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The importance of regional economic cooperation and integration for an inclusive and sustainable Asia-Pacific century

Policy issues for regional economic cooperation and integration in Asia and the Pacific

Enhancing regional cooperation in connectivity and finance and in addressing shared vulnerabilities and risks in Asia and the Pacific

Note by the secretariat

Summary

In the theme study for 2012, *Growing Together: Economic Integration for an Inclusive and Sustainable Asia-Pacific Century*, the secretariat presented a comprehensive view of regional economic integration based on four pillars: (a) an integrated market; (b) seamless connectivity; (c) financial cooperation; and (d) addressing shared vulnerabilities and risks. The present document contains discussions on recent developments in connectivity, financial cooperation and cooperation in addressing shared vulnerabilities and risks in Asia and the Pacific and suggestions on ways to deepen cooperation in these areas. In particular, the need for a network of terrestrial fibre optic cables that spans seamlessly across the entire landmass of Asia and connects the continent with the economies of the Pacific — an Asia-Pacific Information Superhighway — is singled out. Also, the secretariat highlights the large potential of cooperation in finance, and based on this, suggests that the Ministerial Conference discuss the possibility of establishing an Asia-Pacific infrastructure investment bank that would cooperate with existing multilateral development banks.

* E/ESCAP/MCREI/L.1.

** The late submission of the present document is due to the need to collect comments from member States on the outcome of a consultative meeting for the Ministerial Conference.

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I. Introduction

1. In the theme study for 2012, *Growing Together: Economic Integration for an Inclusive and Sustainable Asia-Pacific Century*, the secretariat presents a comprehensive view of regional economic integration based on four pillars: (a) an integrated market; (b) seamless connectivity; (c) financial cooperation; and (d) addressing shared vulnerabilities and risks.¹ In the note by the secretariat entitled “Towards a broader integrated market in Asia and the Pacific” (E/ESCAP/MCREI/1), the first pillar is addressed. In the present document, the secretariat outlines recent developments in the remaining three pillars and proposes ways to deepen cooperation in those areas.

2. During deliberations, the Ministerial Conference may wish to share its views on ways to further cooperation in the areas of connectivity, finance, and addressing shared vulnerabilities and risks. It may also wish to guide the secretariat on ways to support Governments in the region for those purposes.

II. Building seamless connectivity

3. Seamless connectivity is critically important for regional economic integration. Seamless connectivity requires the development of efficient transport, energy and information and communications technology (ICT) networks through investments in infrastructure and through improvements in trade and transport facilitation.

¹ Economic and Social Commission for Asia and the Pacific, *Growing Together: Economic Integration for an Inclusive and Sustainable Asia-Pacific Century* (ST/ESCAP/2629).

A. Transport

4. The most important maritime liner routes by volume in Asia still run to Europe and North America. Although almost all the region's coastal countries are linked by direct shipping services or transshipment and transit operations through hub ports, direct shipping connectivity is still poor between many neighbouring countries. Moreover, in addition to having thin trade volumes, the Pacific island developing economies have the added disadvantage of being a long distance from the rapidly growing economies in Asia.

5. Over the past decade, air transport in the region has improved significantly. More low-cost carriers have entered the market, flight frequencies have increased and countries have invested in new and existing airports. Most Asian and Pacific countries are now linked, either directly or through hubs, and have signed air service agreements and liberalized their air transport markets. Land-based transport infrastructure is needed, however, to more efficiently link airports to production and population centres.

6. Land transport is key for achieving regional economic integration and a balanced regional development. ESCAP simulation exercises show that improving land transport connectivity has potential to increase economic growth, especially in relatively poorer areas — thus reducing development gaps. Land routes are particularly critical for the development of landlocked countries.

