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**Economic and Social Commission for Asia and the Pacific**  
Second Ministerial Conference on Regional Economic Cooperation and  
Integration in Asia and the Pacific

Bangkok, 21–24 November 2017

**Report of the Second Ministerial Conference on Regional  
Economic Cooperation and Integration in Asia and the Pacific****I. Matters calling for action by the Commission or brought  
to its attention**

1. The Second Ministerial Conference on Regional Economic Cooperation and Integration in Asia and the Pacific recommends that the Economic and Social Commission for Asia and the Pacific (ESCAP) endorse the Ministerial Declaration on Enhancing Regional Economic Cooperation and Integration to Support the Implementation of the 2030 Agenda in Asia and the Pacific (E/ESCAP/MCREI(2)/L.3).

**II. Proceedings****A. Enhancing regional economic cooperation and integration in Asia  
and the Pacific to support the implementation of the 2030 Agenda  
for Sustainable Development**  
(Agenda item 2)

2. The senior officials had before them the note by the secretariat on enhancing regional economic cooperation and integration in Asia and the Pacific to support the implementation of the 2030 Agenda for Sustainable Development (E/ESCAP/MCREI(2)/1).

3. The Executive Secretary of ESCAP outlined the progress made in regional economic cooperation and integration since the First Ministerial Conference on Regional Economic Cooperation and Integration in Asia and the Pacific, in 2013, and highlighted new priorities that had emerged since then. A major new consideration was how to integrate regional economic cooperation and integration with the 2030 Agenda and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. Other priorities included maintaining the momentum of regional economic cooperation and integration initiatives amid the emerging anti-globalization sentiment and the threat of protectionism and refocusing regional economic cooperation and integration approaches and policies to ensure that the benefits of economic growth were more evenly distributed, both within and across countries.

4. Policies to strengthen regional economic cooperation and integration were required for each of its four pillars. In the area of strengthening market integration, there was a need to reduce high bilateral trade costs through improved coordination and the mutual recognition and harmonization of bilateral trade agreements and by dealing with hidden forms of protectionism. In addition, the movement of labour across borders needed to be facilitated through enhanced cooperation on labour migration policies. In the area of moving towards seamless connectivity, it was necessary to improve both hard and soft infrastructure to support the establishment of economic corridors and to facilitate trade and investment flows. In the area of improving financial cooperation, it was necessary to strengthen collaboration on financial surveillance and liquidity support, to boost the integration of the region's capital markets and to establish dedicated financing mechanisms for cross-border infrastructure projects. In the area of addressing shared vulnerabilities and risks, there was a need to enhance regional cooperation on disaster risk reduction management, including by strengthening multi-hazard early warning systems.

5. Implementation of those policies would require a fundamental rethinking of the entire approach to cooperation and integration, from traditional regional economic cooperation and integration policies and frameworks that tended to be growth-centric to innovative approaches that incorporated social and environmental considerations. For that purpose, the narrative of the 2030 Agenda needed to gain further traction – in the work of all cooperation initiatives – to become the dominant approach of the current age.

6. In his presentation, Mr. Yasuyuki Sawada, Chief Economist and Director General, Economic Research and Regional Cooperation Department, Asian Development Bank (ADB), highlighted that regional economic cooperation and integration was indispensable for the effective implementation of the Sustainable Development Goals. In particular, trade and investment were core drivers of sustainable and inclusive growth, and strengthening global and regional value chains played an important role in creating decent jobs and economic opportunities. Regional economic cooperation and integration could also act as a buffer against global uncertainties and play a key role in harnessing the region's untapped potential for growth in areas such as trade in services, financial cooperation for infrastructure investment and technology-and-innovation-led development.

7. Intraregional trade and investment linkages had further expanded since the beginning of the new millennium, benefiting from the development of global and regional value chains, and trade in services in the region had expanded fivefold. However, there was room to better leverage technologies and e-commerce to improve the inclusiveness of trade-driven growth. Furthermore, as portfolio investors continued to invest outside the region, and the region's financial markets were increasingly exposed to global shocks, there was a need to expand financial cooperation and integration in the region. In addition, overcoming challenges to regional economic cooperation and integration was necessary to support the attainment of sustainable development in the region.

8. Representatives of the following members and associate members made statements: Afghanistan; Bangladesh; Fiji; India; and Timor-Leste.

9. Regional economic cooperation and integration was critical for achieving the 2030 Agenda. The senior officials emphasized the need for a consolidated and coordinated approach and for dedicated infrastructure financing through multilateral development banks and multilateral

organizations. To ensure that regional economic cooperation and integration effectively supported the 2030 Agenda, strong consideration should be given to increasing productive opportunities for least developed countries, landlocked developing countries and small island developing States.

10. Information and communications technology (ICT) was both a critical component of seamless connectivity and a priority for economic development, and ICT infrastructure needed to reach all, including people in rural areas. One representative expressed strong support for the Asia-Pacific Information Superhighway initiative and advocated for the amendment of the Intergovernmental Agreement on the Asian Highway Network to incorporate the co-deployment of ICT with transport infrastructure, such as road and rail. The same representative noted that co-deployment could be a cost-effective way to advance ICT infrastructure.

11. One representative stated that connectivity initiatives must be based on universally recognized international norms, good governance, rule of law, openness, transparency and equality. Such initiatives must also follow principles of financial responsibility, and they must be pursued in a manner that respected sovereignty and territorial integrity.

## **B. Review of the region's progress in the four areas of regional economic cooperation and integration, keeping in view the 2030 Agenda for Sustainable Development**

(Agenda item 3)

### **Removing obstacles to greater market integration**

(Agenda item 3 (a))

12. The senior officials had before them the note by the secretariat on removing obstacles to greater market integration in Asia and the Pacific (E/ESCAP/MCREI(2)/2).

