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LEGAL AND POLITICAL EFFECTS OF FINANCIAL AND MONETARY REGIONAL INTEGRATION IN ASIA

Dr. Mamiko Yokoi-Arai*

I. INTRODUCTION

Creating free trade areas is often one of the first deliberate efforts in regional integration, whereas there are some unintended integrations that take place as a result of increased trade relations, production site migration, cross-border capital flows, foreign exchange arrangements, and movement of labor.¹ Financial stability has become an area in which regional integration is not an objective but an outcome of the efforts that have been made in the last decade.

In Eastern Asia, there have been various economic groupings, but until recently little effort has been made to promote regional integration. This was more for historical reasons than anything, as South East Asians have been traditionally skeptical of communism and Japan. Despite this, Japan’s economic growth beginning in the 1950s had a large economic effect on Asian countries, not only economically but also philosophically. Asian countries tried to emulate the economic growth by following the economic model of Japan which led to such terms as the Asian Miracle.²

Despite this seemingly close economic relationship among Asian economies; Japan has been very slow to react to any possibility of regional

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¹. This intentional regionalism has been called regionalisation as opposed to the market-driven, economic interdependence that takes place unintentionally, simply called regionalism by one author. Chia Siow Yue. 2002. “East Asia Regionalism.” Paper presented at East Asian Cooperation: Progress and Future Agenda, Institute of Asia Pacific Studies (CASS) and Research Center for APEC and East Asian Cooperation (CASS), Beijing, August 22–23, 2002, cited in EAST ASIA INTEGRATES: A TRADE POLICY AGENDA FOR SHARED GROWTH 82 (Kathie Krumm & Homi Kharas eds., The World Bank 2003).

integration, as it has been strongly committed, both economically and politically, to the United States' interest since World War II. Only after losing its economic dominance during the 1990s has it started to negotiate free trade agreements (FTAs) with Asian states.

In the past decade, East Asia has been accelerating the pace of regional integration, especially as a result of the activities of the Association of Southeast Asian Nations (ASEAN). The Asian financial crises in 1997 and 1998 prompted various financial and monetary arrangements to seek greater safety and soundness of the financial systems as well as an alternative to International Monetary Fund (IMF) assistance. There is also greater political will to establish the institutional progress which was lacking in the past.3

Regional integration affects the financial system, as the frontiers of states are no longer a critical boundary of activity. The state is no longer the sole dominant actor in international law, with corporations and individuals now strongly influencing the decision of states.4 International organizations exert an immense impact on the international legal scene: for example, certain multilateral institutions may be seen as making law through their resolutions and recommendations.5 Case law has been accumulating through a variety of non-judicial international dispute settlement systems.6

As the Asian financial crisis demonstrated, the vast inflows and outflows of capital have made it necessary to consider an integrated structure of financial monitoring and supervision.7 Ad hoc measures may have been sufficient in the past, but whether such an approach would now be sufficient is questionable, with financial markets evolving faster than regulators can develop regulatory measures.8

This article explores the legal, regulatory, and political impacts emanating from efforts to achieve regional integration in the East Asian financial

3. The CMI is the strongest indication of the political will of regional financial integration in East Asia. The CMI is discussed in detail infra § V.A.
4. For example, the activities of the U.S. Trade Representative does not necessarily target trade liberalization of countries with a relatively rigid trade regime, but targets countries in which the American business community has an interest. Kal Raustiala, Sovereignty and Multilateralism, 1 CHI. J. INT’L L. 401, 415-17 (2000).
5. E.g., UN General Assembly Resolutions are considered as international law, but they do not have any binding effect. Ian Brownlie, Principles of Public International Law 14 (5th ed. 1998).
6. E.g., cases settled through the Dispute Settlement Mechanism of the WTO are considered to be legally binding. John H. Jackson, The Jurisprudence of GATT & The WTO 165 (Cambridge University Press 2000).
and monetary sphere. Financial and monetary cooperation has become a strong force geared toward regional integration, with law-making effects. The next section examines the legal order in East Asia. Section three turns to assessment of the economic and financial groupings in East Asia, and section four reviews the proposals made in relation to the establishment of a regional stability fund. The fifth section analyzes attempts at financial cooperation. Lastly, the sixth section evaluates monetary sovereignty, legal and regulatory changes, and the political effects of regional integration.

II. LEGAL ORDER IN THE EAST ASIAN REGION

While in recent years there has been an increasing tendency of East Asians to resort to formal legal procedures, most prefer informal relationship-frameworks and ad hoc problem-solving to universal principles and public-decision making based on contractual and other legal frameworks. But many have criticized this approach for resulting in cronyism, which in turn has led to unsound credit decisions.

The taxonomy of legal order in East Asia is diverse and complex. Given the colonial backdrop of the region, the foundation of the legal system in many of the countries takes after their former colonial powers’ legal systems (e.g., Hong Kong, Malaysia, and Singapore follow an English common law system, while the Indonesian system is similar to the Dutch one). Other non-colonized nations also looked to foreign models (e.g., China and Japan follow the German model). This diversity has also been reinforced as a result of subsequent amendments and recent liberalization measures followed by the states.

Diversity aside, there is one common aspect to East Asian legal systems: the top-down, rule-making, and policy-oriented (i.e., discretion-based) legislation. A majority of these countries have basic democratic institutions, such as independent legislature, executive, and judicial branches. But authoritarian political leadership or vested economic interests often supersede democratic decision-making.

This phenomenon was analyzed in an Asian Development Bank (ADB) commissioned study. The legal system in relation to economic development is considered from two dimensions. First, the allocative dimension can be identified where the legal rules state whether the state or the market allocates economic resources. Second, the procedural dimen-

10. Korea, a former colony of Japan, follows Germany style.
11. Especially after the financial crisis in 1997, countries that accepted IMF support have taken a wide range of liberalization measures such as increasing the limit of foreign ownership of banks. See MAMIKO YOKOI-ARAI, FINANCIAL STABILITY ISSUES, THE CASE OF EAST ASIA (2002).
sion is whether decisions are primarily rule-based or discretionary: especially legal and administrative institutions.

