

A Decade of East Asia Summit and Economic Regionalism

by

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With the world looking for Asian Century to provide trade impetus to the global growth process, completion of the decade of the East Asia Summit (EAS) is being viewed as a major milestone in economic regionalism in Asia. The RCEP has emerged as a pivot for regional growth in world's fastest growing region, where macroeconomic variables like trade, foreign exchange reserves, savings and investments have expanded at phenomenally high pace. And this probably is the reason why Trans-Pacific Partnership (TPP) and other Mega regionals are finding attractive to partner with RCEP members.

It is evidently clear that without the RCEP members, TPP would not have its desired outcome. It global foothold critically depends on RCEP members. This provides lessons for the other RCEP members for working towards finalizing the Agreement by 2016.

With tariff rates coming down, the NTMs/standards have gone up across different regions and groupings. Pragmatism from RCEP members for evolving rigorous NTMs/standards for facilitating trade seems to be a pre-requisite for driving the mega-regional. However, at the same time measures for adequately compensating industries and firms affected by these NTMs/standards also would have to be

considered. There has to be adequate recognition of the fact that members are at different stages of economic development and without regulatory structures pertaining to NTMs/standards, the members would be affected differently. Therefore, implementation of comprehensive and harmonized NTMs/standards would be the key issue before RCEP.

The question is where to begin the process of instilling confidence among the members. In my view three clearly defined steps may help: a) liberalizing at domestic level; b) more space for laggard countries, so that they may catch up in due course of time; and c) sectoral cooperation for promoting Regional Value Chains, which is equally important for converging sector specific standards and protect designs. The emergence of value chain in specific sectors would facilitate this process.

The region is known for inward and outward FDI. Harmonized approach for investment both for promoting infrastructure and for regional integration would help in allowing IFDI in desired sectors with quality of investment, while providing due attention to evolve and build institutional architecture for supporting the process of adoption.

The role of financial institutions in the Asian region is also crucial. As the regional economies are growing fast over the years, several new opportunities are surfacing in terms of viable projects. At the same time, the region is surplus with investable funds. New role for institutions like ADB for strengthening regional institutions is extremely important. There are competing institutions coming up which may also

play an important role. However, the next decade is significant for rediscovering ADB and other institutions.

RCEP has the potential to lead the global economy as it has the economic potential. It has emerged as a soft global power and this lead role of the regional caucus should be maintained to ensure Asia's pivotal role in the world economy.