Economic Cooperation and Integration in Asia

From the GIZ programme Regional Economic Cooperation and Integration in Asia/
Support for Economic Cooperation in Sub-Regional Initiatives in Asia

Issue No. 7
December 2015

Editorial



Dear Reader,

I would like to take this opportunity as a programme director to personally welcome you to the seventh issue of Connect Asia which marks the transition of our programme from its first to its second phase, as signified by the change of our

programme name from "Regional Economic Cooperation and Integration (RCI) in Asia" (07.2011-06.2015) to "Support for Economic Cooperation in Sub-Regional Initiatives (SCSI) in Asia" (07.2015-06.2019). While we are committed to continue our work on trade facilitation, maritime economy, and cross-border economic zones, we have complemented the scope of our programme by adding public-private partnerships to our key focus areas, as was already mentioned in the last issue.

We are thus looking forward to another four years of facilitating the exchange of knowledge and experiences between various stakeholders in the region in order to foster economic cooperation and integration. In this context, let me highlight our programme's annual Expert Hearing in Bangkok on "Asian Regional Integration Revisited: New Perspectives for Old Institutions?". While the Connect Asia Newsletter had taken a short break during our transition period, the programme itself has not as you will see when reading our programme news below.

In this context, I would like to thank our partners in Asia for the fruitful cooperation during the last years. Beginning with first considerations of a regional approach in 2010 we have implemented activities in Cambodia, Lao PDR, the Philippines, Mongolia, Thailand, Kyrgyzstan, and the PR China and have jointly worked together with stakeholders from many more countries in the region and beyond such as Indonesia, Viet Nam, Republic of Korea, and Myanmar. To work with such a diverse group of actors has been rewarding and I want to thank everyone for their trust and partnership.

Last but not least, I would like to take this opportunity to thank my team and all the other colleagues who have made this work possible over the years. Of course this space is not enough to mention everyone who has contributed to GIZ RCIs success over the years. However, special thanks go out to my core team: Marina Rudyak, Lisa Brückner, Khulan Lkhagvasuren, Magnus Brod, and Stefan Hein, who have shaped this programme together with me.

This being said, I would for a last time kindly invite you to find out more about our activities during the last months. It needs to be pointed out here, though, that we decided to limit this overview to RCI related activities due to this being the last Newsletter of the previous programme period. As the end of the year approaches I would also like to add Season's Greetings and a Happy New Year 2016 to all our readers!

With the best wishes

Dates and Events

31 December 2015

Call for Papers "1st Conference on Global Value Chains, Trade and Development"
World Bank
www.worldbank.org/...

20-23 January 2016

Forum "World Economic Forum Annual Meeting"
Davos-Klosters, Switzerland
World Economic Forum
www.weforum.org/...

01-04 February 2016

Trade Mission "Joint Trade Mission Focusing on the Transportation Sector"
Washington D.C., USA
World Bank
www.worldbank.org/...

31-30 March 2016

Conference "1st Conference on Global Value Chains, Trade and Development"
Washington D.C., USA
World Bank
www.worldbank.org/...

11 May 2016

Conference "3rd Global Authorized Economic Operator (AEO) Conference"
Cancun, Mexico
World Customs Organization (WCO)
www.wcoomd.org/...

27 September 2016

Conference "WCO Picard Conference"
Manila, The Philippines
World Customs Organization (WCO)
www.wcoomd.org/...

More on GIZ RCI-Programme

Regional economic cooperation and integration play an increasingly important role in Asia's economic landscape. They help countries to overcome the limitations of domestic markets

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- Expert Hearing: "Asian Regional Integration Revisited: New Perspectives for Old Institutions?"
- Conference: 5th GTI Transport Board Meeting and Seminar on Sea-Land Multi-Modal Transportation
- Conference: 3rd GTI Northeast Asia Local Cooperation Committee Meeting, Local Development Forum, and Inaugural Meeting of the GTI Logistics Committee
- Meeting: 1st Meeting of TCS, GTI and GIZ
- Recent Trends in Asian Regionalism

Programme News

Regional Integration

Expert Hearing on "Asian Regional Integration Revisited: New Perspectives for Old Institutions?"



On May 27-28, 2015, the third international export forum took place in Bangkok, Thailand, this time under the title "Asian Regional Integration Revisited: New Perspectives for Old Institutions?" It brought together 40 experts from the member countries of four sub-regional initiatives, namely the Pan-Beibu

Gulf (PBG) Economic Cooperation, the Greater Tumen Initiative (GTI), the Greater Mekong Sub-Region (GMS) Economic Cooperation, and the South Asia Sub-Regional Economic Cooperation (SASEC), as well as from the ASEAN regional initiative.