7. Although in recent decades, governments across the region have made strides in their efforts to extend national road networks, these road networks, for the most part, are still inadequate, especially considering the expected expansion of intra-Asian overland trade. A success story in these endeavours is the expansion of the Asian Highway network, which extends through 32 member States and comprises 143,000 km of highways. However, poor road quality along some segments of the Asian Highway constitutes a deterrent for international transport and needs to be addressed. With regard to the Trans-Asian Railway network, which connects countries within Asia and with Europe, progress has been made in completing its “missing links”, however, lack of investment has resulted in a deterioration of the track system and ageing locomotives and wagons.

8. In addition to the need for investment in infrastructure, transport in the region is also hampered by many non-physical barriers that lead to excessive delays, high costs and uncertainties. Countries can make greater use of regional networks by improving transport facilitation measures and investing in intermodal facilities, such as dry ports. Moreover, network externalities can be expanded by connecting initiatives across the subregions. In this respect, the seven international conventions related to land transport facilitation, which ESCAP has been urging member countries to accede to, as well as the Regional Strategic Framework for the Facilitation of International Road Transport, adopted by the Ministerial Conference on Transport at its second session, which was held in Bangkok from 12 to 16 March 2012, can be useful.

9. There is further scope for strengthening cooperation between ESCAP and multilateral development banks, such as the Asian Development Bank (ADB), on the identification and financing of priority transport infrastructure projects, such as the completion of missing links in the Trans-Asian Railway network and the upgrading of roads in the Asian Highway network. There is also some scope for increasing the share of public-private partnerships involved in financing transport infrastructure in the region, although countries need well-established policy and legal frameworks to do this.

B. Energy connectivity for energy security

10. Most of the countries in Asia-Pacific region are net importers of oil, however, the ratio of energy imported to energy exported from the region is close to one, indicating self-sufficiency. This uneven distribution of primary energy resources indicates that there is potential to enhance trade in energy and electricity to support energy security through regional cooperation. Both economic and logistical advantages could be obtained through international energy trade, as well as through interconnecting national electricity grids. For instance, it may be economically more advantageous for the border regions of one country to rely on power from a nearby power station in a neighbouring country than from a distant station within that country's own territory.

11. Nevertheless, intraregional energy trade faces a number of obstacles. The most important one is the lack of infrastructure, which often prevents countries from accessing even domestic resources. However, a large number of energy infrastructure projects are planned or being implemented in the region. Examples include pipelines to export hydrocarbons from the East Siberian and Sakhalin reserves in the Russian Federation, gas pipelines and power grids in the ASEAN² region, the energy ring in the SAARC³ region and the Turkmenistan-Afghanistan-Pakistan-India Natural Gas Pipeline Project.

12. Cross-border energy cooperation and trading is not a new concept within Asia. In fact, recognition of the mutual benefits of cross-border energy trading as a means for addressing energy imbalances has been gaining prominence for some time. There are several subregional initiatives that enable energy trade in Asia and the Pacific, such as the ASEAN Power Grid, the Greater Mekong Subregion Economic Cooperation Program and the proposed SAARC energy ring. Such initiatives demonstrate the feasibility of further integration at the regional level by establishing linkages to form a single integrated electricity network.

13. Overcoming the challenges related to facilitating energy trade at the regional level requires enhanced cooperation for investments in physical infrastructure and the development of regional institutions, such as a deep, liquid and transparent market for crude oil, petroleum products and gas. Cooperation could also be beneficial for research on energy technologies or for joint exploration ventures of regional energy companies. Regional cooperation could also boost the development, commercialization and dissemination of energy-efficient technologies, as well as the use of renewable sources of energy, contributing to the promotion of low-carbon paths of development. In addition, it is important that countries in the region cooperate on issues pertaining to pipeline security and safety.

14. A region-wide energy cooperation framework could encourage joint investments by buyers and sellers in subregional power, gas and oil grids. In this respect, the modalities developed for the previously mentioned intergovernmental agreements on the Asian Highway and on the Trans-Asian Railway networks could provide useful models for the development of an integrated regional power grid or the "Asian Energy Highway".

