

## Connect Asia Newsletter

**Information on trade, economic cooperation and integration in Asia**  
From the GIZ programme Support for Economic Cooperation in Sub-Regional  
Initiatives in Asia

**Issue No. 9**  
**July 2016**

### Editorial



Dear readers,

herewith I welcome you to the second instalment of our Connect Asia Newsletter in 2016. The first half of the year lies behind us. A period that saw not only the transition of the team, but also an intensive period of planning and discussion with a number of partners; especially in Northeast Asia. Here, apart from the Greater

Tumen Initiative's Consultative Commission Meeting, the Preparatory Meeting of the Local Cooperation Committee has been held with active participation and contribution by the GIZ SCSI Team.

In retrospect, 2016 has been a very interesting year so far when it comes to new impulses towards regional integration. The two regional development banks in Asia – the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB) – have pledged greater cooperation in the field of cofinancing infrastructure projects in a memorandum of understanding signed during the ADB's 49th Annual Meeting of the Board of Governors in Frankfurt, Germany. A strong sign for the ongoing centrality of regional economic cooperation and integration for economic development worldwide.

As usual we have compiled a selection of documents and studies in our main thematic focus areas of trade and regional integration. In addition to our regular inputs please also take your time to follow our twitter account under [www.twitter.com/rci\\_asia](http://www.twitter.com/rci_asia) which is providing you with updates on regional cooperation, trade and other processes pertaining to regional integration in general and especially in Asia.

As usual, please provide your feedback or refer this newsletter to your colleagues and peers via this handy link: [Recommend this newsletter](#)

With the best from the SCSI Team,

**Magnus C. M. Brod**  
Editor

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- GTI Consultative Commission Meeting
- T20 Conference in Anji, PR China
- Recent Trends in Regional Integration and Trade

### Programme News

#### Regional Cooperation

**16th GTI Consultative Commission Meeting and Inaugural Meeting of the GTI Agriculture Committee in Seoul**

In March 2016 the Government of

### Dates and Events

#### 10-15 July 2016

Conference  
Transport Research  
Shanghai, PR China  
Tongji University, Elsevier  
[www.wctrs-conference.com/...](http://www.wctrs-conference.com/)

#### 15-16 July 2016

Meeting  
Asia-Europe Meeting  
Ulaanbaatar, Mongolia  
ASEM  
[www.asem11.mn/...](http://www.asem11.mn/)

#### 17-22 July 2016

Conference  
14th Session of UNCTAD  
Nairobi, Kenya  
UNCTAD  
[www.unctad.org/...](http://www.unctad.org/)

#### 7-8 September 2016

Workshop  
Promote Implementation for  
Intermodal Transport in Northeast  
Asia  
Irkutsk, Russian Federation  
UNESCAP  
[www.unescap.org/...](http://www.unescap.org/)

#### 11-14 September 2016

Exposition  
CAEXPO  
Nanning, PR China  
[www.eng.caexpo.org/...](http://www.eng.caexpo.org/)

#### 15 September 2016

Conference  
International Trade and  
Macroeconomic Interdependence  
in the Age of Global Value Chains  
Vilnius, Lithuania  
Bank of Lithuania, National Bank  
of Poland  
[www.cepr.org/...](http://www.cepr.org/)

#### 22-23 September 2016

Conference  
5th International Crossroads Asia  
Bonn, Germany  
University of Bonn  
[www.crossroads-asia.de/...](http://www.crossroads-asia.de/)

#### 26-30 September 2016

Workshop  
Trade Facilitation and Research



the Republic of Korea (RoK) hosted the 16th Consultative Commission Meeting of the Greater Tumen Initiative (GTI) in Seoul, which was opened by the RoK's Deputy Minister for International Economic Affairs, Ministry of Strategy and Finance. GTI is one of the key partners of the SCSI programme, implemented by GIZ on behalf of the

Federal Ministry for Economic Cooperation and Development (BMZ). The Meeting saw the inauguration of GTI's Agricultural Committee as well as the Northeast Asia (NEA) Research Institutions' Network. Among other institutional developments the meeting saw the restructuring of the Trade Facilitation Committee into the Trade and Investment Committee (TIC) which will tackle issues pertaining to customs and trade in the specialised Customs Subcommittee in the future. From GIZ's side Mr. Oliver Auge, Country Director and GIZ General Representative in PR China attended the meeting to deliver words in a session on strategic partnership development, alongside other strategic partners of GTI such as United Nations Development Programme (UNDP) and United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). In his speech he highlighted that "For successful and sustainable regional cooperation a number of success factors have been identified in past and current research: among them a solid institutional framework, a strong political backing and sound stakeholder involvement". As every year the Meeting provided the venue for talks between the stakeholders from all four member countries.