Apart from enabling the exchange of the participants' experiences with trade facilitation, cross-border and maritime cooperation, this year's expert forum provided the attendees with the opportunity to discuss their approaches to sound institutional settings for inclusive and sustainable RCI in order to ensure that smaller countries, such as Cambodia or Mongolia, could equally benefit from recent developments.

Along the lines of regional integration, the expert forum did not only lead to a vivid exchange of existing knowledge, but rather strengthened the already laid foundation for a sustainable network and platform for dialogue expanding from Mongolia to Indonesia. By the establishment of working groups, the idea of mutual exchange and cooperation could be taken to the next level.

For a comprehensive documentation of the event, please refer to: www.giz.de/... (5 MB)

For a further report on the event, please refer to: www.tumenprogramm.org/...

For more information, contact: florian.miss@giz.de

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Trade Facilitation

5th GTI Transport Board Meeting and Seminar on Sea-Land Multi-Modal Transportation



The Greater Tumen Initiative (GTI) convened its 5th Transport Board Meeting as well as a Seminar on the Promotion of Sea-Land Routes in the Greater Tumen Region (GTR) in Ulaanbaatar, Mongolia, on June 15, 2015.

In the course of the GTI's Transport Board Meeting, the delegations from the PR China, Mongolia, the Republic of Korea,

and the Russian Federation presented their respective progress in line with the GTI Regional Transport Strategy, and planned their next steps.

and foster inclusive development, both by boosting economic growth and by providing the resources for pro-poor policies. The GIZ RCI-Programme supports regional stakeholders with the aim to strengthen selected core processes of regional economic cooperation and integration and to contribute to sustainable and inclusive economic development in the region.

Stay up to date with GIZ RCI

If you would like to continue receiving regular updates on our programme activities and further insights on regionalisation processes in Asia, please refer to the GIZ Newsletter mainpage and subscribe [here](#).

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Publications

The following selection of event documentations and background papers are available:

[Expert Forum Asian Regional Integration Revisited: New Perspectives for Old Institutions?](#) (5MB)

[ASEAN-China Free Trade Agreement: Overcoming Barriers to Successful Exporting](#) (1.96MB)

[Expert Forum: Cross-border Cooperation and Trade Facilitation in Asia.](#)

[Special Economic Zones in a Regional and Global Context - Economic Significance and Impact](#) (3.18MB)

[Development of Ferry Boat Routes in Northeast Asia. Utilizing European Examples of Regional Connectivity](#) (1.87MB)

Complementing the purpose of this meeting, the subsidiary seminar presented the participants with the current status and problems of sea-land multi-modal transportation in the GTR, and further gave them the opportunity to discuss various measures which could benefit and promote said transportation in the region.

In this context, GIZ gave a presentation on how to engage the private sector in the design for solutions of port-related logistical challenges. As port infrastructure is typically owned by the public sector, while providers of logistical services normally belong to the private sector, both areas' interests are often not aligned which commonly results in suboptimal processes and performance. Consequently, GIZ highlighted the importance of a multi-stakeholder approach to the successful operating of ports.

For more information, please refer to: www.tumenprogramm.org/...

For more information, contact: magnus.brod@giz.de

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Regional Cooperation

3rd GTI Northeast Asia Local Development Committee Meeting, Local Development Forum, and Inaugural Meeting of the GTI Logistics Committee



On August 07, 2015, the Greater Tumen Initiative (GTI) convened its 3rd Northeast Asia (NEA) Local Cooperation Committee (LCC) Meeting in Choibalsan, Dornod aimag, Mongolia. In the course of the gathering, two new members were admitted to the LCC, namely Busan Metropolitan City and Jeju Special Self-

Governing Province of the Republic of Korea (ROK).

Moreover, after having reviewed various project proposals and discussed future steps for development, the GTI LCC's members agreed to establish the GTI Logistics Committee which, later that day, held its Inaugural Meeting. In this context, GTI Logistics Committee's founding members - Jilin Province and Liaoning Province of the PRC; Tottori Prefecture of Japan; Gangwon Province of the ROK - identified multiple pilot routes of logistical development whose challenges and opportunities will have to be further investigated within the next couple of weeks.

Additionally, the GTI NEA LCC Meeting was complemented by the organisation's Local Development Forum in the course of which opportunities of and challenges to cross-border trade were discussed from a local point of view.