15. The Asian and Pacific Energy Forum, which was held in Vladivostok, Russian Federation, from 27 to 30 May 2013 adopted the Ministerial Declaration on Regional Cooperation for the Enhanced Energy Security and Sustainable

² Association of Southeast Asian Nations.

³ South Asian Association for Regional Cooperation.

Use of Energy in Asia and the Pacific. In the Declaration, the Forum recognized the large potential and need for energy connectivity and energy markets in the region through cross-border infrastructure and energy trade, including oil and gas pipelines and electricity grids as well as hydropower infrastructure, and highlighted that area as being crucial for regional and subregional cooperation to ensure reliable, efficient and safe transportation of energy resources, thus contributing to increased energy security.⁴

C. Information and communications technology

16. The Asia-Pacific region has been a major beneficiary of the information and communications technology (ICT) revolution, but the prevailing digital divide is rapidly evolving into a knowledge divide that is deepening the disparities between the globally connected and those living in poverty in unconnected or underserved areas. ICT services tend to be more expensive in poorer countries, with a lower quality of delivery and unequal access. On average, less than 20 per cent of the people in the region have access to the Internet and only 8 per cent of those living in developing countries have access to mobile broadband Internet.⁵

17. Modern day ICTs transform all other infrastructure networks and services by bringing innovative cross-sectoral efficiencies by, for instance, linking nodes, grids, roads and railways into super-configurations of deeper and more efficient connectivity. To exploit this potential, the region needs to invest heavily in additional ICT infrastructure to accommodate the exponential increase in traffic volumes in digital data and voice exchanges that is expected over the next few years.

18. The region is still heavily reliant on hub-and-spoke configurations of international submarine cables, which are hampered by higher user costs, being vulnerable to disasters, insufficient capacity and weak competition in the sector. These issues are of special concern to countries that are landlocked. As these new hubs need not be clustered around congested megacities, the establishment of them could provide opportunities for a more inclusive and geographically balanced development. Expanding ICT connectivity requires more systematic intergovernmental cooperation that seamlessly deploys infrastructure. In this regard, the region could consider building a network of terrestrial fibre optic cables that seamlessly span the entire landmass of Asia as well as the Pacific – an Asia-Pacific Information Superhighway.

III. Enhancing regional financial cooperation

19. Regional cooperation in finance in Asia and the Pacific has been confined mostly to mechanisms to provide short-term liquidity. Thus much potential in this area remains unexploited. The region boasts vast reserves: \$8 trillion as of the end of 2012. These reserves, however, are largely invested outside Asia and the Pacific in low-yielding securities in advanced economies.

20. In addition, a substantial amount of the region's private savings are held in other parts of the world. In 2008, they were estimated at \$7.4 trillion, accounting for 23 per cent of invested assets worldwide. Only 16 per cent of the total investment in securities by Asia-Pacific investors end up in the

⁴ See E/ESCAP/APEF/3.

⁵ *Statistical Yearbook for Asia and the Pacific 2011* (United Nations publication, Sale No. E.11.II.F.1).

region, owing to the small size of the securities markets. Therefore, there is ample scope for pooling regional funds to provide liquidity, boost trade financing and increase investments for infrastructure, from which all economies in Asia and the Pacific would benefit.

21. Examples of initiatives taken in the region to promote financial cooperation include the establishment of ADB in the 1960s and the Asian Clearing Union in the 1970s. Among the more recent initiatives are the Asian Bond Fund, the Asian Bond Market Initiative, the ASEAN Infrastructure Fund, the SAARC Development Fund, the Chiang-Mai Initiative (CMI) and the SAARC Swap Arrangement. Most of the more recent initiatives are in the early stages of development and need to be scaled up to become more effective.

