



ASIA-PACIFIC RESEARCH AND TRAINING NETWORK ON TRADE

Newsletter: July 2014

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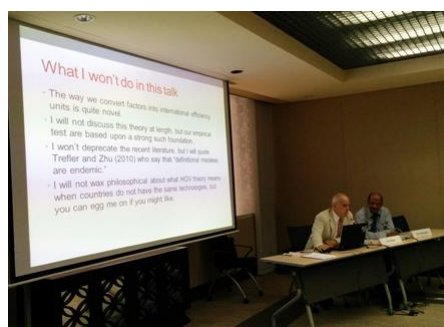
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ARTNeT Survey and New Policy Briefs

ARTNeT Survey on Evidence-based Policymaking

ARTNeT is conducting a short survey of regional policymakers to better understand their current use of trade research and how research could better contribute to evidence-based policymaking. Results will be announced

ARTNeT Seminar on Testing the Heckscher-Ohlin-Vanek Paradigm in a World with Cheap Foreign Labour



In an ARTNeT Seminar in Bangkok on 30th June 2014, Professor Eric Fisher from California Polytechnic State University gave a **presentation** based on his **paper** co-authored with Kathryn Marshall, which focuses on testing the HOV paradigm.

ARTNeT Seminar on Global Value Chains: Developing Country Participation and Impacts on Inequality

Dr. Javier Lopez Gonzalez from OECD Trade and Agriculture Directorate presented his **research work** on developing countries' participation in GVC with Input-Output models in this seminar organized by UNESCAP/ARTNeT on 13th June 2014 in Bangkok.



10th Anniversary ARTNeT Conference



ARTNeT will mark its 10th Anniversary this year. To celebrate it is bringing together ARTNeT researchers and trade economists for a conference on the theme: **"Trade in the Asian century - delivering on the promise of economic prosperity."** We

are happy that partners from CUTS, ERIA, ALADI and SUIBE will all be organizing sessions. Interested participants should contact the Secretariat: artnetontrade@un.org.

Upcoming Seminar: Aid for Trade and South-South value chains

Linked to the UN Development Account Project Seventh Tranche, ARTNeT is organizing a seminar on 24 September 2014 to review the

by the end of August.

Kazakhstan's Membership of the EUC

The implications of Kazakhstan's joining the Eurasian Customs Union for trade and WTO accession are explored in this policy brief.

Moving Freely? Labour Mobility in ASEAN

This policy brief reviews the level of labour mobility in ASEAN and finds the region falling short of the ambitions of the AEC (ASEAN Economic Community).

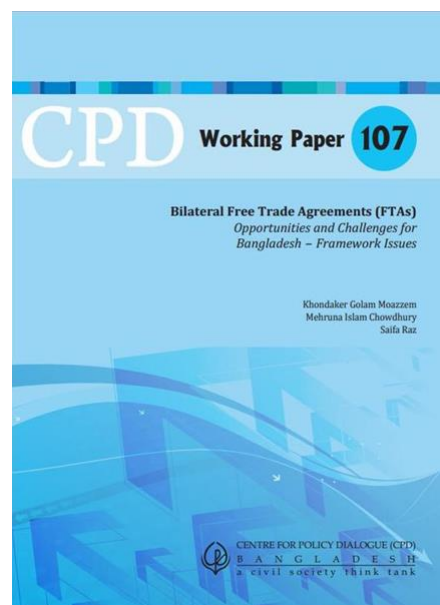
SME Loan Defaults in Bangladesh

What are the reasons for high SME loan default rates in Bangladesh? This policy brief reviews data gathered from a survey of 96 SME loan recipients.

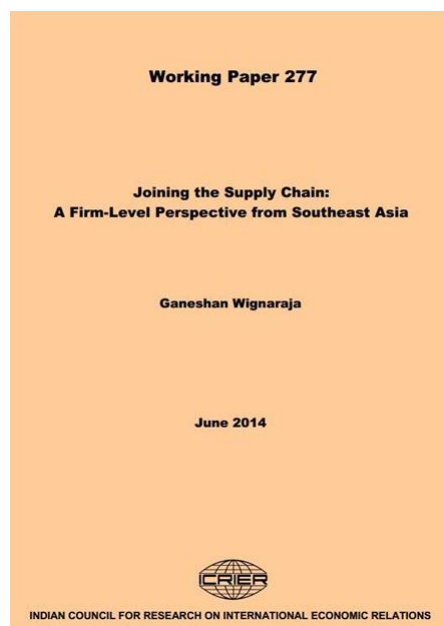
role of capacity building and research through Aid for Trade interventions and to disseminate research on the monitoring and evaluation of the impact of selected Aid for Trade projects in the Asia-Pacific. For more information please contact Teemu Puutio: puutio@un.org.

From our members: Bilateral Free Trade Agreements (FTAs): Opportunities and Challenges for Bangladesh

Following the global financial crisis, Bangladesh is still ambivalent in setting its strategy towards the rise of trade agreements in developing countries. This latest [study](#) by CPD (Center for Policy Dialogue) explores Bangladesh's scope for taking market-specific initiatives including Preferential Trade Agreements (PTAs). The working paper concludes that Bangladesh's major focus should be put on signing PTAs particularly with other developing countries given the limited level of export competitiveness.