13. In her presentation, the Director of the Trade, Investment and Innovation Division emphasized that trade had been a driver of economic growth and regional integration in Asia and the Pacific. Both intraregional trade, which accounted for more than half of the total trade of the region, and intraregional foreign direct investment increased significantly over the past decade, contributing to regional integration. However, a number of challenges remained, including high trade costs between subregions, overlapping bilateral and regional trade and investment agreements with different rules, and a poor business environment that made it difficult for small and medium-sized enterprises to grow and engage internationally. Recommendations included curtailing protectionism, streamlining trade agreements, accelerating the implementation of digital trade facilitation measures, developing regional investment regimes that balanced investor rights and host country development needs, and promoting labour market integration processes.

14. In her presentation, Ms. Cyn-young Park, Director, Regional Cooperation and Integration Division, Economic Research and Regional Cooperation Department, ADB, noted that the Asia-Pacific region was characterized by large variations in regional integration across subregions and that there were challenges and opportunities to expand such integration. Although Asia's participation in global value chains had been stagnating and trade measures in the region continued to rise, intraregional trade and investment linkages continued to be strengthened. In that regard, the implementation of the World Trade Organization (WTO) Agreement on Trade Facilitation and other trade facilitation measures, including those aimed at

reducing waiting times at the border, would contribute to reducing trade costs. While good governance was the key factor for attracting foreign direct investment, investment agreements also played a useful role. Trade barriers were higher in the services sector than in manufacturing, and there was a need to improve the regulatory framework for services. Ms. Park highlighted the role of ADB as a key partner in regional cooperation that prioritized connectivity, knowledge-sharing and economic corridor development.

15. In his presentation, Mr. Masahiro Kawai, Professor, Graduate School of Public Policy, University of Tokyo, noted that there had been a retreat from multilateralism at the global level in recent years, as reflected, for instance, by the lack of progress in the WTO Doha Development Round and by emerging protectionist sentiment in some countries. However, trade and investment liberalization could proceed through the conclusion and implementation of regional and intraregional free trade agreements, including, inter alia, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, the Regional Comprehensive Economic Partnership, the Association of Southeast Asian Nations (ASEAN) Economic Community agreement. To maximize the developmental benefits of such agreements, it was important that they included support for the engagement of low- and middle-income countries, and that they facilitated their access to regional and global value chains. To include those countries in a meaningful way, the signatories to such agreements should consider expanding their membership. Finally, there was much scope for simplifying and harmonizing the many smaller free trade agreements in the region, in particular by streamlining their rules of origin.

16. Representatives of the following members and associate members made statements: Bangladesh; India; and Timor-Leste.

17. Intraregional trade and investment, and associated global and regional value chains, were important drivers of resource mobilization and regional integration. As a result, protectionism should be avoided, barriers to trade, especially non-tariff barriers, should be reduced, and the business climate should be improved. The meeting was informed of the measures undertaken by various countries in those three areas. Enhanced market access of least developed countries, landlocked developing countries and small island developing States was needed.

18. One representative suggested that a regional database of non-tariff measures would improve the availability of transparent, reliable and comparable information on such measures and emphasized the need for better data to facilitate understanding of the prevailing rules of origin under various free trade agreements in the region, which was a necessary condition for their simplification.

19. One representative stated that the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific played an important role in facilitating regional trade and encouraged other countries in the region to join the Agreement.

20. The senior officials highlighted the importance of efforts to facilitate labour mobility as a tool to promote sustainable development. Such efforts must take place in the context of ensuring safe, orderly and regular migration through the protection of the rights of migrant workers.

### **Towards region-wide seamless connectivity**

(Agenda item 3 (b))

21. The senior officials had before them the note by the secretariat entitled “Towards region-wide seamless connectivity in Asia and the Pacific” (E/ESCAP/MCREI(2)/3).

22. In his presentation, the Director of the Transport Division noted that seamless connectivity for transport, energy and ICT was one of the four pillars of the agenda for economic cooperation and integration. Seamless regional connectivity was important in assisting member countries in expanding their markets, optimizing exchanges, and strengthening collaboration in support of sustainable development and shared prosperity. Attaining seamless connectivity required actions to address issues related to software, such as frameworks and capacities, and hardware, such as physical networks.

23. In his presentation, Mr. Ronald Butiong, Director, Regional Cooperation and Operations Coordination Division, South Asia Department, ADB, noted that although South Asia had been the fastest growing subregion in Asia and the Pacific, it was also characterized by a deficit in infrastructure, institutional capacity and connectivity. That deficit had a negative impact on the cost and efficiency of trade, particularly within the subregion. To address that deficit, he noted five strategic priorities of ADB: (a) the development of efficient intermodal transport corridors along key trade routes; (b) the harmonization and simplification of customs and border-crossing procedures, including through the implementation of the secure cross-border modalities developed by ESCAP; (c) the diversification of energy markets and the electrification of remote areas; and (d) the identification of priority infrastructure projects.

24. In his presentation, Mr. Bayaraa Sanjaasuren, Director, Central Asia Regional Economic Cooperation Institute, provided information on key elements of the Central Asia Regional Economic Cooperation 2030 Strategy, “Connecting People, Policies and Projects for Shared Development”, which was expected to foster regional economic cooperation and integration on transport, energy and ICT in Central Asia. Referring to transport efficiency, he stressed that a 10 per cent reduction in import times would generate an increase of 2 to 3 per cent in intraregional trade, amounting to \$1.4 billion.