Considering the allocative dimension, many Asian nations have a strong leader or elite administration for effective decision-making. They are regarded as capable of making more efficient decisions than the marketplace. Examples would include Malaysia’s former Prime Minister Mahatir\textsuperscript{13} and China’s Communist Party’s Central Committee.\textsuperscript{14}

As to the procedural dimension, recourse to meaningful and fair administrative processes and judicial review, indicate the willingness of a government to accept scrutiny and to overhaul unlawful decisions. Though due process guarantees and judicial review in administrative law are not totally unknown in East Asia, they are not well-developed for challenging state decisions. Excessive and discretion-based administrative rule-making continues to impede the effectiveness of judicial supervision over administrative acts.\textsuperscript{15}

III. INSTITUTIONALIZATION IN ASIA

Institutionalization is a means to formalize the process of regional integration, with the adoption of treaties and by-laws assisting this process. States would be required to make greater commitments, including efforts to negotiate even in unfavourable situations. They would be bound to engage in discussions and to disclose information for the greater welfare of financial stability, which they might have previously described as against their national pride. In exchange, they would be offered financial assistance and international support in the context of financial distress. Engaging in discussion would also enable the interests of member states to be duly reflected in the process of adopting rules and standards, which in turn would encourage their implementation in those states. Forums are often good starting points for engagement, with attempts at institutionalisation spurring integration.

A. ADB

The ADB is the only formal, regional financial institution. As a legal entity, the ADB is the only institution vested with the capacity to enter into treaties and to establish its own by-laws.\textsuperscript{16}

The ADB has been active in seeking regional-initiatives including the

\textsuperscript{13} Prime Minister Mahatir has been the prime minister of Malaysia from 1981 to 2003. His power and authority over the country was demonstrated during the Asian financial crisis when he made the decision to terminate the outflow of foreign currency from Malaysia despite opposition from outsiders.

\textsuperscript{14} All legislations that pass through the National People’s Congress or its standing committee must be approved by the Communist Party Politburo beforehand.

\textsuperscript{15} See \textit{The Role of Law}, supra note 12, at 259.

Regional Stability Fund. ADB has set up the Regional Economic Monitoring Unit which undertakes the ASEAN Surveillance Process. Further, the ADB has recently established the Asian Regional Information Center.

If any regional stability fund were to be established in Asia, ADB would either play a major role or its function would need to be reconsidered. This is probably the reason why it has been active in involving itself in such discussion. The ADB has the institutional structure necessary for it to function as a regional institution, with the financial resources and expertise available. But its diverse membership may inhibit its role as a financial regulator, since some of the members are simply not prepared to accept any advanced financial regulation. Member states include non-Asian states which might oppose such initiatives.

In recent years, the ADB's initiative to become the institutional basis for any fund in Asia is getting stronger. It is becoming increasingly concerned with taking part in regional cooperation activities and has proposed an Asian Reserve Bank for which the ADB provides institutional structure.

B. Asia-Pacific Economic Cooperation (APEC)

APEC furnishes both benefits and difficulties by virtue of its wide ranging membership including the United States, Canada, Australia, Japan, and several Latin American countries. The United States, Canada, and Australia have been the driving force of APEC, and have led the institution towards their own goals. Nevertheless, the dominance of these three Western countries has led Asian countries to withdraw from active discussions within this forum.

C. ASEAN

ASEAN has become the main vehicle for East Asia to influence the outside world. Its non-intervention policy among members has been the

17. See infra § III.
18. See infra § IV.C for details of the ASEAN Surveillance Process.
bonding principle as well as the main obstacle to its institutional evolution. ASEAN discusses issues beneficial to its members but avoids hard issues that could cause loss of face to any member. As a result, it has accomplished expansion, but it has been prevented from contemplating any effective resolution concerning politically controversial matters such as crisis management, civil liberties, environmental protection, or separatist movements.23

At the inception of the Asian financial crisis in 1997, ASEAN was reluctant to assist fellow members to confront their allegedly mistaken decisions. But ASEAN has since been making a concerted effort to appeal its concern to international financial institutions.

In the financial sector, ASEAN’s first move, in 1977, was to sign a swap agreement between member states’ central banks and monetary authorities. The member states have continuously renewed the agreement, and the bilateral swap arrangement has now been expanded into the Chang Mai Initiative (CMI).

One of the greatest developments in the monetary field of ASEAN is the Bilateral Payments Arrangement (BPA) proposed by the Special Task Force of ASEAN Central Banks.24 This arrangement was proposed to reduce the dependency on the U.S. dollar. Intra-regional trade settlement would be conducted by local currencies to save foreign currencies for trade with the United States and Europe. This has led to a web of agreements in the form of the CMI, which is discussed in detail below.

In the wake of the crisis, ASEAN has taken opportunities to lobby international support for their economies and the relaxation of IMF conditionality.25 An Informal ASEAN Senior Finance and Central Banks Deputies Meeting was held in November 1997, and they agreed on the New Framework for Enhanced Asian Regional Cooperation (the so-called Manila Framework). The implementation of this framework was confirmed by the Finance Ministers on the following day, December 1, 1997, in their Joint Ministerial Statement, Special ASEAN Finance Ministers Meeting. The Manila Framework aims to implement the following objectives: the enhancement of regional surveillance; the strengthening of economic and technical cooperation; support for measures to strengthen the IMF’s capacity to respond to financial crises; and support for the proposed measures of cooperative financing that would supplement the

23. ASEAN failed to act on the occasions such as the Asian financial crisis, the independence of East Timor, and the forest fires that inflicted South-East Asia in 1998.
IMF's resources. Regional surveillance was proposed so that members can monitor each other through peer pressure, rather than through international financial institutions such as IMF. Surveillance was to be initially placed in the ADB and taken over by the ASEAN Secretariat in due course. This was subsequently transferred to ADB as the ASEAN Surveillance Process, and ASEAN has been publishing reports on the economic and financial developments taking place in ASEAN countries.

In recent years, ASEAN has increased its clout by integrating China, Japan, and Korea in some of its key decisions, creating a new grouping: ASEAN+3. ASEAN+3 has been active in the area of financial cooperation and trade agreements. ASEAN+3 established a finance ministers and central bank governors meeting in 1999, which issued joint statements. Significantly, ASEAN+3 has agreed to establish regional early warning systems that would contribute to a systematic detection of any irregular economic changes.

It is the founding group of the CMI, which will also enter into FTAs.

