

**Seventy-fourth session of the Economic and Social Commission
for Asia and the Pacific: High-level Ministerial Segment**

**Agenda item 9: Policy issues for the Asia-Pacific region: theme topic for the
seventy-fourth session of the Commission on “Inequality in the era of the 2030 Agenda
for Sustainable Development”**

**High-level debate on multilateralism in Asia and the Pacific to promote inclusive
economic and social development in the region and its contribution to global
economic governance**

Date: Tuesday 15 May 2018
Time: 2:00 p.m. to 5:00 p.m.
Venue: ESCAP Hall, United Nations Conference Centre

Overview

Keynote speakers and Ministers of Foreign Affairs from ESCAP member States would be invited to share their views on the growth of multilateralism in Asia and the Pacific to address inequalities and promote inclusiveness, and its contributions to global economic governance, particularly in light of targets contained in SDG 10, 16 and 17.

Over the past decades, Asia and the Pacific have reaped substantial development gains from globalization and multilateralism. The region’s accelerating growth has gone hand-in-hand with greater trade openness, reflecting the expanding global value chains into Asia, and a steady increase of foreign direct investment into the region, especially to China and ASEAN countries. This has helped to lift millions out of poverty.

The global financial and economic crisis of 2008 put a spotlight on the diverse challenges facing the international community, including growing trade protectionism; the lack of an adequate international financial regulatory regime or an agreed approach for bail-outs to rescue banks; rising inequalities of incomes, wealth and opportunities along with job polarisation; higher automation and the resulting structural shifts in economies and labour markets; and climate change. These developments and concomitant changes in political leadership have contributed to a sense of corroding trust in multilateral approaches to cooperation and its related institutions.

Although the Asia-Pacific region has weathered these crises well, its phenomenal growth rates have also coincided with greatly rising inequalities, environmental degradation and other developmental challenges.

The response of the Asia-Pacific region to these challenges, and the success of the 2030 Agenda, will depend on how effectively States can address national inequalities and position

themselves to advance international co-operative efforts, while continuing to play a role in promoting global economic and financial stability. An inclusive approach to global economic governance, underpinned by a system of multilateralism, has the potential to allow for the benefits to be shared more widely and fulfil the pledge to “leave no one behind.”

Since the global downturn, one response by the region has been to enhance regional economic co-operation and integration to promote intra-regional trade. Ultimately, to sustain their dynamic growth paths, Asian economies will need to deepen their interaction and engagement with international production networks, in search of new markets, new technologies and opportunities to lower costs. Equally, the management of global public goods such as our climate, oceans and air, require a multilateral approach, founded in broad consensus and political agreement, and underpinned by multilateral cooperation.

To this end, Asia and the Pacific has increasingly shaped its contributions and distinctive approach to multilateralism and global economic governance to advance trade, capital and factor mobility within and across the region: Discussions have been underway since 2012 to create new trade and business opportunities through the Regional Comprehensive Economic Partnership; the Comprehensive and Progressive Agreement for Trans-Pacific Partnership among eleven members reached a partial agreement in November 2017; and initiatives such as the Eurasian Economic Union, India’s “Act East Policy” and China’s Belt and Road Initiative are other examples of recent cooperation and multilateral approaches. The Belt and Road Initiative, with its six economic corridors spanning Asia, Europe and Africa, is also aimed at enhancing connectivity and supporting trade and investment, also along the landlocked transit countries, whose developmental predicaments are particularly precarious. ESCAP estimates that the benefits of BRI corridors may range from \$86 billion to \$372 billion.

ASEAN may be the most advanced in terms of regional integration and a multilateral approach. In December 2015 ASEAN transformed into the ASEAN Economic Community, and its ASEAN Economic Community 2025 Consolidated Strategic Action Plan mentions the necessity for a multilateral approach to continue integration.

The Regional Comprehensive Economic Partnership established in 2012 aims at creating new trade and business opportunities for its 16 Member States and beyond by enhancing their linkages. Initiated by ASEAN, it has benefited from China’s drive to intensify economic cooperation.

Recognizing issues of governance and voice in the multilateral development institutions, such as the International Monetary Fund (IMF), the Asia-Pacific region has been proactively behind IMF quota reforms to enhance the representation of dynamic emerging markets and developing countries in the decision-making processes. In the meantime, the region has created the Asian Infrastructure Investment Bank, the New Development Bank, the Silk Road Fund and China’s South-South cooperation fund, each offering an alternative to existing multilateral development banks. South-South cooperation financing initiatives have increasingly taken hold, particularly as some developing and middle-income countries, such as Thailand, are taking on a new role as important development assistance providers. The challenge will be balance timely disbursement with the need to ensure adequate environmental and social safeguards for this investment.

Concerning climate change, countries in the region have embraced the UNFCCC process and the Paris Agreement as a means of achieving their aspirations and are developing climate

action agendas through multi-stakeholder fora. Achieving sustainable energy will increasingly require regional structures for the development of regional power markets. Regional platforms have begun to emphasise this increased energy co-operation. For example, Thailand has formed a coalition with Lao PDR and Malaysia to demonstrate the viability of regional cooperation to build an integrated energy market and the plan is to expand this to the whole ASEAN subregion.

These examples demonstrate the huge untapped potential to enhance and expand the contributions of Asia-Pacific to economic global governance through a multilateral approach, especially through the existing architecture. The Shanghai Cooperation Organization (SCO), whose membership covers half of the global population and a quarter of global GDP, has initiated over 20 large-scale projects related to transportation, energy and telecommunications, and has held regular meetings on economic, banking and security issues. The Economic Cooperation Organization (ECO) is another regional grouping to promote trade and investment opportunities. Given the geographic make up of both there is also the possibility to foster greater linkages and connectivity beyond Asia and the Pacific.

The United Nations can facilitate the ambitions of its members and their subregional organizations by promoting a coherent approach to policymaking through greater co-ordination to ensure that the benefits of greater connectivity are expanded and spread more broadly and that its potentially negative fallout is diminished. At the same time, regional commissions such as ESCAP, through their intergovernmental and multi-stakeholder platforms, serve to build the consensus needed to develop regional norms and develop regional approaches to address institutional and governance gaps to support globalisation and promote sustainable and inclusive growth.

Session format

The session will be structured to begin with presentations by a mix of eminent policy makers, representatives from government, academia and the private sector who will present actionable ideas and approaches to addressing these issues, followed by statements by member States. The questions that will be addressed by the speakers and member States include:

- How to promote inclusive global (or open plurilateral) governance and an effective international multilateral regime for the effective pursuit of the 2030 Agenda?
- What are the main barriers to harnessing multilateralism?
- How to restore the relevance of the multilateral trading system, vital for the trade and investment interest of countries with special needs and their attainment of many SDGs as well as their LDC graduation aspirations?
- What can be done to strengthen global economic governance to address high and rising inequalities, which are likely to be exacerbated both among and within countries due to the emergence of new frontier technologies?
- What role can regional trade, investment and financial arrangements play to address the institutional and governance gaps of the multilateral system? How can they contribute to implementing Agenda 2030?
- What is the role of private sector in furthering multilateral and regional governance?

The statements may be limited to 5 minutes each. Prepared texts of longer statements may be circulated. A copy of the written statement may be submitted to the secretariat, preferably before the commencement of the session.

Expected outcome

To gain an understanding of the contributions Asia and the Pacific can make to promote inclusive global and regional economic governance to pursue the 2030 Agenda, and what can be done to reinvigorate global and regional multilateral approaches to promote economic and financial stability for the prosperity of its people.

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