25. In his presentation, Mr. Oudet Souvannavong, Chair, Greater Mekong Subregion Business Council, highlighted the importance of putting in place infrastructure linkages to facilitate cross-border trade, investment, tourism and other forms of economic cooperation. In that regard, he highlighted ongoing activities to connect the rail networks of the Greater Mekong Subregion countries, develop roll-on/roll-off maritime services and implement facilitation measures to improve cross-border road movements. He stressed that investment in infrastructure needed to be supplemented by enhanced logistics through the development of logistics hubs and the wider deployment and use of digital communication technologies.

26. Representatives of the following members and associate members made statements: Bangladesh; China; India; Malaysia; Pakistan; Philippines; Republic of Korea; Thailand; and Timor-Leste.

27. Seamless connectivity was a key driver of economic growth, poverty alleviation and social inclusiveness, as well as an enabler for the realization of the 2030 Agenda. In that regard, the activities of the secretariat on the Asian

Highway and Trans-Asian Railway networks had played a critical role in improving intercountry and interregional transport connectivity.

28. Economic corridors played an essential role for regional cooperation and integration and economic growth. Economic corridors enabled the alignment of national transport priorities with regional initiatives, the harmonization of technical and operational standards, the implementation of facilitation measures and the deployment of new technologies that improved the efficiency of freight transport at border crossings.

29. Efforts to fill existing infrastructure gaps, upgrade substandard linkages and establish economic corridors, encompassing the development of roads, railways, ports and airports, were at the centre of national transport development strategies in many countries of the region, in line with the 2013 Bangkok Declaration on Regional Economic Cooperation and Integration in Asia and the Pacific.

30. The transport development efforts of the members and associate members of ESCAP contributed to the implementation of multilateral initiatives, such as the Master Plan on ASEAN Connectivity, the Bangladesh–China–India–Myanmar Forum for Regional Cooperation, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, the Belt and Road Initiative, the Central Asia Regional Economic Cooperation Programme and the South Asia Subregional Economic Cooperation programme.

31. The pursuit of seamless connectivity required the effective integration of road and rail networks with other modes through connections to seaports, river ports, airports and dry ports. Actions on that front would also create favourable conditions for improving the efficiency of linkages between landlocked countries and international maritime ports and for reducing the environmental impact of the transport sector.

32. The senior officials recognized the importance of developing low-carbon fleets and the need for policies encouraging a shift from private vehicles to public transport systems. Passenger mobility would gain in efficiency through the introduction of new technologies and the wider use of intelligent transport systems. They also noted the need to incorporate universal accessibility measures to address the needs of disabled people and older persons.

33. The senior officials highlighted the need to strengthen regional cooperation to enhance energy connectivity. They also noted the importance of enhancing cross-border energy infrastructure and regional power markets to boost economic growth, promote energy interdependency, provide households with stable and secure electricity, and diversify the energy mix, especially by increasing the share of modern renewables.

34. Several representatives expressed their support for ESCAP initiatives such as the Asia-Pacific Information Superhighway initiative.

35. One representative expressed the view that there was a strong interlinkage between development and peace and security. The rule of law and respect for international law were universal expectations. That also required respect for, and full implementation of, United Nations resolutions, which were an obligation on all member States.

**Enhancing regional financial cooperation**

(Agenda item 3 (c))

36. The senior officials had before them the note by the secretariat on enhancing regional financial cooperation in Asia and the Pacific (E/ESCAP/MCREI(2)/4).

37. In his presentation, the Director of the Macroeconomic Policy and Financing for Development Division noted that regional financial cooperation needed to focus on five areas: financial stability, capital market development, infrastructure financing, financial inclusion and domestic resource mobilization. Financial stability required effective macroeconomic surveillance and liquidity support, for which existing regional arrangements needed to be developed further in terms of resources, region-wide coverage and effectiveness. Capital market development required the expansion of issuers and the investor base, together with a supportive financial market infrastructure. To address the region's substantial needs for infrastructure investment, the involvement of the private sector, through public-private partnerships, could be enhanced, with Governments providing an enabling environment. To increase access to finance for small and medium-sized enterprises, the region needed to explore the potential of financial technologies and microfinance institutions while balancing financial stability considerations. With regard to domestic resource mobilization, there was considerable room for countries in the region to increase tax revenues, including by reducing excessive tax competition.

38. In his presentation, Mr. Noritaka Akamatsu, Senior Adviser, Financial Cooperation and Integration, ADB, noted that financial integration needed to be implemented with caution and required strong commitment from participating countries. Within Asia and the Pacific, such commitment was most notable in the ASEAN+3 countries, as reflected by the work of the ASEAN Capital Market Forum and the implementation of the ASEAN Financial Integration Framework and qualified ASEAN banks. Among the challenges to enhance regional financial integration, he highlighted the need to support the less financially developed countries in the ASEAN subregion, connect market infrastructures and expand the lessons learned in ASEAN+3 countries to other countries in Asia and the Pacific.

39. In her presentation, Ms. Pornwasa Sirinupong, Senior Expert on International Financial and Fiscal Policy, Fiscal Policy Office, Ministry of Finance, Thailand, outlined challenges to improving the financial sector development of countries. The first challenge was to improve the awareness of and the access by citizens to financial services. In that regard, new technologies such as Internet and mobile phone banking could play an important role. The second challenge was to increase the availability of products. Those could include innovative products targeted at small and medium-sized enterprises and the grassroots as well as the development of local currency bond markets to support infrastructure investment. A third challenge was to improve and harmonize prudential regulations, including for banking, insurance and capital markets, which were fundamental to increasing investor participation in financial markets. The fourth challenge was to increase the number and sophistication of financial market participants.

40. Representatives of the following members and associate members made statements: Bangladesh; Japan; Myanmar; and Timor-Leste.