Read the GTI Secretariat's report on the event here:

[www.tumenprogramme.org/...](http://www.tumenprogramme.org/)

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#### Knowledge Sharing

### SCSI Participates in T20 Conference on Innovation, New Economy and Structural Reform



From 18-19th June 2016, the Think20 (T20) Conference on Innovation, New Economy and Structural Reform took place in the county of Anji, Zhejiang Province, PR China. The international conference, jointly hosted by China Academy of West Region Development (CAWD) and Zhejiang University welcomed participants and guests from

over 25 countries, including about ten G20 member countries. T20 is the think tank and academic arm of the G20 global governance mechanism, the group of 20 leading developed and developing countries cooperating on major global issues. The conference was opened by Stanley Mutumba Simataa, President of the 38th Session of the General Conference on UNESCO, who emphasized on the need for global solutions to poverty reduction.

SCSI's programme director Mr. Benjamin Klinger provided an input on the Belt and Road (B&R) Initiative in the light of sub-regional approaches for sustainable development and moderated a panel session. In his speech, he highlighted the need for sustainable regional and sub-regional integration to foster effective implementation of the B&R Initiative in Asia.

Read a related newspaper article here: [www.zjsr.com/...](http://www.zjsr.com/) (in Chinese)

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## Recent Trends in Regional Integration and Trade

### RSIS

#### PR China's approach to Lancang-Mekong Cooperation

In this policy report published by the Rajaratnam School of International Studies (RSIS), Lu Guangsheng analyses the newly established Lancang-Mekong Cooperation (LMC) in relation to the Greater Mekong Subregion (GMS) Economic Cooperation Programme. The regional cooperation mechanism also includes political, security and social issues. Its recent enhancement is fostered by PR China's strategic interest in building a Southeast Asian land corridor

### Trade Facilitation and Paperless

Trade Implementation  
Bangkok, Thailand  
UNESCAP

[www.unescap.org/...](http://www.unescap.org/)

#### 27-29 September 2016

Conference  
World Customs Organization  
Picard  
Manila, Philippines  
WCO

[www.wcoomd.org/...](http://www.wcoomd.org/)

#### 27-29 September 2016

Public Forum  
Inclusive Trade  
Geneva, Switzerland  
WTO

[www.wto.org/...](http://www.wto.org/)

#### 12-13 October 2016

Forum  
World Export Development 2016  
Colombo, Sri Lanka  
ITC

[www.intracen.org/...](http://www.intracen.org/)

#### 12-14 October 2016

Meeting  
4th Local Cooperation Committee  
Sokcho, Gangwon, RoK  
GTI

[www.tumenprogramme.org/...](http://www.tumenprogramme.org/)

#### 13-16 October 2016

Exposition  
GTI Trade and Investment  
Sokcho, Gangwon, RoK  
GTI

[www.tumenprogramme.org/...](http://www.tumenprogramme.org/)

#### 24-28 October 2016

Training  
GTI Trade Facilitation Capacity  
Building  
Daejeon, RoK  
GTI

[www.tumenprogramme.org/...](http://www.tumenprogramme.org/)

#### 9-10 November 2016

Conference  
Inter-Regional Connectivity: South  
Asia and Central Asia  
Lahore, Pakistan  
Government College University

[www.ps.gcu.edu.pk/...](http://www.ps.gcu.edu.pk/)

#### 6-9 December 2016

Meeting  
16th Asia and the Pacific Regional  
Meeting  
Bali, Indonesia  
ILO

[www.ilo.org/...](http://www.ilo.org/)

#### 12-14 December 2016

Seminar  
Trade Facilitation in Northeast  
Asia  
Beijing, PR China  
GTI, UNESCAP

[www.tumenprogramme.org/...](http://www.tumenprogramme.org/)

#### 7-12 May 2017

Conference

within the Belt and Road Initiative. In this regard the PR China focuses on Cambodia, Lao PDR and Thailand in implementing infrastructure, security and legal cooperation mechanisms. After providing rationales for the Chinese-led deepening of regional integration, Lu Guangsheng analyses eight possible guiding principles for PR China's strengthening of the regional integration in Southeast Asia such as cross-border railway expansion, financial cooperation, and cultural exchange.

Access the full policy report at: [www.rsis.edu.sg/...](http://www.rsis.edu.sg/) (2.5 MB)

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#### World Bank

### Political Economy of Regional Integration in Sub-Saharan Africa

This World Bank report focuses on questions of political economy surrounding regional economic integration in the developing world. The report uses powerful case studies and applies them to the six main areas of regional economic integration in Sub-Saharan Africa. It observes the political economy of agricultural and trade policies; financial sector integration; trade in professional services; trade facilitation; and transport sector integration. Overall, its analysis is based on the three notions that integration is not successful with strong private sector support, collaboration of governments, and a small number of actors. Main recommendations for facilitating integration in the region are inclusion of the private sector, cooperation on infrastructure efforts and incorporation of flexibility and simplicity in procedures and mechanisms.