22. The CMI was created by the ASEAN+3⁶ countries in the wake of the 1997 East Asian financial crisis. It was multilateralized in 2009 as the Chiang Mai Initiative Multilateralisation (CMIM) Agreement with a pool of \$120 billion. Thus far, the CMIM has not been utilized, in part, perhaps, because of its link to International Monetary Fund (IMF) conditionality for loans exceeding 30 per cent of a country quota. Positive recent developments associated with it include the establishment of the ASEAN+3 Macroeconomic Research Office (AMRO) in April 2011, which is tasked with conducting surveillance and monitoring of member countries, the doubling of the pool of funds to \$240 billion in May 2012, and the increase of the portion of loans delinked from IMF conditionality to 40 per cent from 2014. Although CMIM is still a relatively new institution, it has the potential to serve as a model for other countries in the region, which could learn from this experience and consider adopting a similar financial arrangement.

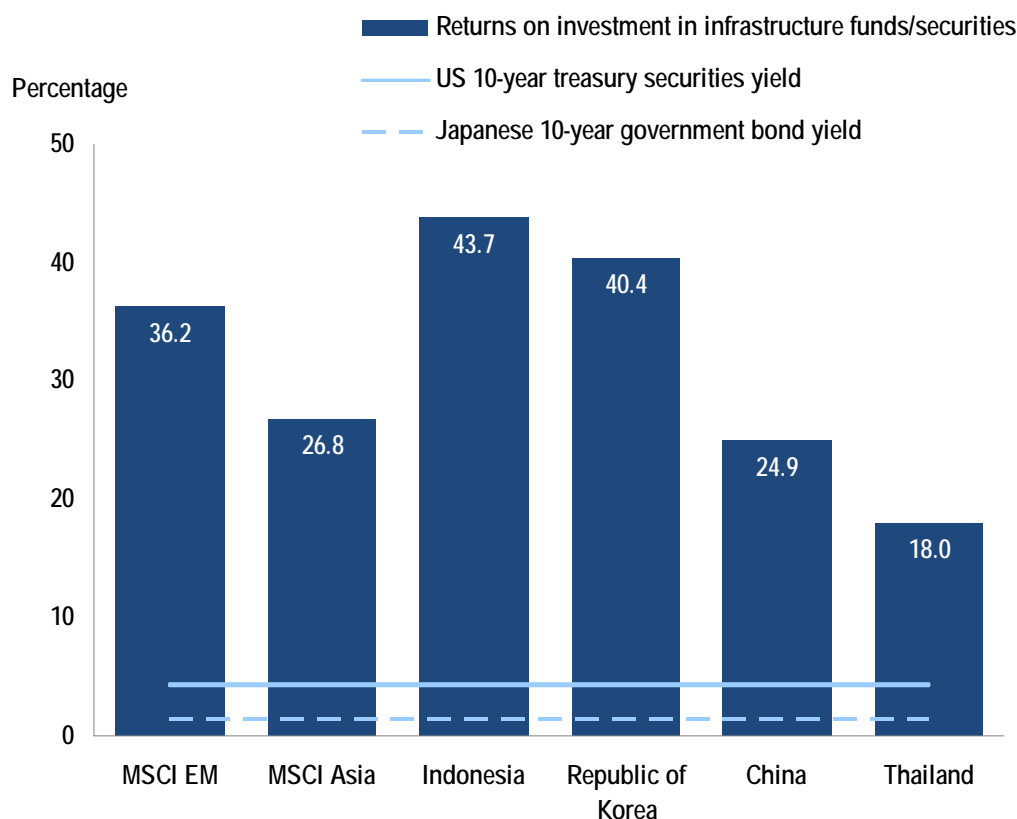
23. The Asian Bond Fund and the Asian Bond Markets Initiative are also important efforts in the drive to develop regional bond markets and mobilize financing for less developed countries. The scale of these initiatives needs to be expanded, and their coverage needs to be extended beyond their current membership. Therefore, it will take some time before Asian bond markets offer substantial sources of financing for infrastructure development.