D. EXECUTIVES' MEETING OF EAST ASIAN AND PACIFIC CENTRAL BANKS (EMEAP)

EMEAP was created in 1990 to promote cooperation of central banks in the Asian Pacific Region. As a cooperative organization of central banks and monetary authorities in the East Asian and Pacific region, it also facilitates the exchange of information. The Bank of Japan led its establishment when it was seeking a forum to discuss policy issues with Asian-Pacific central banks. The meetings were confidential and informal until 1996, when the group decided to elevate the meetings to the Governor level.

EMEAP consists of eleven members and has not accepted any addi-
tional members since its inception.\textsuperscript{33} The supreme authority lies with the Governors’ Meeting, which meets annually. Governors decide on the basic policies and direction of the working groups. Themes discussed at their meetings have been focused so as to capture the policy issues in the region.\textsuperscript{34}

The Deputies’ Meeting is the primary forum of the group since its establishment; it is held biannually. Deputies coordinate the activities of the working groups and select topics or issues to be discussed by the Governors or working groups. The Deputies’ Meeting maintains continuity in the operation of EMEAP and attempts to cope with any emergencies.

At the first Governors’ Meeting in 1996, EMEAP formed working groups to study policy issues of special concern to central banks in the region. Reform of the group was timely in the sense that most of the members were influenced by the crisis in 1997, and that central banks had a forum to discuss these issues. Japan played an intermediary role between the international organizations and G10\textsuperscript{35} central banks. Nevertheless, the issues discussed in the group have tended to be taken over by the respective finance ministers at crucial moments when financing is necessary.

As a result of an increased need for dialogue in times of massive capital flows, EMEAP created three working parties\textsuperscript{36} in 1996 with a view to practical collaboration. As a result of the work of the working groups, the Basel Committee now recognizes EMEAP as the regional banking supervisory group alongside SEANZA.\textsuperscript{37} EMEAP has made progress in matters of concern to central banks such as repurchase agreements for U.S. treasury bills and Japanese government bonds (JGB),\textsuperscript{38} and the establishment of a confidential communication network that can be used to coordinate foreign exchange intervention.

33. Members are Reserve Bank of Australia, People’s Bank of China, Hong Kong Monetary Authority, Bank Indonesia, Bank of Japan, Bank of Korea, Bank Negara Malaysia, Reserve Bank of New Zealand, Bangko Sentral ng Pilipinas, Monetary Authority of Singapore, and Bank of Thailand. \textit{Id.}

34. Themes have been: means of strengthening central bank cooperation to enhance financial stability and market development in the region, asset prices and impact on monetary policy, and relationship between international investment and financial stability. \textit{Id.}

35. G10 is the Group of Ten industrialized countries; Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States which consult and co-operate on economic, monetary and financial matters.

36. The working groups were central bank reserves, banking supervision, and financial market structures. \textit{Id.}

37. See \textit{Yokoi-Arai}, \textit{supra} note 11, at ch. 5. SEANZA is the South East Asia, New Zealand and Australia Forum of Banking Supervision formed by central bankers of those countries to provide training of senior staff through intensive courses on specific problems and issues to central banks.

38. The repurchase agreements are agreements between central banks (in this case bilateral) that one central bank will provide either dollar or yen (depending on the security involved) with the collateral of treasury bills or JGBs. After a predetermined period, the holder of the collateral will sell back the collateral on a predetermined basis.
The influence of EMEAP was limited due to the secrecy of the meetings. Further, it lacked institutional commitment and influence on each others supervisory methodology. This was most evident during the Asian crisis when it failed to act as a group. But it is viewed as a possible institutional basis for a regional organization and has produced reports that are influencing the outlook of regional economic cooperation.\footnote{39} In recent years, EMEAP has launched the Asian Bond Fund (ABF) which is discussed in detail below.

E. Bank for International Settlements (BIS) Asia

The BIS opened its Representative Office for Asia and the Pacific, its first overseas office, in Hong Kong in July 1998. There are two strong reasons for the BIS to branch out its operations in Asia. The first is the fact that 25 percent of BIS' deposits are from central banks in Asia. The second is that the time difference with Basel makes the reserve management of Asian central banks difficult. There is a third implicit objective which is to integrate the opinion of Asian central banks more into its operations, with the increasing significance of emerging markets in capital markets. To accommodate the time difference with Europe, the BIS Asia opened its Treasury Office in 2000 allowing more efficient reserve management of Asian central banks.\footnote{40}

The BIS Asia has also been actively involved in promoting central bank cooperation in Asia, as its headquarters does for all central banks. As a result, it has been working with EMEAP working groups on research and reports.\footnote{41} It has also been represented in various conferences on the subject of financial cooperation.

But there is the possibility of BIS Asia playing a leading role in the regional financial response. While the Basel headquarters does not provide direct financial assistance to central banks, it acts as a catalyst for financial assistance through bilateral swap agreements among G10 countries.\footnote{42} The BIS Asia is keen on asserting its role as a potential institutional basis for any regional financial cooperative forum. Some of the

\footnote{39. The reports that the three working groups have been producing have been influential on the outlook of the EMEAP markets as they reflect a somewhat collective analysis by the central banks. The work of the working group central bank reserves has been especially important leading to the Asian Bond Fund that is discussed below. As discussed below, the creation of an Asian bond fund has been instrumental. What is EMEAP?, supra note 32.}


\footnote{41. This was touched upon in a paper by Robert McCauley, Deputy Chief Representative of BIS Asia. Robert McCauley, Central Bank Cooperation in East Asia, The 2nd Annual Conference of PECC Finance Forum (July 8-9, 2003), available at http://www.pecc.org/finance/forum2003-content.htm.}

\footnote{42. The G10 bilateral swap agreements were exchanged during the 1960s at the time when payment imbalances and market pressures were threatening the fixed exchange rate regime.
papers presented from staff members of BIS Asia imply this intention. Further, the BIS Asia is the secretariat for the Asia Consultative Council (ACC), which was created in early 2001. The ACC is a vehicle for communication between shareholding central banks in Asia and the Pacific and the Board of Directors and Management of BIS. It furnishes a window of opportunity for Asian central banks to express views to the BIS.

IV. PROPOSAL FOR A REGIONAL STABILITY FUND

The idea of a regional stability fund has floated since the Asian financial crisis. For example, one Japanese Finance Ministry was enthusiastic to establish an Asian Monetary Fund to support the Asian crisis countries. The range of proposals has varied significantly, but the common theme is to create a fund that is exclusive to Asia, maintaining the decision making within Asia as well. This reflects a strong suspicion towards the decision making of the major international financial institutions, which are dominated by the United States. Some have gone as far as proposing an Asian monetary union or common currency.