41. Finance was a critical means of implementation of the 2030 Agenda. In that regard, least developed countries, more than other countries, needed financial support from development partners. Assistance from development

partners should include focused and demand-driven capacity development support and knowledge-sharing.

42. The senior officials highlighted the importance of regional cooperation to ensuring financial stability. Regional financial cooperation was needed in the areas of domestic resource mobilization and infrastructure financing. Regional cooperation was also important for achieving financial inclusion, and the senior officials expressed appreciation to ESCAP for its work in that area.

#### **Addressing shared vulnerabilities and risks**

(Agenda item 3 (d))

43. The senior officials had before them the note by the secretariat on addressing shared vulnerabilities and risks in Asia and the Pacific (E/ESCAP/MCREI(2)/5).

44. The Director of the Information and Communications Technology and Disaster Risk Reduction Division presented an action plan to set up a regional platform for multi-hazard early warning systems to address shared vulnerabilities and risks in Asia and the Pacific. The plan was organized around hazard-specific clusters, namely, extreme weather events and slow-onset and geophysical hazards, and utilized multi-stakeholder and partnership approaches. It would leverage existing regional cooperation modalities to strengthen early warning systems for transboundary hazards. It also included components to strengthen analytical work and capacity-building around innovative risk assessments and modelling to better prepare for intensifying hazards and geographical shifts as a result of disasters.

45. In his presentation, Mr. Arup Chatterjee, Principal Financial Sector Specialist, ADB, highlighted different options for financing risk reduction measures. The increasing exposure of societies caused by poorly managed growth, urbanization and climate change would continue to drive disaster risks, providing a compelling case for making disaster risk financing a priority in the region. Countries were encouraged to put in place risk protection strategies encompassing various instruments, such as sovereign disaster risk financing, agriculture risk insurance, property catastrophe risk insurance and disaster-linked social protection. Policymakers could create an enabling environment to increase the uptake of insurance among vulnerable individuals, small and medium-sized enterprises, and industries that were not protected by insurance.

46. In his presentation, Mr. Sung Jin Kang, Professor, Department of Economics, Korea University, discussed the potential contribution of green trade to reducing global levels of greenhouse gas emissions. The world share of green trade to total trade had been increasing since the 1980s, with the Organization for Economic Cooperation and Development countries taking the lead. While more research was needed, it was clear that more investments in green industries could potentially provide a pathway to economic growth for developing countries that was consistent with international efforts in reducing greenhouse gas emissions.

47. Representatives of the following members and associate members made statements: Bangladesh; Bhutan; Fiji; India; Japan; Malaysia; Myanmar; Pakistan; Philippines; Republic of Korea; and Timor-Leste.

48. The regional and subregional strategies already in place to facilitate regional cooperation to address shared vulnerabilities and risks were important, including the regional road map for implementing the 2030 Agenda for Sustainable Development in Asia and the Pacific and the Pacific road map for

sustainable development. The design and implementation of regional economic cooperation and integration initiatives and policies needed to be aligned with the 2030 Agenda.

49. One representative noted that disasters created grounds for conflict and risks to economic development. Supporting Sustainable Development Goal 16 would ensure the success of the other Goals. One representative highlighted other risks and vulnerabilities, in addition to disasters, climate change and food security, such as those which are brought about by changes in economic and labour markets, as recognized by the ASEAN Declaration on Strengthening Social Protection.

50. Recalling that past disasters had repeatedly undermined development efforts, the senior officials agreed that building resilience to disasters through regional cooperation was a priority for achieving sustainable development. They emphasized the need to strengthen and extend existing regional cooperation mechanisms for managing transboundary disasters and climate change impacts and expressed support for the efforts of ESCAP in that regard.

51. The senior officials expressed their support for the implementation of the regional action plan to bring together multi-hazard early warning systems and other regional initiatives on disaster risk reduction under one platform. They expressed support for prioritizing the development of transboundary flood forecasting and early warning system in the Ganga-Brahmaputra and Meghna basin and other transboundary river basins. One representative supported the secretariat's plan to expand the Tropical Cyclone Committees, in the Pacific, strengthening partnerships for end-to-end tsunami early warning systems and extending the Regional Cooperative Mechanism for Drought Monitoring and Early Warning to underserved countries.

52. The senior officials described their national efforts to enhance food security and income security of farmers and to build resilience to disasters, including efforts to implement their commitments under the Sendai Framework for Disaster Risk Reduction 2015–2030.

53. The senior officials expressed their commitment to regional, subregional and South-South cooperation in multi-hazard early warning and disaster risk reduction efforts, such as through their contributions to the ESCAP Multi-Donor Trust Fund for Tsunami, Disaster and Climate Preparedness in Indian Ocean and Southeast Asian Countries. Several representatives highlighted the technical support that they were extending to other countries in the region to improve capacities to manage disaster risks, such as the provision of training and tsunami early warning, weather and climate services.

54. The senior officials emphasized the need to increase available resources to address issues related to shared vulnerabilities and risks, including through regional dialogues. One representative expressed the view that ESCAP, as an intergovernmental body of the United Nations system, was not suited to pursuing work related to promoting risk transfer mechanisms and that such work was best carried out by multilateral financial institutions, such as ADB and the World Bank, which had the requisite expertise.

55. One representative stressed that economic development relied on the oceans and the protection of the marine environment, and concrete steps needed to be taken to ensure food security and to raise awareness of the importance the marine sector to the sustainable development of that country and its potential to facilitate regional connectivity.

**C. Draft ministerial declaration on regional economic cooperation and integration in Asia and the Pacific**

(Agenda item 4)

56. The senior officials had before them the draft ministerial declaration on enhancing regional economic cooperation and integration of the 2030 Agenda in Asia and the Pacific (E/ESCAP/MCREI(2)/WP.1). The secretariat informed the senior officials about the consultation process that had led to the revised draft declaration.