24. In the area of infrastructure financing, an important recent initiative is the ASEAN Infrastructure Fund, which is being set up in Malaysia with an initial equity base of \$485 million and support from ADB. The fund aims to mobilize more than \$13 billion in investments by 2020 through co-financing. Another such initiative is the SAARC Development Fund, which was established in Bhutan in 2010 with an initial paid-up capital of \$200 million. The fund is devoted to financing infrastructure projects, including feasibility studies, and it includes social and economic windows.

25. Based on past experiences, investing in infrastructure is highly profitable in economic and financial terms, justifying cooperation. Infrastructure assets provide stable and predictable cash flows, long-term income streams, and opportunities for socially responsible investing, and have low default rates. In Asia and the Pacific, they deliver higher returns than those from developed country sovereign bonds. This observation is based on the performance of existing infrastructure securities, which, although still on a modest scale, offer yields far above those of United States Treasury bonds (figure).

⁶ The ASEAN+3 are comprised of the ASEAN member countries, namely Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam, plus China, Japan and the Republic of Korea.

Figure
Cumulative returns on selected infrastructure assets and major treasury bonds, 2002-2007



Source: ESCAP calculations, based on data from CEIC Data Company Limited and MSCI. Available from <http://ceicdata.com/> and from www.msci.com/.

Note: Country-specific returns reflect the compound aggregate growth rates of infrastructure-related stock market indices in each country during 2002-2007. The MSCI Emerging Markets Infrastructure Fund and the Asia Infrastructure Fund data are based on annual returns over the period 2003-2007.

26. Investing in infrastructure across the Asia-Pacific region promises not only high rates of financial return, but also opportunities to diversify risk. Existing forms of investment, such as lending by ADB, could be complemented with a new large-scale lending facility for infrastructure, such as an Asian infrastructure investment bank, to promote interconnectivity and economic integration in the region, as recently proposed by China. This facility could help coordinate other sources of lending, such as by multilateral and bilateral development agencies and private financial institutions. Its backing for infrastructure projects could also signal opportunities to private investors.

27. As a regional body, the facility could also be in a position to keep track of intraregional spillovers and finance economically significant cross-border projects. Another possible function of the facility could be to provide advisory services and technical assistance. Its capital base could be funded by contributions made by central banks and funds raised through issuing bonds. Of course, given the prominent role of ADB in financing infrastructure development in the region, the possibilities for creating such a facility should be further explored in consultation with the Bank, as well as with other major donors and emerging economies.

IV. Economic cooperation for addressing shared vulnerabilities and risks

28. Greater regional integration can not only help countries capitalize on their strengths, but it can also assist them in addressing shared vulnerabilities and risks, such as food insecurity, natural disasters, pressures on natural resources and lack of social cohesion.

A. Food security

29. Although Asia and the Pacific has made tremendous progress in improving food security over the past fifty years, the region is home to more than 60 per cent of the world's undernourished people. The main factor causing this is not the overall lack of food, but the fact that many people are not consuming enough of the available food due to, among other things, poverty, natural disasters, conflict and war, poor access to resources, lack of employment opportunities, lack of education and underinvestment in agriculture, as well as instability in the world food and financial systems.⁷

30. Given that neighbouring countries share many resources critical to the production and distribution of food, food security also has strong regional dimensions. The region's food production is very diverse, presenting considerable scope for collaboration. The challenge is to harness the region's assets into a cohesive strategy. In that respect, the Secretary-General's High-level Task Force on the Global Food Security Crisis has indicated potential areas of regional cooperation that are relevant for the region.

31. The first area is food reserves, for which facilities could be provided at the regional level in the form of real or virtual stocks, financial instruments or weather risk insurance or bonds. The second area concerns information systems, which should cover demand, supply, prices and household income and expenditure, along with food insecurity and weather patterns. The third area is cooperation in agricultural research, which should deal with issues, such as technologies for sustainable agriculture, climatic variability, reduced water supplies, loss of biodiversity and food quality. The fourth area is the management of transboundary resources, which are typically spread across different countries. The final area is regional agricultural markets, as countries are less likely to take defensive measures, such as restricting exports, if they have joint systems to assure free cross-border flows of food during crises.