The United States did not support the idea, claiming that funds were likely to be lent on lax terms that could be damaging in the long-run. The idea of the Fund was replaced by a Japanese fund, the New Miyazawa Plan, offering a total of $30 billion in credit guarantees to help Asian countries.

It is likely that the United States’ opposition towards an Asian monetary fund was not only based on its perception of laxer conditionality of funds, but also on the political consequences of being excluded from the its decision-making process. On other occasions, the U.S. Treasury has been critical of economic cooperation in areas where it can neither exert

43. McCauley, supra note 41, at § 2.
44. The proposal for an Asian Stability Fund was made as early as the end of 1997. While some advocates also went as far as proposing an Asian monetary union, as the Chief Executive of Hong Kong Monetary Authority, Joseph Yam, most were based on a regional monetary fund that would supplement the IMF.
45. The then Finance Minister Miyazawa sought to establish such a fund for Asia.
46. Louise Lucas, HK Bank Chief Argues for Asian Monetary Union, FIN. TIMES, Jan. 6, 1999, at 2. An Asian common currency was discussed at the ASEAN summit meeting as a possible option in the future, although not included in the ASEAN Joint Statement on East Asia Co-operation for the Third Informal Summit Meeting. Press Release, Association of Southeast Asian Nations, Joint Statement on East Asia Cooperation, (Nov. 28, 1999), available at http://www.aseansec.org/691.htm. The then president Joseph Estrada reportedly said “[i]f we preserve and work harder, maybe we will fulfill an even loftier dream... One East Asian currency.” Ted Bardacke, East Asian Nations Reach Accords on Further Co-operation, FIN. TIMES, Nov. 29, 1999, at 8.
47. See Gillian Tett, Japan Seeks Asian Monetary Fund, FIN. TIMES, Dec. 16, 1998 at 10.
influence nor produce practical results to its liking.\textsuperscript{49}

The idea of an Asian regional stability fund continues to be discussed. For example, an ADB has been involved in contemplating its institutional aspect.\textsuperscript{50} Japan has established a Finance Ministerial Advisory Group to discuss the establishment of an Asian monetary fund designed to prevent financial crises.\textsuperscript{51} Whether or not such a fund will actually be established will depend on the economic climate, leadership, and legitimacy discussed in the following section. There is great need for such a fund, and the lack of institutionalization further supports the need for the dialogue on financial policy among the Asian countries.

V. SIGNIFICANT FINANCIAL COOPERATION LEADING TO REGIONAL INTEGRATION

Since the Asian financial crisis, there has been a wave of proposals related to financial cooperation in East Asia. This wave was initiated by the Japanese proposal to establish a regional stability fund and substantiated in the past five years. Both considerations of political economy and the mindset of Asian countries have evolved during this time. The following section discusses some of the significant developments that have taken place since 1998.

A. Political Economy Considerations

The political climate in Asia towards a collective response to financial instability has fluctuated remarkably since 1998. As discussed above,\textsuperscript{52} the Japanese proposal for a regional stability fund was rejected as a result of not only opposition from the United States, but also Chinese caution over Japanese leadership in an institutional structure in Asia.

But as the economic upheaval of the Asian financial crises settles, Asian governments are increasingly favourable of setting up an Asian solution to financial stability. There is greater political will in most Asian governments to cooperate more closely in terms of financial and institu-

\textsuperscript{49} The United States was opposed to the repurchase agreement of U.S. treasury bills between EMEAP members because the currency provided would be U.S. dollars and would influence their money supply. The United States has been eager to join the EMEAP due to its influential and close membership, but has been rejected throughout. Thus, it is likely that the United States intended to use the repurchase agreement case to negotiate its membership. Also, the U.S. dollars lent for the repurchase agreement would be from the foreign exchange reserve of the member central bank and thus not under the control of the United States. As a matter of courtesy, it is likely that the U.S. Treasury would be notified if the amount of U.S. dollars lent were substantial and likely to affect the U.S. economy. But the repurchase itself does not invoke the notification.


\textsuperscript{52} See Tett, \textit{supra} note 46.
tional assistance to each other.\textsuperscript{53}

The strongest development in this respect has been the change within the Chinese administration's view towards a regional response. The Chinese have since embraced the idea of participating in regional financial cooperation to gain leadership in the developments while recognizing the threat of financial instability as fluid capital movements take place.\textsuperscript{54}

There is also strong acknowledgement, through the various reports published, that the root cause of the Asian financial crisis was the asset and liability mismatch of foreign capital.\textsuperscript{55} Asian governments have responded by accumulating large foreign reserves to avoid any currency speculation,\textsuperscript{56} but simultaneously the governments seem to recognize that there is a strong need to develop a regional capital market for financing.\textsuperscript{57}

Further, most Asian countries boast a high savings rate but have seen the overseas investment of these funds. Together with the large foreign reserves of the central banks, the logical conclusion is to develop regional capital markets that would enable Asian funds to be invested within. This has been recommended not only by an EMEAP working group\textsuperscript{58} but also by various other authors on the subject.\textsuperscript{59}

The other development is the change in external opinion on the establishment of a regional stability fund. Since the change in administration, the United States has since encouraged the Asian governments to consider possible regional responses to financial instability.\textsuperscript{60} The one condi-