The meetings in Choibalsan constituted a remarkable opportunity for the exchange of knowledge concerning cross-border cooperation between provincial and local governments. In this context, GIZ commissioned Mr. Jens Gabbe to provide an overview of cross-border cooperation in Europe in order to transfer best practices and policy recommendations to the decision makers in Northeast Asia.

The respective paper can be downloaded at: www.giz.de/... (3.1MB)

For more information, please refer to: www.tumenprogramm.org/...

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Connecting Regional Initiatives

1st Meeting between TCS, GTI and GIZ at the GIZ Office in Beijing



On July 16, 2015, a delegation from the Trilateral Cooperation Secretariat (TCS) headed by the organisation's Secretary General, Mr. Iwatani Shigeo, and the Greater Tumen Initiative's (GTI) Secretariat headed by its Director, Ms. Wang Weina, met at the GIZ's office in Beijing.

Getting together for the first time in this way, all three institutions used the opportunity to first introduce one another to each other in order to later

on detect areas of prospective future cooperation. While the TCS covers almost every area of cooperation between the PRC, Japan and the ROK, including politics, economics, and cultural exchange, the GTI focuses on economic cooperation between the PRC, ROK, Mongolia and the Russian Federation, including areas like Trade Facilitation, Energy, and Logistics, among others.

In the context of this meeting, the exchange of information and experiences was identified as the first step for further cooperation. Accordingly, invitations to future events concerning regional cooperation were mutually extended.

Additionally, collaboration on the drafting of studies was proposed as another area of future cooperation among the three institutions.

For more information on the meeting, please refer to: tcs-asia.org/... and tumenprogramme.org/...

For more information, contact: magnus.brod@giz.de

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Recent Trends in Asian Regionalism

Foreign Affairs

China's Road Rules - Beijing Looks West Towards Eurasian Integration

Having been first introduced in 2013, Chinese plans concerning the economic integration of Eurasia through the establishment of a so-called 21st century Maritime Silk Road as well as a Silk Road Economic Belt - also referred to as the Belt and Road initiative - have gained new momentum after the release of an extensive blueprint concerning these projects by the Chinese NDRC in March 2015. Still, the concept is confronted with various obstacles, including questions of implementation, international acceptance, great power competition, and several armed conflict within the region.

Access the full article at: www.foreignaffairs.com/...

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European Council of Foreign Relations (ECFR)

"One Belt, One Road": China's Great Leap Outward

With the so-called Belt and Road (B&R) initiative, China plans to erect a supra-regional economic zone, spanning about 70% of the world's population, 55% of global GNP, and 75% of the known energy resources. In this context, the ECFR presents an European audience with an overview of topic-related debates from within the PRC. David Cohen thereby shows that the B&R project is not perceived as a challenge, but as a supplement of the current international trading system. Concurrently however, he points to the various difficulties which accompany the venture's implementation. Agatha Kratz then questions the profitability of the project for China, and examines the factors for and difficulties of a remunerative implementation of the B&R initiative. Eventually, Kratz shortly introduces the newly-developed Asian Infrastructure Investment Bank (AIIB) which is supposed to secure the funding of the B&R project. It thereby becomes apparent that, while the AIIB puts pressure on the "West" to further the reforms of the existing institutions by representing an alternative to these institutions, the mode of operation of the AIIB itself is still rather vague due to the great heterogeneity between the AIIB's founding members.

Download the full paper at: www.iseas.edu/... (435kb)

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Asian Development Bank Institute (ADBI)

Global Value Chains along the New Silk Road

The paper represents a summary of an inaugural training workshop for the CAREC Institute on "Central Asia's Economic Opportunities: Economic Corridors and Global Value Chains". Against the background of the current opening up of Central Asia due to the multitude of recently proposed transport corridors, it highlights the continuous existence of severe barriers to the region's integration into global value chains which inhibit its economic development. In this context, it also stresses the necessity to attract investments in order to diversify the countries' economies.

Download the full paper at: www.adb.org/... (439kb)

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China Daily

World Bank Head welcomes AIIB to Fight Poverty

Within his article, Mr. Jim Yong Kim, Head of the World Bank Group, welcomes the emergence of the China-led Asian Infrastructure Investment Bank (AIIB) which he believes to represent a major contributor to Asia's fight against (extreme) poverty by constituting a new source of funding for required

infrastructure projects in the area.

Access the full article at: www.chinadaily.com.cn/...