32. The Zero Hunger Challenge, is a global initiative that was launched by the Secretary-General at the United Nations Conference on Sustainable Development (A/68/311, para.21). Regionally, the Deputy Secretary-General launched the initiative on 29 April 2013 during the sixty-ninth session of the Economic and Social Commission for Asia and the Pacific, with the participation of prime ministers and senior government officials, as well as representatives of United Nations agencies, donors, partner organizations, civil society, academia and the private sector.

33. Subsequently, with the support of the Deputy Secretary-General, it was agreed to translate the Zero Hunger Challenge into concrete, time-bound actions towards achieving a hunger-free Asia-Pacific by 2025 through the

⁷ Asian Development Bank, United Nations Development Programme and United Nations Economic and Social Commission for Asia and the Pacific, *Asia-Pacific Aspirations: Perspectives for a Post-2015 Development Agenda* (Bangkok, 2013).

implementation of activities as outlined in the five pillars of the Zero Hunger Challenge, namely (a) 100 per cent access to adequate food all year round, (b) zero stunted children less than two years of age, (c) all food systems are sustainable, (d) 100 per cent increase in smallholder productivity and income, and (e) zero food is lost or wasted. Consequently a framework for the implementation of the Zero Hunger Challenge in Asia and the Pacific has been prepared to guide country-level actions.

B. Dealing with disasters

34. As populations grow, more people live in disaster-prone areas and the number of those affected by disasters tends to rise. Some disasters have a regional impact simply because natural phenomena extend across wide geographical areas, but the impacts of disasters can also be extended by growing economic interdependence. The 2011 floods in Thailand, for example, damaged factories belonging to one of the world's largest manufacturers of hard disks, severely affecting global computer supplies.

35. Most countries in Asia and the Pacific have, to some extent, established national policies, legislation or plans to prepare for and cope with disasters. The region would also benefit from more comprehensive regional cooperation modalities. Better management of transboundary river basins, for example, can prevent floods in neighbouring countries. The response to tsunamis also calls for regional cooperation to develop effective early-warning systems.

36. Regional and transboundary cooperation in developing adaptation strategies can bring mutual benefits to all countries, for example, by reducing uncertainty through exchanges of data and information. There is increasing interest in sharing best practices in disaster risk reduction, such as for the design of policies for the development of resilient infrastructure.⁸ Cooperation can also play a critical role in widening the knowledge and information base and increasing the options for prevention, preparedness and recovery, and thereby arriving at better and more cost-effective solutions.

C. Pressures on natural resources and sustainability

37. Rapid economic growth in Asia and the Pacific is putting great pressure on natural resources. One of the key factors causing this pressure is demand for energy, which is projected to increase by about 34 per cent over the next decade. Other implications stemming from rapid economic growth, are threats to biodiversity, carbon and sulphur dioxide emissions, the rapid accumulation of solid waste and increasing prices of many natural resources.⁹ As of 2005, the region was the world's largest user of resources, consuming 35 billion tons per annum of key materials, such as biomass, fossil fuels, metal ores and industrial and construction materials, amounting to 58 per cent of the global use of resources.¹⁰ In addition, it is vulnerable to disruptions associated with volatile energy and resource prices, land use changes and climate change. Notably, these disruptions are becoming increasingly frequent and interconnected.

⁸ *Building Resilience to Natural Disasters and Major Economic Crises* (United Nations publication, Sales No. E.13.II.F3).

⁹ International Energy Agency, *Key World Energy Statistics* (Paris, 2011).

¹⁰ United Nations Environment Programme, *Resource Efficiency: Economics and Outlook for Asia and the Pacific* (Bangkok, 2011).

38. Recognizing that these challenges pose threats to the sustainability of economic growth and poverty reduction, the region's leaders have been developing regional responses. One approach has been the promotion of Green Growth, which calls for the development, commercialization and transfer of material- and carbon-efficient technologies and the promotion of lifestyle changes to reduce the material- and carbon-intensity of consumption.