\begin{itemize}
\item \textsuperscript{54} See Eichen green, supra note 53, at 2.
\item \textsuperscript{55} Id.; See Shinichi Yoshikuni, “Asian Capital Flow and ABF” (2003) (unpublished manuscript, on file with author); Rana supra, note 52; Kenichiro Watanabe et al., \textit{The Effectiveness of Capital Controls and Monitoring: The Case of Non-Internationalization of Emerging Market Currencies} (Jan. 2002) (EMEAP Discussion Paper), available at \url{http://www.emeap.org}.
\item \textsuperscript{56} The foreign reserve of Asian countries which stood at $200 billion immediately after the Asian financial crisis is now a staggering $900 billion. This is 40% of the world foreign reserve and if Japan is included, the Asians' have 60% of the world's foreign reserve. See Yoshikuni, supra note 55.
\item \textsuperscript{57} Because the foreign reserves are large relative to the size of trade and GDP, their size in itself are inefficient. Actual efforts to promote capital markets are discussed infra § V.C.
\item \textsuperscript{58} Press Statement, EMEAP, EMEAP Central Banks to Launch Asian Bond Fund, (June 2, 2003), available at \url{http://www.emeap.org}.
\item \textsuperscript{59} C. Randall Henning, \textit{East Asian Financial Cooperation 5-8} (Institute for International Economics 2002) [hereinafter Henning, \textit{East Asian Financial Cooperation}].
\item \textsuperscript{60} The U.S. Assistant Secretary for international affairs at the Treasury, Edwin Truman, took a non-committal line at the 2000 ADB Annual General Meeting that regional initiatives such as CMI could well be constructive in principle, and greater cooperation among Asian countries was perfectly appropriate. Press Release, Edwin M. Truman, Assistant Secretary of U.S. Treasury (International Affairs), Remarks to the Asian Development Bank, 33rd Annual Meeting in Chiang Mai, Thailand (May 7, 2000), available at \url{http://www.treas.gov/press/releases/ls610.htm}. 
\end{itemize}
tion of any regional response is that the conditionality of the IMF is not compromised for any financial assistance provided.\textsuperscript{61}

In conjunction with the shift in the United States' attitude, the IMF has also changed its response to regional responses.\textsuperscript{62} The IMF's response to any regional financial cooperation has been that this would be complementary to the IMF assistance, which would effectively require any regional response to be in tandem with IMF conditionality.\textsuperscript{63}

Many commentators advocate the establishment of a regional monetary fund,\textsuperscript{64} a tied currency,\textsuperscript{65} or ultimately, a currency union. The ADB's new president, Haruhiko Kuroda, recently outlined a five step plan for achieving a currency union in Asia during his service as adviser to the Japanese cabinet. The plan involves pooling foreign reserves, which is already under way under the CMI, the continuing development of local currency bond markets, the signing of FTAs, interim measures to stabilize Asian currencies against each other, and finally, monetary union.\textsuperscript{66} Mr Kuroda, in his role as President of ADB, still foresees currency union taking place, albeit in twenty to thirty years.\textsuperscript{67} A former Chinese trade representative has also echoed the need for an Asian currency in the long term.\textsuperscript{68}

Another aspect in relation to the co-existence of Asian regional cooperation and the IMF is the now wide-spread view that this co-existence can be complementary. Previously, one of the criticisms of an Asian Fund was duplication of the IMF's function. But various reasons have been provided for their complementing functions: limitation of IMF fund-

\begin{itemize}
\item \textsuperscript{61} CMI reflects this concern only allowing 10\% of its funds not to be linked to IMF conditions. Seok-Dong Wang & Lene Andersen, \textit{Regional Financial Cooperation in East Asia: the Chaing Mai Initiative and Beyond}, in U.N. Econ.& Soc. Comm'n for Asia & the Pacific, \textit{Bulletin on Asia-Pacific Perspectives} 2002/03, available at http://www.unescap.org/publications/detain.asp?id=6.
\item \textsuperscript{62} The IMF's Managing Director, Horst Kohler commented that "[o]ur advice [to the East Asian region] is to pursue regionalization, not in opposition to the IMF, because the IMF is a global institution, but to do it in a complementary fashion. That is exactly what is happening now and its makes a lot of sense." Interview with Horst Kohler, Far E. Econ. Rev. 48-50 (June 14, 2001); See also Henning, \textit{East Asian Financial Cooperation}, supra note 58, at 48.
\item \textsuperscript{63} The IMF representatives have been satisfied with the CMI arrangements, which would reflect, in most parts, IMF conditionality.
\item \textsuperscript{64} Martin Wolf, \textit{Asia Needs the Freedom of its Own Monetary Fund}, Fin. Times, May 19, 2004.
\item \textsuperscript{65} Steve Johnson & Victor Mallet, JP Morgan to Call for Tied Asian Currencies, Fin. Times, Jan. 31, 2005.
\item \textsuperscript{67} Press Conference with ADB President Haruhiko Kuroda (Feb. 8, 2005), available at http://www.adb.org/documents/transcripts/2005/tr2005001.asp.
\item \textsuperscript{68} Sekai boueki seido no saikouchiku [Restructure of the World System: Interview with Former Chinese Trade Representative Ryu Eizu], Nihon Keizai Newspaper (in Japanese) (Jan. 11, 2005).
\end{itemize}
ing, uncertainty in U.S. support of IMF, and complementary expertise. Thus, the two institutions may create useful redundancy. A more recent development is the imbalance created as a result of the large accumulation of U.S. dollar assets by Asian central banks.

B. CMI

The CMI was proposed in May 2000 in Chang Mai of Northern Thailand by the ASEAN+3 Finance Ministers. The CMI called for:

- An expanded ASEAN+3 swap arrangement that would include all ASEAN countries and a network of bilateral swap and repurchase agreement (BSA) facilities among ASEAN countries, China, Japan and Korea.
- Use of the ASEAN+3 framework to promote the exchange of consistent and timely data and information on capital flows.
- Establishment of a regional financing arrangement to supplement existing international facilities.
- Establishment of an appropriate mechanism (early warning system) that could enhance the ability to provide sufficient and timely financial stability in the East Asian region.

The ASEAN swap agreement has existed since the 1970s, but the CMI expanded this arrangement to include all ASEAN members instead of just Indonesia, Malaysia, the Philippines, Singapore, and Thailand. The total amount was also increased from $200 million to $1 billion, where double the amount of contribution can be drawn upon for six months. The interest rate applicable to yen and euro are the respective base rates of euro yen and euro LIBOR rates.

The network of BSA is a facility designed to provide short-term liquidity assistance in forms of swaps of U.S. dollars with the domestic currencies of participating countries. A BSA can be drawn upon for a period of ninety days. The interest rate applicable is LIBOR plus a premium of 150 basis points for the first and the first renewal drawings. The BSA is complementary to the IMF’s assistance in that drawing countries are re-


71. Rana, supra note 53, at 5.

72. See Henning, supra note 70, at 2.


74. Rana, supra note 52, at 9

75. Id.
quired to accept IMF adjustment programs. There is, however, an automatic disbursement of up to 10 percent of the maximum amount of drawing without any IMF conditionality. Subsequently, after the ASEAN+3 summit meeting in November 2000, China, Japan, and Korea started to negotiate BSAs with ASEAN countries.