Access the full report at: [www.ecdpm.org/...](http://www.ecdpm.org/) (5.5 MB)

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#### UNCTAD

### UNCTAD Launched Maritime Country Profiles

In March 2016, UNCTAD added the "Maritime Country Profiles" statistics to their data centre, which already includes quantitative and qualitative information on international trade and maritime transport amongst others. The profiles provide data on indicators such as trade balance, export structure, and type of national flagged fleet. The Liner Shipping Connectivity Index furthermore ranks the bilateral and national connectivity of a country. Amongst SCSI's focus countries of Cambodia, Lao PDR, Mongolia and Viet Nam, Viet Nam's maritime connectivity is ranked the highest due to a strong increase in the past ten years. Interestingly, the landlocked country of Mongolia has a relatively large nationally flagged fleet carrying up to 982.000 deadweight tons, which is of course due to flag of convenience practices.

Access the full country profiles at: [www.unctadstat.unctad.org/...](http://www.unctadstat.unctad.org/)

#### TRALAC

### Implications of Brexit for Southern African Trade Relations

The recent vote by the UK favouring an exit from the European Union is a major topic with regard to the future of trade and regional integration. The EU is the world's largest trading block, thus leaving or altering the relations has huge implication not only for EU-member states writes Gerhard Erasmus in the recent Trade Brief of the Trade Law Centre (TRALAC). As a non-member the UK would not be included in mega-regional trade agreements such as the Transatlantic Trade and Investment Partnership (TTIP). The paper gives a good overview for the procedures to come and the questions raised, highlighting other EU related trade agreements such as EFTA and EEA. Even though his insights are only aimed at the relations between the EU and the Southern African Development Community (SADC), such as the SADC Economic Partnership Agreement and how it would be affected by the exit of the UK from the European union, similar issues will be faced by other regional bodies such as ASEAN. Read the full article here: [www.tralac.org/...](http://www.tralac.org/)

#### IMF

### IMF Conference on Regional Economic Integration in Asia

From March 3-4, the IMF Regional Office for Asia and the Pacific held a conference on "Advances and Challenges in Regional Integration" in Tokyo, Japan to foster policy dialogue and capacity building in the region. The conference highlighted the relevance of further regional integration in Asia and assessed that even though integration in Asia is well advanced, barriers to trade such as transportation infrastructure and labour mobility still remain. Further issues discussed were the need for increased financial integration as well as current challenges such as the fall of commodity prices and PR China's rebalancing.

Access the full press release at: [www.imf.org/...](http://www.imf.org/)

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#### GTI, KIEP

### Economic Environment Report of Greater Tumen Region 2015

The Greater Tumen Initiative (GTI) together with the Korea Institute for

30th World Ports  
Nusa Dua, Bali, Indonesia  
IAPH  
[www.iaphbali2017.com/...](http://www.iaphbali2017.com/)

#### More on GIZ SCSI-Programme

Sub-Regional Initiatives play an increasingly important role in Asia's regional economic cooperation and integration. They help countries to overcome the limitations of domestic markets and foster inclusive development, both by boosting economic growth and by providing the resources for appropriate policies. The GIZ SCSI Programme supports regional stakeholders with the aim to strengthen selected core processes of regional economic cooperation and integration and to contribute to a sustainable and inclusive economic development in the region.

Visit our website:  
[www.giz.de/scsi/...](http://www.giz.de/scsi/)

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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:

[Roundtable Meeting: Regional Infrastructure Investment Initiatives](#) (4.3 MB)

[Expert Input: European Experiences of Cross-Border Cooperation](#) (3.1 MB)

[Expert Forum: Asian Regional Integration Revisited](#) (5.1 MB)

Find the publications on our website:  
[www.connecting-asia.org/...](http://www.connecting-asia.org/)

International Economic Policy (KIEP) published the 2015 Economic Environment Report of the Greater Tumen Region (GTR). After a comprehensive overview of the economic conditions in the region coupled with an assessment of trade and investment conditions, the report focuses on each member country individually. This includes data and analysis from the Republic of Korea, PR China, the Russian Federation, Mongolia, Japan and the Democratic People's Republic of Korea. The report highlights the importance of trade facilitation in the region: While hard infrastructure needs to be expanded especially in landlocked parts of the region such as Mongolia, much has been done in regard to facilitating soft infrastructure and customs procedures. Here, Mongolia ranks 74th in the World Bank Doing Business 2016 report even before PR China and the Russian Federation.