39. Areas in which further regional cooperation could help promote the development of environmentally sustainable technologies are technological education, research, the development of supportive regimes of intellectual property rights, the establishment of innovation hubs and setting up incentives to encourage the consumption of material- and carbon-efficient technologies.

40. Furthering technological cooperation would be instrumental not only for promoting access to green technologies at affordable costs but also to ensure food security through the development of sustainable agriculture practices and to enhance the effectiveness of monitoring and early warning systems to reduce disaster risks. To maximize the effectiveness of the region's response to these interlinked challenges common issues and shared problems must be addressed. This can be done by pooling resources of national innovation institutions and fostering cooperation and coordination in innovation and pre-competitive research. The resulting intellectual property should be shared freely among the countries of the region for onward sharing with national and regional enterprises for further competitive research.

D. Balanced regional development and social cohesion

41. Despite the region's economic dynamism, the number of people living in extreme poverty, suffering from hunger and lacking sufficient access to sanitation, education, health and financial services is still enormous. In addition, income inequality has increased, with the population-weighted mean Gini coefficient for the entire region increasing from 33.5 per cent in the 1990s to 37.5 per cent in recent years.¹¹

42. These two phenomena are related for a number of reasons. First, economic growth in the twenty-first century has resulted in an increased demand for educated individuals who are adept at using modern information and communication technologies. When professionals and skilled workers are scarce in rapidly growing economies, these workers' real wages tend to increase at a significantly higher rate than the average rate, contributing to an increase in income inequalities. Second, there is much evidence that poverty and social deprivations, such as lack or insufficient access to basic sanitation, education and health services, play a large role in determining health outcomes.

43. A key objective of regional economic integration schemes is to narrow development gaps and bring about convergence in the levels of economic development of its participants through the optimal deployment of the region's resources. The goal of achieving balanced and equitable regional development also creates conditions for greater participation of all partners, including those with scarce productive capacities. However, increased trade by itself, even if balanced, does not ensure economic development. Thus, growth in trade must be accompanied by complementary development policies, including investment, especially in infrastructure and other public goods, such as education and research and development, and regional and sectoral programmes.

¹¹ *Economic and Social Survey of Asia and the Pacific 2013* (United Nations publication, Sales No. E.13.II.F.2).

44. Many existing regional trading arrangements include balanced regional development and social cohesion policies. Apart from special and differential treatment provisions in favour of developing and least developed countries, which are normally incorporated in trade liberalization schemes, the regional trade and economic cooperation arrangements for Asia and the Pacific proposed in the present study should be accompanied by the creation of regional development funds for promoting balanced regional development, the enhancement of infrastructure and connectivity and technological capacity-building in the relatively poorer areas. With these steps accompanying the programmes of regional economic integration, regionalism in Asia and the Pacific could become a model of a development process that is inclusive, balanced, equitable and participatory and serve as an example for other regions to emulate.

V. Furthering cooperation in connectivity, finance and addressing shared vulnerabilities and risks

45. The Ministerial Conference may wish to recognize the criticality of strengthening regional connectivity for achieving balanced regional development and economic integration and, to that end, the importance of promoting an integrated intermodal surface transport network across the length and breadth of the region. They may also recognize the importance of the Commission's intergovernmental agreements on the Asian Highway, the Trans-Asian railways and dry ports and encourage member states to accede to them along with other international conventions and protocols. The agenda of connectivity should cover not only the transport and logistics sector but also extend to energy and ICT connectivity.

46. The Ministerial Conference may wish to recognize the importance of Commission's biennial Ministerial Conferences on Transport and the Committee on Transport for promoting the agenda of regional connectivity. The ESCAP subregional offices should work with the respective subregional groupings to promote the connectivity agenda in their subregions.