57. After careful deliberation, the senior officials recommended that the draft ministerial declaration should be submitted for consideration and adoption by the ministers.

**D. Other matters**

(Agenda item 5)

58. No statements were made under the present agenda item.

**E. Policy debate on issues pertaining to regional economic cooperation and integration in Asia and the Pacific**

(Agenda item 7)

59. The Ministerial Conference benefited from a ministerial panel on enhancing regional economic cooperation and integration in Asia and the Pacific. The panel was moderated by the Chair of the ministerial segment, Mr. Swarnim Waglé, Vice-Chairman of the National Planning Commission, Nepal. The panel comprised Mr. Epa Tuioti, Minister of Finance, Samoa; Mr. Harsha de Silva, Deputy Minister, Ministry of National Policies and Economic Affairs, Sri Lanka; Ms. Tekreth Kamrang, Secretary of State, Ministry of Commerce, Cambodia; Mr. Timur Zhaxylykov, Member of the Board, Minister for Economy and Financial Policy, Eurasian Economic Commission; Mr. Davaasuren Damdinsuren, State Secretary, Ministry of Foreign Affairs, Mongolia; and the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD).

60. The moderator recalled that member States of the Commission had in 2013 adopted the Bangkok Declaration on Regional Economic Cooperation and Integration in Asia and the Pacific, and had committed to working together in four areas: (a) moving towards the formation of an integrated market; (b) developing seamless connectivity; (c) enhancing financial cooperation; and (d) increasing economic and technical cooperation to address shared vulnerabilities and risks. The international community had concluded four landmark global agreements in 2015 that promoted sustainable development through the integration of the economic, social and environmental dimensions of development: the Sendai Framework for Disaster Risk Reduction 2015–2030, the 2030 Agenda, the Paris Agreement and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development.

61. Mr. Tuioti highlighted that regional economic cooperation and integration was a key means of implementation of the 2030 Agenda and was aligned with the priorities of the SIDS Accelerated Modalities of Action (SAMOA) Pathway and the Pacific road map for sustainable development. For example, better regional ICT connectivity through international submarine cables could improve public service delivery in health and education in Pacific island countries, which were disadvantaged by long distances to key markets and where inter-island trade remained limited. Those challenges required further efforts to deepen regional economic cooperation and integration, and

coordination of efforts at the national, regional and global levels should be improved to avoid duplication.

62. Mr. de Silva highlighted his country's progress and prospects in its post-conflict era, since 2009. The country's goal was to be a knowledge-based, highly competitive, social market economy. To that end, the reconciliation process in the country would be critical and thus the Government had devoted significant resources to it; one result had been the consideration of a new constitution. Also critical to the achievement of the country's goal would be its regional integration. The country aimed to be an open economy and a driver of regional integration. In that regard, the country's vision was to leverage its strategic location in the Indian Ocean to bring together buyers and sellers in that dynamic region, involving companies and consumers in major Asian economies such as China and India, in the Bay of Bengal and in regions such as Africa and Europe.

63. Ms. Kamrang remarked that her country's membership of WTO and ASEAN had greatly benefited economic growth and had contributed to poverty reduction. A least developed country, it had benefited from special and differential treatment and the Aid for Trade initiative under WTO. Furthermore, WTO membership had led to a strengthened legal and regulatory framework in the country and increased investment flows. ASEAN membership had helped boost intraregional trade and investment and facilitate cross-border movement of labour and infrastructure development. However, challenges remained, such as compliance with rules of origin, sanitary and phytosanitary standards and technical standards, and discriminatory treatment under some schemes of the Generalized System of Preferences. She noted that regional economic cooperation and integration contributed to economic and political stability in the region and future prosperity.

64. Mr. Zhaxylykov noted that regional economic cooperation and integration provided an important framework for the implementation of the 2030 Agenda. The memorandum signed between the Eurasian Economic Commission and ESCAP was expected to contribute towards achieving the 2030 Agenda. Since the creation of the Customs Union of the Eurasian Economic Community in 2010, it had contributed to increasing trade volume among its members and to eliminating boundaries in trade and economic cooperation. The Union's leadership attached importance to the development of energy and transport connectivity in order to increase energy security and the volume of transport cooperation among member States. Furthermore, the Union had entered into a free trade agreement with Viet Nam and was planning to sign similar agreements with China, India, the Islamic Republic of Iran and Singapore. The Union prioritized the development of cooperation with member States of the Asia-Pacific Economic Cooperation.

65. Mr. Damdinsuren highlighted the ways in which regional economic cooperation and integration could drive economic growth and prosperity, against the background of the main challenges that his country was facing in its economic development. His country faced high trade costs and was therefore implementing measures to facilitate trade by adopting the WTO Agreement on Trade Facilitation, acceding to the Asia-Pacific Trade Agreement, entering into an agreement with the Eurasian Economic Union and negotiating free trade agreements with Japan and the Republic of Korea. Physical infrastructure was of critical importance as a major driver of seamless connectivity. In that respect, the memorandum of understanding concluded between China, Mongolia and the Russian Federation envisaged the development of a multimodal economic corridor that would provide an inland freight transport link between Europe and Asia. His country needed to strive to

harmonize and simplify customs-related procedures to ease cross-border movement. To that end, regional cooperation platforms were indispensable.