The CMI efforts toward regional surveillance follow the developments of the Manila Framework and the ASEAN Surveillance Process. The ASEAN+3 Surveillance Process, which was initiated in May 2000, is similar to the ASEAN Surveillance Process. In addition to macroeconomic aggregates and exchange rates, sectoral and social policies are monitored. Finance Ministers meet twice a year for policy coordination under the ASEAN+3 Surveillance Process.

More importantly, ASEAN+3 is developing an early warning system. This would assist in systematically detecting financial and corporate fragilities regionally.

C. ABF AND EMEAP

The Working Group of Financial Markets of the EMEAP had been proposing the establishment of an ABF to promote regional bond markets. The establishment of ABF was announced on June 2, 2003, leading to the various funds now in operation.

The cause of the Asian financial crisis was the maturity mismatch of capital flows. Because of the lack of well developed local currency markets, Asians were also forced to borrow in foreign currencies. This made the Asian economies more vulnerable to speculative attacks. On the other hand, since the financial crises, Asians have been investing in low-yielding foreign assets, and foreigners have been investing in higher-yielding assets in domestic markets of the region. Asian savings are being sent abroad only to be invested in riskier domestic assets. Financial intermediation is being carried out in foreign markets. This is an inefficient use of capital in the eyes of Asians. It also heightens the risk profile as locals would be better informed of the local markets than foreigners.

ABF was set up under such considerations. By investing in long-term notes and bonds of issuers in the region, the ABF would encourage longer-term funding and underscore the common interest in less fragile balance sheets. In addition, the development of a regional bond market

77. Press Statement, EMEAP Central Banks to Launch Asian Bond Fund, supra note 57.
80. See McCauley, supra note 41, at 5.
would contribute both to the provision of a variety of investment options for Asian central banks' reserve management and to the efficient use of the savings generated in the region.81

The ABF has been extended to regional currency denominated bonds, which would further assist the development of regional bond markets. The ABF is an important step towards a coordinate effort to develop longer-term financing instruments. It also collaborates two central bank fora, EMEAP and BIS Asia, bringing their activities in line and limiting redundancy.

Phase One of ABF pools the contribution of $1 billion from foreign reserves of EMEAP central banks. This is then invested in U.S. dollar denominated bonds issued by sovereign and quasi-sovereign issuers of eight EMEAP economies.82 The ABF is managed passively by BIS Asia in accordance with a specific benchmark.

Phase Two of the ABF has now been launched (ABF2).83 ABF2 will invest $2 billion of EMEAP central bank reserves in local currency denominated sovereign and quasi-sovereign issues in the same eight EMEAP economies. ABF2 comprises two components: a Pan-Asian Bond Index Fund (PAIF) and the eight single-market funds. PAIF is a single-index bond fund investing in sovereign and quasi-sovereign domestic currency denominated bonds issued in the eight EMEAP markets. The single market funds will each invest in the respective local currency bond market.84 Each of the nine funds will replicate a bond index provided by a third party, the International Index Company.

Private sector fund managers have been appointed to individually manage PAIF and the eight single market funds.85 Each fund will be opened to institutional and retail investors over the coming few months. The Hong Kong fund was listed on the Hong Kong Stock Exchange on June 21, 2005, and PAIF became available to the public on July 7, 2005.86 Both funds have attracted institutional investors, and investment in the fund increased by 10 percent on the first date of listing.87

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82. ABF excludes investments in Australia, Japan, and New Zealand.
87. Interview with Mr. Atsushi Takeuchi, Head of International Finance Cooperation Section, International Department, Bank of Japan.
D. Asian Bond Market Initiative (ABMI)

The ASEAN+3 ABMI was endorsed at the ASEAN+3 Deputies Meeting in Chiang Mai, Thailand on December 17, 2002, with the objective of developing efficient bond markets in Asia, which would enable the private and public sectors to raise and invest long-term capital without currency and maturity risks. The ABMI emphasizes two broad areas: facilitating access to the market by a wide variety of issuers and creating an environment conducive to developing bond markets. ABMI has set up six working groups to address a broad range of issues related to local bond markets in Asia.88

There have been various incremental developments taking place as a result of the work of ABMI. These include: issuance of Ringgit-denominated bonds by the ADB and the International Finance Corporation in Malaysia in November and December 2004; issuance of cross-country primary collateralized bond obligations (named Pan-Asia Bond) by Korea and Japan in December 2004; provision of credit guarantees by Japan Bank for International Cooperation for bonds issued by an Asian multinational company in Thailand in June 2004; and Launch of the Asian Bonds Online Website in May 2004.89

E. APEC Regional Bond Market Initiative

APEC has been working in the area of development of securitization and credit guarantee markets since September 2002. The initiative aims to identify impediments to securitization and credit guarantee markets in APEC economies and propose appropriate solutions. This forum is used as a high-level policy dialogue to promote these initiatives.90

F. East Asia Summit (EAS)

As a footnote to the above economic and financial developments in the region, the Asian community is keen on promoting general exchanges within the region. Such a move would be the holding of the EAS in Kuala Lumpur, Malaysia in November 2005. The objective of the EAS is to

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transform ASEAN into a wider region, namely ASEAN+3.\textsuperscript{91}

But there have been disagreements on the membership and structure of the EAS.\textsuperscript{92} Besides China, Japan, and Korea that would become members, there is disagreement in whether to invite India, Australia, and New Zealand.

G. \textbf{Institutional Competition as to the Seat of a Regional Stability Fund}

The discussions on the various regional fora that consider regional financial cooperation have become numerous in recent years, which was not so a decade ago. This signifies a momentum that was not present in Asian regional integration previously. The Asian financial crisis has truly spurred financial leaders to contemplate a regional response to financial difficulties, as they experienced in 1997 and 1998.