47. In view of the critical importance of the connectivity agenda, the ESCAP Ministerial Conference on Connectivity could be upgraded as the ESCAP Ministerial Council on Connectivity with appropriate monitoring mechanisms for implementation of decisions taken. Multilateral and regional banks and funds, such as ADB, the ASEAN Infrastructure Fund, the Eurasian Development Bank, the Islamic Development Bank, the SAARC Development Fund and the World Bank, may be invited to be observers of the Ministerial Council on Connectivity.

48. The Commission's Asian and Pacific Energy Forum (APEF) may address the need to develop energy connectivity by facilitating the evolution of an Asian Energy Highway and grid connections across borders to exploit demand-supply mismatches across countries and develop a regional energy market. In view of the importance of energy cooperation for the energy security of the region, the Ministerial Conference may recommend APEF to meet every two years instead of every five years and to promote regional cooperation in energy and material saving innovations, as well as in the use of renewable energy.

49. In the area of ICT, a technical working group could be established under the auspices of the ESCAP Committee on ICT to work out the specific content of an intergovernmental cooperation arrangement leading to the establishment of the Asia-Pacific information superhighway.

50. The Ministerial Conference may wish to recognize the large potential of cooperation in finance to develop the region's capital markets and a regional financial architecture. This could facilitate the mobilization of some of the region's financial resources for meeting the need for short-term liquidity support and trade finance and to close infrastructure gaps. The Ministerial Conference may also request the Executive Secretary to establish a high-level task force on regional financial cooperation that would examine the ways and means of exploiting the potential of financial cooperation in Asia and the Pacific and submit recommendations.

51. The Ministerial Conference may wish to discuss the possibility of establishing an Asia-Pacific infrastructure investment bank, which would cooperate with existing multilateral development banks to make full use of their respective advantages and jointly promote the sustained and stable growth of the Asia-Pacific economy.

52. The Ministerial Conference may agree to establish an intergovernmental forum to address the impact of climate change on agriculture in the Asia-Pacific region. It may also consider to establish an Asia and the Pacific research and innovation network and a regional knowledge network aimed at addressing sustainable productivity increases and encouraging investment into sustainable small-scale farming and agro industries.

53. The Ministerial Conference may consider taking the following steps towards achieving food security: (a) strengthening regional and subregional food banks; (b) establishing a regional mechanism for information sharing on food stocks across countries; and (c) facilitating food trade through information sharing related to sanitary and phytosanitary and other food safety standards, agricultural good practices and trading opportunities.

54. Increased connectivity enables the sharing of risks, but also increases the risks of transboundary shocks, which, in turn, could facilitate systemic failures. In this context, the Ministerial Conference may agree to strengthen the ESCAP Committee on Disaster Risk Reduction to review the mechanisms for regional cooperation and coordination and facilitate the sharing of best practices across the subregions.

55. The Ministerial Conference may wish to recognize that regional cooperation for harnessing ICT and space technologies to support efforts aimed at monitoring hazards and assessing vulnerabilities, exposures and risks could help ESCAP member States mainstream disaster risk reduction into development planning, formulating disaster-resilient recovery and reconstruction measures and risk-sensitive land use planning. ESCAP and its Intergovernmental Committee could facilitate the emergence of a mutually reinforcing strategy to build resilience, formalize systems of regional cooperation on disaster risk management and develop standardized safety codes and infrastructure standards for building more resilient supply chains and critical infrastructure.

56. The Ministerial Conference may also consider the pooling of systems for monitoring and early warning at the regional level in order to address multiple hazards and cut across geographical boundaries through the sharing of data, information and best practices between national and subregional early warning systems. In that context, they may support strengthening the Regional Integrated Multi-hazard Early Warning System for Africa and Asia (RIMES), which was established with ESCAP support. The RIMES Ministerial Council should meet regularly to oversee the effective implementation of the RIMES Master Plan.

57. Representatives may wish to recognize the importance of the Zero Hunger Challenge in Asia and the Pacific and encourage its implementation at country and regional levels.