66. The Secretary-General of UNCTAD highlighted the importance of making trade inclusive and sustainable. Three major recent developments had implications for regional economic cooperation and integration: firstly, the adoption of global action agendas such as the 2030 Agenda and the Paris Agreement; secondly, the challenges faced by multilateralism; and thirdly, the exponential growth of the digital economy. With those developments in mind, countries should address the two issues: firstly, barriers behind the border and joint efforts towards industrial upgrading; and secondly, the development of the digital economy, including cross-border movement of data and promotion of e-commerce. The Asia-Pacific region should take the lead in promoting not only intraregional but also interregional trade and investment, play an advocacy role in promoting multilateralism and adopt new and innovative mechanisms for investment promotion and facilitation.

67. Representatives of the following members and associate members made statements: Afghanistan; Armenia; Bangladesh; Bhutan; China; Fiji; India; Iran (Islamic Republic of); Japan; Malaysia; Mongolia; Nepal; Pakistan; Philippines; Republic of Korea; Russian Federation; Samoa; Sri Lanka; Timor-Leste; and Tuvalu.

68. A representative of the following international organization also made a statement: Shanghai Cooperation Organization.

69. The Ministerial Conference emphasized that regional economic cooperation and integration and the 2030 Agenda were mutually supporting. The need for regional economic cooperation and integration was greater than ever in order to achieve economic growth and sustainable development, and it had great potential for supporting conflict prevention and resolution. An effective learning and sharing environment, including through capacity development and mentoring, was important in order to scale up and speed up the pace of regional economic cooperation and integration.

70. ESCAP, as the most representative intergovernmental organization in the region, was the appropriate forum for discussing regional cooperation and integration issues, and the Ministerial Conference expressed its appreciation for the efforts of ESCAP in building a more integrated and connected Asia and the Pacific. It also commended the secretariat for the publication entitled *Enhancing Regional Economic Cooperation and Integration in Asia and the Pacific*.

71. Trade and finance were important means of implementation of the Sustainable Development Goals and an outward-oriented trade policy was important to achieve economic growth. In that regard, the Ministerial Conference was briefed on the trade and investment policies of various countries in the region, including policies to strengthen competitiveness and improve the domestic business and investment climate, enhance trade facilitation and participation in regional and global value chains, promote and liberalize investment through investment incentives and special economic zones, and effectively participate in or accede to WTO and subregional and regional integration agreements, frameworks and organizations.

72. While recognizing the importance of bilateral and regional trade agreements as a mechanism for regional economic integration to promote trade and investment, the Ministerial Conference noted the concern that too many overlapping trade agreements could lead to the noodle bowl effect, which

caused confusion to businesses and diminished the full benefits of trade liberalization.

73. The Ministerial Conference noted the opinion that regional integration should be based on openness and universal and transparent multilateral trade rules that ensured mutual benefits and shared prosperity for all countries, while protectionism and economic nationalism should be avoided and, in particular, non-tariff barriers should be removed.

74. It was important to strengthen both hard and soft infrastructure to promote trade, including simplifying and harmonizing customs regulations. In that context, one country representative noted the importance of the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific and the work of the secretariat in the area of trade facilitation in general, while another country representative expressed the opinion that trade facilitation was important but that the Framework Agreement was not the best way to promote it.

75. Seamless connectivity provided a means to unlock the economic potential of the region. Cooperation between countries was important to improve the transport infrastructure, with respect to both its software and its hardware aspects, and improved mobility was a key element for regional economic cooperation and integration.

76. The Belt and Road Initiative provided a major framework for cross-border connectivity and a vehicle for integrated development. Views were expressed that it was in line with the ESCAP initiative of regional economic cooperation and integration in terms of content, coverage and cooperation modalities. The Conference also took note of views on the development opportunities that the Belt and Road Initiative had brought to the region.

77. Under such frameworks as the Intergovernmental Agreement on the Asian Highway Network, the Intergovernmental Agreement on the Trans-Asian Railway Network and the Intergovernmental Agreement on Dry Ports, some member States were implementing or considering a number of infrastructure projects, together with and under the Belt and Road Initiative, among others, that would eventually result in international intermodal transport corridors that would serve national as well as regional development goals.

78. Countries in the region needed to further facilitate cross-border transport through policy coordination and harmonization of rules and procedures. The Ministerial Conference welcomed the numerous initiatives by countries to achieve seamless and sustainable transport connectivity, a key driver for regional economic cooperation and integration, by improving infrastructure and removing operational barriers, and to make transport and transit corridors more efficient. The signing by China, Mongolia and the Russian Federation of the Intergovernmental Agreement on International Road Transport along the Asian Highway Network represented a positive step toward transport interconnection between those countries and beyond, since the Agreement was open for accession by other countries.

79. Improving broadband infrastructure was important for sustainable development and for addressing the digital divide. Broadband infrastructure was identified as a building block and prerequisite for the digital economy, e-commerce, climate change adaptation, disaster risk reduction, and trade and business, among other areas. In that context, the Asia-Pacific information superhighway initiative played a critical role in promoting the development of regional broadband connectivity for sustainable development. The Ministerial

Conference urged member States to advance the implementation of the Master Plan for the Asia-Pacific Information Superhighway, taking into account the opportunities presented by various co-deployment options such as along highways and railways. The Belt and Road Initiative was cited as an example, as it could support such regional broadband initiatives in the region.

80. On issues concerning energy connectivity, the Ministerial Conference noted the potential benefits of energy connectivity in pursuing sustainable development. Energy interconnectivity initiatives could provide a solid building block for regional economic integration and cooperation. Cross-border electricity trade had been mutually beneficial and had facilitated the diversification of the energy mix. Energy connectivity could support more integrated development that promoted cooperation to strengthen the capacity of industries. Member States shared their efforts to create energy interconnection at the subregional and inter-subregional levels, which could contribute significantly to the achievement of the Sustainable Development Goals.