Nevertheless, this mushrooming of regimes of financial cooperation has, in a sense, led to institutional competition for the seat of a Regional Stability Fund. The possible redundancy is an area that the Pacific Economic Cooperation Council Finance Forum\textsuperscript{93} has been addressing.\textsuperscript{94} In addition to these East Asia-wide fora, there are also a number of sub-regional groupings emerging.\textsuperscript{95}

Institutional competition, at this point in time, may help improve the expertise and reconsider the functions of each institution. The efforts of each forum on the bond market initiatives are complementary.\textsuperscript{96} But institutions will have to be rationalized in the long-run to either merge simi-

\begin{itemize}
\item \textsuperscript{91} Press Release, Chairman's Statement of the 8th ASEAN + 3 Summit, Strengthening ASEAN + 3 Cooperation, (Nov. 29, 2004), available at http://www.aseansec.org/16848.htm.
\item \textsuperscript{92} Eric Teo Chu Cheow, \textit{E. Asia Summit Birthing Pains, States Inside and Outside ASEAN Split Over Which Countries to Include}, Straits Time, Feb. 22, 2005.
\item \textsuperscript{93} The Pacific Economic Cooperation Council was established in 1980 by the then Prime Ministers of Japan and Australia for discussion on policy issues in the region among business, government, and academia. PECC, Introduction & History, http://www.pecc.org/about.pecc.htm (last visited Sept. 17, 2005).
\item \textsuperscript{95} Many of the sub-regional cooperation fora are called growth triangles or growth areas and are mainly concerned with transnational movement of capital, labor, technology, and information, and on inter-country provision of infrastructure rather than on trade in goods and services. They are mainly private initiatives with the government providing the basic infrastructure and a conducive policy environment. While the significance of these sub-regional groups is still limited, with the economic growth of these areas, the importance will increase giving rise to the consideration of whether these countries should be included in any financial cooperation effort in the future. Important growth areas are: Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area, Indonesia-Malaysia-Thailand Growth Triangle, Greater Mekong Subregion (Cambodia, Lao PDR, Myanmar, and Vietnam), Central Asia Regional Economic Cooperation (Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan), Pacific Cooperation Forum (Fiji and Papua New Guinea) and South Asia Subregional Economic Cooperation (Indian, Bangladesh, and Nepal). \textit{See Moving Regional Cooperation Forward}, \textsuperscript{supra} note 21.
\item \textsuperscript{96} Ma & Remolona, \textit{supra} note 77, at 84.
\end{itemize}
lar functions or create a division of labor among the institutions. This is the strongest with the ASEAN secretariat, ADB, and EMEAP secretariat. As ASEAN evolves towards the ASEAN+3 model, and eventually EAS, the redundancy of economies covered by EMEAP will increase. ADB is emphasizing the developmental aspect of regional cooperation to assert its position.97

Barry Eichengreen has proposed an Asian Financial Institute (AFI) based on the ASEAN+3 model.98 AFI would provide technical assistance and training to member bank regulators. More importantly, AFI would also provide reserve management, clearing, and settlement services to member central banks. But as the Deputy Chief Representative of BIS Asia rightly points out, the former functions exist in the form of SEACEN,99 a regional central bank training institute, and SEANZA, an Asia-Pacific central bank training programme.100 Further, BIS Asia is now providing treasury services in Asia. ABD provides technical assistance to developing member countries. The functions of AFI, except for clearing and settlement,101 already exist in Asia, although dispersed among various institutions. Some senior figures in the community foresee BIS Asia and EMEAP merging and becoming the institutional basis for any regional stability fund.102 This would include one of the most important financial centers in Asia, Hong Kong, which would not be represented by the ASEAN+3 model, although China would be. The speculation toward the direction of an Asian fund is certainly mounting among the Asian central banking circle.

VI. EFFECTS ON MONETARY SOVEREIGNTY, LAW AND REGULATION, AND POLITICS

In the international monetary field, countries have not strongly insisted on sovereignty since the Bretton Woods institutions were established in 1946. Sovereignty of nations is not the monopoly of the national domain, as was recognized in an individual opinion of a judge of the International Court of Justice, when he noted that: “We can no longer regard sovereignty as an absolute and individual right of every State, as used to be done under the old law founded on the individualist régime, according to

97. MOVING REGIONAL COOPERATION FORWARD, supra note 21.
98. See Eichengreen, supra note 53, at 19-20.
100. See McCauley, supra note 41, at 3.
101. Although, linkage of clearing and settlement systems has been taking place among some central banks as well. Hong Kong Monetary Authority and the Reserve Bank of Australia have been especially enthusiastic in this area.
102. Interview with Mr. Shinichi Yoshikuni, Chief Representative of BIS Asia.
which States were only bound by the rules they had accepted."103 This is especially true in the area of monetary sovereignty,104 and to assume that sovereignty will be preserved within the national domain is perhaps unrealistic.

The IMF’s Articles recognize monetary sovereignty of member states with the Second Amendment.105 At the same time, the Articles of Agreement of the IMF are the main sources that limit monetary sovereignty in the international scene.106 Members essentially agreed to limit their monetary sovereignty for the good of the overall international monetary system.107

More recently, the changing nature of international law has been captured by the increasing use of soft law as an attempt to accommodate evolutionary stages of international legal process in relation to the changing nature of sovereignty.108 Examples include instances such as in the EU where presently the direction of legislation is determined within a regional sphere.

The lessons and experiences of other institutions, such as the IMF and EU, should be drawn upon when we examine functions which would be beneficial and feasible for financial stability. Law provides an important foundation for the sound operation of any market. But law cannot operate separately from the society on which it is based. Law needs to be viewed in the context of what is socially desirable.109 As Allott states: “Law carries a society’s idea of its own future from the past into the future.”110 East Asian regional financial regulation should also be consid-

104. Especially given the case of EMU and other currency arrangements such as dollarization and currency board systems.
105. With the inclusion of Article IV, section 3(b) which reads “shall respect the domestic social and political policies of members, and in applying these principles the Fund shall pay due regard to the circumstances of members” (emphasis added). This was included as a result of the Second Amendment which abolished the previously more assertive approach of the Articles of Agreement on monetary sovereignty to maintain the par value system. U.N. Monetary & Fin. Conference, Bretton Woods, N.H., July 22, 1944, Articles of the International Monetary Fund art. IV § 3(b), available at http://www.imf.org/external/pubs/ft/aa [hereinafter IMF Articles of Agreement]; Tullio Treves, Monetary Sovereignty Today, in INTERNATIONAL MONETARY LAW: ISSUES FOR THE NEW MILLENNIUM 114 (Mario Giovanoli ed., 2000).
106. Article IV, section 1 states that members must limit certain areas of their economic, financial, and exchange rate policy in order to facilitate exchange rate stability. IMF Articles of Agreement, supra note 103, at art. IV § 1.
107. In the countries affected by the Asian financial crisis, they have gone further and prescribed to labor reform (Korea) and social safety nets (Indonesia) as a result of agreements with the IMF.
110. Id. at 399.
Monetary sovereignty does not exist in the vacuum of domestic legal procedures but will be well influenced by the needs of the economic and political developments. While markets can develop to accommodate the existing legal and regulatory structure, a normative approach is being taken by the policy-makers in Asia to accommodate what the marketplace should be. This is a change in the legal approach with financial regulators shifting their emphasis from their previous passive role to a more active role in creating market infrastructure. The various working groups have been instrumental in bringing about the changes in this attitude by identifying impediments and creating incentives to amend them.