From our members: Joining the Supply Chain: A Firm-level Perspective from Southeast Asia



Joining supply chains has been a fast-track route for some Asian economies to industrialize. This [working paper](#) by ICRIER (Indian Council for Research on International Economic Relations) examines the fragmentation of manufacturing across borders in five Southeast Asian economies. After mapping supply chains and conducting firm-level econometric analysis on 5,900 enterprises, the researchers found that large firms play the dominant role in supply chains in

Southeast Asian economies while SMEs make a relatively smaller contribution to exports.

From our members: Female Entrepreneurship and the Role of Business Development Services in Promoting Small and Medium Women Entrepreneurs in Sri Lanka

Out of the total "economically inactive population" in Sri Lanka, 69% are female. This [study](#) by IPS (Institute of Policy Studies) aims at identifying the socio-economic



and cultural barriers to women's progression in the SME sector in Sri Lanka based on first-hand information from focus group discussions, surveys, interviews and case studies. In particular, the study has an emphasis on women's accessibility to Business Development Services.



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From our members: Thinking Aloud

Issue 1

Issue 2

July 1, 2015

SANEM

Thinking Aloud

Editor's Desk

SANEM is pleased to present the second issue of *Thinking Aloud*. After the publication of the first issue in June 2015, we have received many comments and suggestions from all over the region for their very constructive feedback. The current issue focuses on regional integration in South Asia. The first article underscores the importance of a new regime for regional integration in South Asia with emphasis on market integration, growth integration, investment integration and policy integration. The article also discusses other challenges on the integration of regional value chains in South Asia for attracting regional investments, and sustained investment of citizens, governments and donor agencies. The new investment regime is needed for a sustainable growth and development in South Asia. The first part of the article discusses the importance of a new regime for regional integration in South Asia, and the second part discusses the importance of a new regime for regional integration in South Asia.

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SANEM forum

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Towards a New Regime of Regional Integration in South Asia

Salim Rathan

The current regime of regional integration in South Asia has primarily focused on the rise in intra-regional trade in goods. However, South Asia is at the verge of a new regime of regional integration which has to involve four integration processes: (i) market integration; integration in trade in goods and services; (ii) growth integration; integration in economic growth processes of the South Asian countries; (iii) investment integration; promotion of regional investment and trade flows; and (iv) policy integration; harmonization of economic and trade policies. A new regime on regional integration in South Asia calls for these four integration processes through responding to four fundamental questions:

On the first question "Why is there a need for a deeper regional integration in South Asia?" the answer is that there are new emerging markets that deeper regional integration is needed for generating economic growth in the South Asian countries. A regional integration will be a critical factor in the future growth process of these countries. This is required for larger investment creation and alleviation of poverty in a region which has the highest number and density of poor people. For the promotion of inclusive growth, regional integration will be an effective instrument. Ensuring food security is a challenging task, and intra-regional trade in agricultural and food products will be increasingly critical. Deeper regional integration through trade and transport facilitation will increase competitiveness of these countries to better participate in the global trade. Promotion of regional supply chain will be critical in diversifying dynamic comparative advantages of these countries. Finally, the peace dividends, through intra-country stable political relations, will be immensely high.

On the second question "How to achieve deeper regional integration in South Asia?" the answer is that, despite all shortcomings, SAFTA is a landmark achievement, and deeper integration has to take inputs from SAFTA. Intra-regional trade in South Asia has been low, but there are signs of huge potentials. There is a need to move beyond SAFTA, and the new regime has to put much weight on regional investment and trade flows. Promotion of intra-regional investments and attracting intra-regional FDI in goods and services sectors in general, and energy and infrastructural sectors in particular will be the key driver in the new regime.

On the third question "What to do?" the answer is a comprehensive assessment is needed on the achievements of SAFTA so far. For deeper market integration regions, full implementation of SAFTA is needed with emphasis on further harmonization of intra-SAFTA tariffs, reduction in sensitive list, relaxing the rules of origin, and establishing effective mechanisms to deal with the NTMA/NTSA. There is a need to link intra-regional facilitation with enhanced intra-regional investment in different services sectors. Regional and sub-regional efforts have to be promoted for different trade and transport facilitation measures, for cooperation in energy generation and transmission, and for linking energy generation and trade and transport facilitation with investment and growth processes of these countries. The focus should also be on the promotion of regional supply chains. The new regime will call for greater integration in trade, macro, financial and industrial policies with the aim for removing barriers. Short-term and medium term realistic steps should be spelled out. The new regime will re-emphasize on the importance of concrete regional efforts in the diversification of the export structures of the smaller and weaker countries for them to effectively integrate with the regional economy.

On the fourth question "Who will do what?" the answer is the new regime will require clear and viable leadership from India in taking the agenda forward. Other countries in the region should not be only at the receiving end but also have to take part actively and effectively. The new regime will call for all South Asian countries to coordinate to balance what effectively they can expect in the deeper integration process."

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South Asian Network on Economic Modeling

Following the great success of the first issue, **SANEM** (South Asian Network on Economic Modeling) has just released their second issue of **Thinking Aloud** which focuses on regional integration in South Asia. This issue addresses topics including: the importance of a new regional policy regime; the promotion of regional value chains; the need for a new investment regime in Bangladesh; and the significance of reaping the 'low-hanging fruit' for stronger regional integration in South Asia.

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