81. The Ministerial Conference highlighted the importance of people-to-people exchange and safe, orderly and regular migration in processes of regional integration.

82. Regional financial cooperation was an important part of regional economic cooperation and integration, given the role of finance as a critical means of implementation of the 2030 Agenda. The achievement of financial stability was particularly important, including through the harmonization of disparate existing regional arrangements for economic surveillance and liquidity support.

83. The region needed to develop its capital market infrastructure, and the lack of financial sophistication had led to an outflow of financial resources from the region. Innovative financing instruments were needed in the region, such as “green sukuk” financing.

84. Domestic resource mobilization needed to be enhanced through improvements in tax policy and administration. In that regard, regional cooperation needed to be improved and capacity-building in tax matters strengthened.

85. It was important to increase infrastructure financing, given the large infrastructure gaps in the region. In that regard, the value of involving the private sector through public-private partnerships was noted.

86. Regional cooperation to promote greater financial inclusion was a critical element of achieving the 2030 Agenda, particularly given its direct impact on women and the poor. Strong support was expressed for the initiatives of ESCAP in promoting financial inclusion.

87. As many large-scale disasters had transboundary dimensions, both in terms of origin and impacts, the Ministerial Conference called for combined regional efforts and cooperation for resilience-building and the minimization of disaster damages and losses. Areas of regional cooperation towards that end were identified, including establishing monitoring and early warning systems, improving understanding of the sectoral impacts of disasters and developing a regional action plan for multi-hazard early warning systems. Recommended modalities included sharing of best practices, experiences and expertise; establishing a regional database on climate change; and building capacities.

88. Countries with special needs, including least developed countries, landlocked developing countries and small island developing States, remained the most vulnerable countries in the region. In that context, regional economic cooperation and integration provided an opportunity to share resources and foster a sense of common destiny and mutual belonging among people. Regional resources, regional public goods and regional programmes therefore played a vital role in achieving the Sustainable Development Goals, while at the same time complementing the priorities of national development goals and aspirations.

89. Only through concerted and collective efforts would regional economic cooperation and integration enable countries with special needs to connect with the rest of the region and the world in a sustainable and inclusive way. Countries with special needs should receive special attention and tailored support, with priority assistance and differential treatment, in promoting seamless connectivity, trade integration and other regional cooperation initiatives, including those on climate change and disaster risk reduction. In that context, the Ministerial Conference called for regional initiatives to ensure the resilience of peoples and economies in small island States to the impacts of climate change and disasters. WTO members should implement the WTO ministerial decision of 7 December 2013 on duty-free and quota-free market access for least developed countries.

90. One country representative noted that one of the guiding principles in achieving sustainable development was the importance of leaving no one behind, and that the imperatives of sustainable development needed to be supported by policies that facilitated inclusive economic growth and reduced inequalities. Paying particular attention to the barriers that hamper individual and joint efforts in achieving the common goal of poverty eradication and a better life was indispensable. A particular barrier was the imposition of politically motivated extraterritorial and unilateral coercive measures in the form of unjust sanctions and various conditions against independent developing countries. Such unlawful restrictions undermined the efforts of developing countries to access finance and technology, boost trade and engage in genuine partnership and cooperation with others at the regional level.

#### **F. Other matters**

(Agenda item 8)

91. No statements were made under the present agenda item.

#### **G. Adoption of the ministerial declaration on regional economic cooperation and integration in Asia and the Pacific**

(Agenda item 9)

92. The Ministerial Conference adopted the Ministerial Declaration on Enhancing Regional Economic Cooperation and Integration to Support the Implementation of the 2030 Agenda in Asia and the Pacific (E/ESCAP/MCREI(2)/L.3).

93. The representative of the United States of America announced, with regret, that his delegation dissociated itself from the declaration. He explained that his delegation did not join the consensus on inviting ESCAP to be directly involved in the work of enhancing regional economic cooperation. He reiterated his delegation's view that the secretariat should take action that reflected the consensus of its members rather than a mere majority. He further elaborated on his delegation's understanding of the term "protectionism" and that the 2030 Agenda for Sustainable Development comprised non-binding

targets that United Nations Member States aspired to achieve, albeit according to national policies and priorities.

#### **H. Adoption of the report of the Conference** (Agenda item 10)

94. The Ministerial Conference adopted the present report on 24 November 2017.

### **III. Organization**

#### **A. Opening, duration and organization of the Conference**

95. The second Ministerial Conference on Regional Economic Cooperation and Integration in Asia and the Pacific was held in Bangkok from 21 to 24 November 2017. The Ministerial Conference comprised two segments: the senior officials segment (21 and 22 November 2017) and the ministerial segment (23 and 24 November 2017). The Ministerial Conference was organized jointly by ESCAP and ADB.

96. The ministerial segment was opened by Mr. Winichai Chaemchaeng, Vice Minister for Commerce, Thailand; Mr. Bambang Susantono, Vice-President, Knowledge Management and Sustainable Development, ADB, and the Executive Secretary of ESCAP.

#### **B. Attendance**

97. The Ministerial Conference was attended by representatives of the following members and associate members of ESCAP: Afghanistan; Armenia; Australia; Azerbaijan; Bangladesh; Bhutan; Brunei Darussalam; Cambodia; China; Democratic People's Republic of Korea; Fiji; Georgia; India; Indonesia; Iran (Islamic Republic of); Japan; Kazakhstan; Lao People's Democratic Republic; Macao, China; Malaysia; Maldives; Mongolia; Myanmar; Nepal; Pakistan; Palau; Philippines; Republic of Korea; Russian Federation; Samoa; Solomon Islands; Sri Lanka; Tajikistan; Thailand; Timor-Leste; Tonga; Turkmenistan; Tuvalu; United States of America; and Viet Nam.