Access the full report at: [www.tumenprogramme.org/...](http://www.tumenprogramme.org/...) (6.1 MB)

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**GDI**

### **PR China's "Belt and Road" Initiative: Challenges and Opportunities**

This report prepared by the German Development Institute (GDI) for the 2016 ADB Annual Meeting yields comprehensive information on the Chinese Belt and Road Initiative. After an overview of the programme, its visions and actions, the author Peter Wolff highlights lessons learnt from regional cooperation initiatives in Asia. Amongst others, he analyses the need for trade facilitation, adequate institutions and improving transport and energy connectivity. In this context, the Central Asia Regional Economic Cooperation Program (CAREC) is used as a best practice example of regional integration, having achieved significant results in the above mentioned areas. The report furthermore mentions the financing gap as the main challenge for regional and cross-border projects within the Belt and Road Initiative. Domestic finance, commercial finance and development banks play differentiating, albeit important roles. The author closes with an assessment of the governance challenge that lies beneath the Belt and Road cross-border mega-project.

Access the full report at: [www.die-gdi.de/...](http://www.die-gdi.de/...) (0.6 MB)

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**ASEAN Secretariat**

### **East Asia Forum 2016 in Cambodia**

From 9-10 June 2016, the 14th East Asia Forum (EAF) on "Deepening East Asia Integration towards East Asia Economic Community" took place in Siem Reap, Kingdom of Cambodia bringing together the 11 ASEAN member states as well as PR China, Republic of Korea, and Japan. In 2016, the EAF had the objective to maintain the momentum of regional cooperation between the attending countries, foster an East Asian regional identity and further implement the vision of realizing an East Asian Economic Community by 2020. Discussions were focused around the role of the EAF and the private sector towards regional community-building as well as enhancing people-to-people connectivity.

Access the full conference report at: [asean.org/...](http://asean.org/...)

**ADB I**

### **Monitoring Regional Economic Integration in Asia**

In this policy brief, the Asian Development Bank Institute (ADBI) provides suggestions for effective monitoring approaches for economic integration in Asia. It finds that economic integration is already taking place in Asia, with trade as its main driver. However, monitoring this process is crucial to provide information on discrepancies and develop more comprehensive policies. The ADBI analyses the compliance-based and outcome-based approaches in monitoring within Asia. Currently, the ASEAN Economic Community (AEC) is developing a scorecard approach, monitoring the advancement of implementation of regional commitments into national law and policies. Additionally, output-based monitoring is executed with the ASEAN Community Progress Monitoring System (ACPMS) that uses outcome-based indicators such as tariff reduction. The policy brief suggests that a systematic monitoring and evaluation mechanism can be implemented involving parts of compliance as well as output-based monitoring. To ensure sustainability, the mechanism should be institutionalised both at a regional and national level.

Access the policy brief at: [www.adb.org/...](http://www.adb.org/...) (0.5 MB)

**Tripartite Cooperation**

### **Agreement on China-Mongolia-Russia Economic Corridor**

On 23 June 2016, PR China, Mongolia and the Russian Federation signed a trilateral economic partnership agreement, leading to the creation of the China-Mongolia-Russia Economic Corridor. While the document includes 32 proposed projects in the realm of transport, customs, and joint investment, it states that future cooperation might be expanded to integrate agriculture, tourism, and

emergency preparedness. The document furthermore includes an accord between the customs offices of the three countries on mutual recognition of customs inspection in regards to certain goods. The agreement followed a Memorandum of Understanding of the three parties regarding economic cooperation last July and was signed on alongside the Shanghai Cooperation Organisation (SCO) Meeting in Tashkent, Uzbekistan, where Mongolia holds observer status.

Access the press release by the Mongolian government at:

[www.president.mn/...](http://www.president.mn/...)

#### ECDPM

### **EU's Approach to Regional Integration in Development Cooperation**

Regional Integration is a substantial part of the current European Development Fund (EDF) which amounts to 30.5 billion EUR from 2014 to 2020. While regional projects have been the main approach for their programmes, the allocated money has risen increasingly. However, results have in the past been timid, as formal regional integration outside of the EU has been slowly growing, especially in the African, Caribbean, and Pacific focus countries of the EDF. In a recent paper, researchers from the European Centre for Development Policy Management (ECDPM) evaluate the European Union's approach to fostering regional integration worldwide as part of their international cooperation and development endeavours. The authors call for a better adaptation to regional particularities, for EU programmes to deliver the programmed results.

Additionally the importance of Human Capacity Development alongside regional integration related programmes is stressed as well. Here a focus on both, regional organisation and national implementation agencies shall be targeted, coupled with an increase in private-sector involvement.

Read the full briefing note here: [www.ecdpm.org/...](http://www.ecdpm.org/...) (0.4 MB)

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