The Study of Impediments to Cross-Border Bond Investment and Issuance in Asian Countries highlights many of the impediments that private investors feel when investing in the local bond markets. Some of the impediments that were raised in the survey are restrictions on the purchase and selling of local bonds by non-residents. Taxation has a significant impact on the development of bond markets in general, as capital gains taxes frequently provide a disincentive for trading bonds, which reduce arbitrage opportunities. Withholding taxes on interest income to foreign investors would reduce returns from holding bonds. Withholding taxes on interest income is charged in a number of countries in Asia, though the tax rates are not critically high and tax reclaim procedures are complicated in many countries. Transparency in regulations is important for non-residents who are unfamiliar with the market and have language barriers. While Singapore and Hong Kong score highly in this area, due to an English-speaking business community, others score poorly in the survey.

Hedging instruments shift the risk exposure to interest rate and foreign exchange rate when purchasing local bonds. The introduction of capital controls after the Asian crisis had the result of quashing the off-shore foreign exchange derivatives market for local Asian currencies, which was used for hedging currency risk.

Issuance of local bonds by non-residents is allowed in most Asian countries except China and Thailand. Nonetheless, actual issuance by non-residents is negligible in many countries because of various requirements that make local bond issuance less cost effective. Such requirements include local rating/local listing, use of local law as governing law, and preparation of documentation in the local language.

Each jurisdiction is also bringing forward measures so that a fund domiciled in one jurisdiction may be sold in another. This was an unexpected reform made as a result of the PAIF. It will eventually be domiciled in Singapore to take advantage of a number of factors including tax benefits, but it was initially established in Hong Kong as there is a higher de-
gree of liquidity and depth in that market. Participating central banks
needed to cooperate in reconciling regulatory barriers.

Another dynamic of the efforts taking place is the incentive structure
to liberalize financial and capital markets among the various financial
regulators involved. This is described in detail by Guonan Ma and Eli M.
Remolona. The establishment of ABF has induced EMEAP member
central banks to actively work toward the removal of impediments in
their local markets, and this collective effort, while incremental, has re-
sulted in efforts such as fast tracking market reforms. The frequency of
meetings also contributed to the collective action in market liberalization.
Meetings have been held every month, with each member having to take
back homework to resolve by the next meeting. This is a classical case
of the cooperation theory, which creates a possibility of the players meet-
ing again.

The ABF also takes an incentive structure for further reducing market
impediments. This works because the portfolio weight in ABF2 for an
individual market rises as cross-border and local market impediments are
removed.

The efforts can also be seen in relation to the provision of public goods
and the realization of the political economies of scale. As noted by
Jennifer Amyx, of the efforts taking place, the bond market initiatives
seem to be more enthusiastically pursued than others. Central banks' for•
have the atmosphere of being club-like, with a clear mandate, which
often leads to financial regulation or establishment of infrastructure.
Central bankers usually have authority in their markets and are better
paid than civil servants. This common feature bonds central bankers.
The history of central bank cooperation dates back to the late nineteenth
century culminating in the establishment of the Bank for International
Settlement in 1930. This form of cooperative establishment of the
bond market infrastructure is leading to greater harmonization of finan-
cial regulation and may be a better form of law-making for Asia than the
EU method of directives. If the region were to follow Kuroda's vision
toward a regional currency, the law and regulation making mechanism
will have to be further devised.

113. See Ma & Remolona, supra note 78 at 86-90.
114. Id., at 86.
115. See Hirano, supra note 85.
117. Ma & Remolona, supra note 78, at 86-90.
119. Jennifer A. Amyx, A Regional Bond Market for East Asia? The Evolving Political
Dynamics of Regional Financial Cooperation 20-21 (East Asian Bureau of Eco-
120. The author was previously an employee of the Bank of Japan and had the experi-
ence of attending various working party meetings of central bank gatherings.
121. Ethan B. Kapstein, Between Power and Purpose: Central Bankers and the Politics
It is interesting to note that activities of EMEAP were on the brink of being obscured in the aftermath of the crisis, crowded out by other regional efforts and through disappointment with the lack of response by Bank of Japan which spearheaded EMEAP. EMEAP only regained its momentum in 2001, with the realization of the importance of strong and deep markets, and the negotiations of the Basel II capital adequacy framework. The latter rekindled the feeling of exclusion from the Basel capital adequacy negotiations among Asian central banks, some monitoring large financial and capital markets. In addition, new leadership was brought forward to oversee EMEAP, especially within the Bank of Japan.

VII. CONCLUSION

The recurring theme of a regional stability fund in Asia gives rise to the anxiety of states to resort to IMF assistance if financial troubles occur. The Asian region lags behind in terms of regional integration relative to other regions. This makes Asia an unlikely candidate for such an ambitious project. But past experiences and strong political will develop regional markets.

The law-making process is relatively informal and policy-oriented in Asia. Thus, leadership becomes an essential ingredient for projects to become successful. Of the various economic and financial groups that exist in Asia, those that have a clear objective with key personnel seem to function effectively. In tandem, the groups that operate on feasible projects with mutual interest are those that work efficiently.

The bond market initiatives have created a strong law-making mechanism within the region, with a competitive element that encourages regulators to liberalize their regulation in accordance with the requirements of the working groups. Many of the challenges that face the groups are legal and regulatory, and resolutions of these will result in greater harmonization of financial regulation in the region. The cooperation that is taking place encourages greater dialogue within the region, reinforcing regional integration.

There still remains considerable political and legal obstacles to greater regional integration. While financial stability is not yet an objective of any of the regional fora, the underlying cause of all the efforts is to achieve greater financial stability. Nevertheless, none of the working groups deal directly with financial stability, regional stability fund, or monetary sovereignty. This may be a subject that needs to be broached to ensure further integration. Yet, with regulatory convergence already taking place, greater harmonisation and eventual down-streaming of regulatory activities may provide for further discussion.
Regional Development