98. Representatives of the following Permanent Observers to ESCAP and observers attended: Canada; Germany; Israel; Morocco; and Switzerland.

99. A representative the Department of Economic and Social Affairs of the Secretariat attended.

100. Representatives of the following United Nations bodies, specialized agencies and funds attended: Food and Agriculture Organization of the United Nations; International Labour Organization; International Telecommunication Union; UNCTAD; United Nations Industrial Development Organization; United Nations Population Fund; and World Meteorological Organization.

101. Representatives of the following intergovernmental organizations attended: ADB; Asia-Pacific Telecommunity; Asian and Pacific Coconut Community; Asian Infrastructure Investment Bank; Asian Productivity Organization; Asian-Pacific Postal Union; Eurasian Economic Commission; European Union; Greater Mekong Subregion Business Council; International Pepper Community; Shanghai Cooperation Organization; and Mekong River Commission.

102. Representatives of the following non-governmental organizations, civil society and other entities attended: Central Asia Regional Economic Cooperation Institute; Korea Institute for International Economic Policy; Korea University; Singapore Institute of International Affairs; and University of Tokyo.

### C. Election of officers

103. The Conference elected the following officers for the senior officials' segment:

Chair: Mr. Shahidul Islam (Bangladesh)  
 Vice-Chairs: Mr. Abdul Haleem Abdul Ghafoor (Maldives)  
 Mr. Tun Tun Naing (Myanmar)  
 Mr. Ashot Kocharian (Armenia)

104. The Conference elected the following officers for the ministerial segment:

Chair: Mr. Swarnim Waglé (Nepal)  
 Vice-Chairs: Mr. Bounchanh Sinthavong (Lao People's Democratic Republic)  
 Mr. Abdul Haleem Abdul Ghafoor (Maldives)  
 Mr. Epa Tuioti (Samoa)  
 Mr. Harsha de Silva (Sri Lanka)  
 Mr. Ilyosiddin Kamoliddinzoda (Tajikistan)  
 Mr. Aurélio Guterres (Timor-Leste)  
 Mr. Ezizgeldi Annamammedov (Turkmenistan)  
 Mr. Namoliki S. Neemia (Tuvalu)  
 Mr. Le Dinh Tho (Viet Nam)

### D. Agenda

105. The Conference adopted the following agenda:

#### *Senior officials segment*

1. Opening of the session:
  - (a) Opening addresses;
  - (b) Election of officers;
  - (c) Adoption of the agenda.
2. Enhancing regional economic cooperation and integration in Asia and the Pacific to support the implementation of the 2030 Agenda for Sustainable Development.
3. Review of the region's progress in the four areas of regional economic cooperation and integration, keeping in view the 2030 Agenda for Sustainable Development.
  - (a) Removing obstacles to greater market integration;
  - (b) Towards region-wide seamless connectivity;
  - (c) Enhancing regional financial cooperation;
  - (d) Addressing shared vulnerabilities and risks.

4. Draft ministerial declaration on regional economic cooperation and integration in Asia and the Pacific.
5. Other matters.

*Ministerial segment*

6. Opening of the session:
  - (a) Opening addresses;
  - (b) Election of officers;
  - (c) Adoption of the agenda.
7. Policy debate on issues pertaining to regional economic cooperation and integration in Asia and the Pacific.
8. Other matters.
9. Adoption of the ministerial declaration on regional economic cooperation and integration in Asia and the Pacific.
10. Adoption of the report of the Conference.
11. Closing of the Conference.

**E. Other events**

106. The following seminars, side events and special sessions were held in conjunction with the Ministerial Conference:

- (a) 21 November 2017: Subregional perspectives on regional economic cooperation and integration; organized by ESCAP;
- (b) 22 November 2017: Regional launch of the Asian Economic Integration Report 2017, organized by ADB;
- (c) 23 November 2017: Towards regional transport connectivity, high-level special event co-organized by ESCAP and the Shanghai Cooperation Organization;
- (d) 24 November 2017: Policy seminar on the Belt and Road Initiative, co-organized by ESCAP and the Government of China.

## Annex

### List of documents

<i>Symbol</i>	<i>Title</i>	<i>Agenda item</i>
<i>General series</i>		
E/ESCAP/MCREI(2)/1	Enhancing regional economic cooperation and integration in Asia and the Pacific to support the implementation of the 2030 Agenda for Sustainable Development	2
E/ESCAP/MCREI(2)/2	Removing obstacles to greater market integration in Asia and the Pacific	3 (a)
E/ESCAP/MCREI(2)/3	Towards region-wide seamless connectivity in Asia and the Pacific	3 (b)
E/ESCAP/MCREI(2)/4	Enhancing regional financial cooperation in Asia and the Pacific	3 (c)
E/ESCAP/MCREI(2)/5	Addressing shared vulnerabilities and risks in Asia and the Pacific	3 (d)
E/ESCAP/MCREI(2)/6	Report of the Second Ministerial Conference on Regional Economic Cooperation and Integration in Asia and the Pacific	
<i>Working papers</i>		
E/ESCAP/MCREI(2)/WP.1	Draft ministerial declaration	4
<i>Limited series</i>		
E/ESCAP/MCREI(2)/L.1	Annotated provisional agenda	1 (c) and 6 (c)
E/ESCAP/MCREI(2)/L.2	Draft report	10
E/ESCAP/MCREI(2)/L.3	Draft ministerial declaration on enhancing regional economic cooperation and integration to support the implementation of the 2030 Agenda in Asia and the Pacific	9
<i>Information available online</i>		
<a href="http://www.unescap.org/events/reci-2017">www.unescap.org/events/reci-2017</a>	Information for participants, list of participants and tentative programme	