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Institute of Southeast Asian Studies (ISEAS)

Five Facts about the ASEAN Economic Community

While most international observers consider it unlikely that ASEAN will achieve an integration of production space – characterized by the free movement of goods, services, and skilled labour – by December 2015, it is likely that ASEAN, in turn, will announce the successful implementation of the ASEAN Economic Community (AEC). In order to close this gap in perceptions, Ms. Basu Das seeks to clarify the concept of the AEC.

Download the full paper at: www.iseas.edu.sg/... (466kb)

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German Institute of Global and Area Studies (GIGA)

Regional Linkages and Global Policy Alignment: The Case of China-Southeast Asia Relations

Within their paper, Abb and Strüver explore the impact of various aspects of Sino-Southeast Asian relations – including economic ties, regime similarities, and alliance policy, among others – on the voting behaviour of the respective countries within the UN General Assembly, thereby investigating the potential policy alignment of the PRC and Southeast Asia in global affairs as well as said alignments defining factors. Applying statistical means, they found that the overall quality of bilateral relations constitutes the most decisive factor, defining the PRC's success in allocating support for the country's international undertakings – which in turn indicates that the PRC's patterns of regional cooperation and conflict impact the country's ascension in world affairs.

Find the full paper at: www.giga-hamburg.de/...

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World Trade Organization (WTO) / Organisation for Economic Cooperation and Development (OECD)

Aid For Trade at a Glance 2015

After the Aid for Trade Initiative had been launched at the 6th WTO Ministerial Conference in Hong Kong in 2005, the WTO's and OECD's joint report cites many examples of what has been achieved in this regard within the last decade, while concurrently highlighting what remains to be done. In fact, while developing countries have become increasingly integrated into the world economy in recent years, evidence suggests that they continue to bear a disproportionate share of global trade costs – as do small and medium-sized companies. Yet, there has also been significant progress regarding the reduction of trade barriers on the international level (in the form of the Agreement on Trade Facilitation, which had been concluded at the 9th Ministerial Conference in Bali in 2013) as well as on the regional level (in the form of various regional initiatives which are dedicated to enhancing regional connectivity). Apart from depicting these like developments, "Aid for Trade at a Glance 2015" further highlights the interconnectedness of the Aid for Trade and the Post-2015 Development agendas.

Pocket edition available at: www.oecd.org/... (1.6MB)

Download the full report at: www.oecd-ilibrary.org/... (5.9MB)

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Asia-Pacific Economic Cooperation (APEC) Policy Support Unit

Do FTAs Matter for Trade?

After the APEC Leaders had reaffirmed their commitment to establishing a "Free Trade Area of the Asia-Pacific" as a means to prompt economic integration and development in 2014, the APEC Policy Support Unit prepared a report on the actual effects of FTAs on trade by comparing the average exports of economic pairs five years before and five years after an FTA had been enforced. Not only could it thereby be shown that FTAs are indeed positively and significantly correlated to real exports, but the conditions defining the extent of this correlation are further clarified.

Find the full paper at: www.publications.apec.org/...

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Greater Tumen Initiative (GTI)

Greater Tumen Region Trade Facilitation Study

While physical, or hard, barriers to trade are said to have been decreasing, institutional, or soft, barriers have allegedly remained comparatively high within the Greater Tumen Region (GTR). Consequently, the GTI's Trade Facilitation Study is dedicated to identifying the region's obstacles to trade in order to remove them and thereby foster the effective economic integration of the GTR. For this purpose, the GTI's study first highlights trade and development issues in Northeast Asia in general and in the GTR in particular in order to provide context. It then discusses survey results which were concluded from a questionnaire which had been distributed within the GTR at various occasions in

2013. Eventually, the paper presents key policy implications which are based on the aforementioned findings, and aims to present an appropriate trade facilitation strategy for the GTR.

Download the full report at: tumenprogramme.org/... (3.5MB)

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Institute for South-East Asian Studies (ISEAS)

Mirror Images in Different Frames

In the early 1990s, Singapore, the Malaysian state of Johor, and the Riau Islands in Indonesia sought to leverage their proximity, differing factor endowments, and good logistics connections to market themselves as a unit. Nowadays, the Malaysian government and its Johorean equivalent have pursued closer integration with Singapore, while the Indonesian central government has been developing special economic zones and fostering production for export. However, the Riau Islands provincial government is promoting traditional economic activities such as fishing and small-scale farming.

This monograph explores the reasons for these seemingly contradictory developments, explaining both Johor's undiminished pursuit of investment and the Riau Islands' dissipated drive for capital.

The book is available at: bookshop.iseas.edu.sg/...

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