

delivered

Keynote Address by  
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**His Excellency Khurshid Mahmud Kasuri,  
Minister of Foreign Affairs of the Islamic Republic of Pakistan,  
Excellencies the Foreign Ministers of Bangladesh and Singapore, the  
Governor of China Development Bank and Governor of the State Bank of  
Pakistan  
Distinguished participants, Ladies and Gentlemen,**

At the outset, allow me to express, on the behalf of the Royal Thai Government, my sincere appreciation to the Government of the Islamic Republic of Pakistan for the invitation and to congratulate them for the farsightedness in organizing this High-Level Seminar on the topic of Economic Cooperation. I am honoured to join such a distinguished group of experts and academics from all corners of Asia.

For our ACD to progress with real impact and benefits to all, I value this network of academic and intellectual activities of the ACD. They enrich the outside-in approach for the ACD. Last year, I had the privilege of participating in two ACD academic activities, namely the High-Level seminar held in Qingdao, China, and the ACD Think Tank Symposium in Thailand. The thoughts and initiatives generated from the two activities have given fresh impetus to advancing Asia wide cooperation. I am confident that your discussion today will bring about valuable inputs for the ACD Ministerial Meeting tomorrow.

**Distinguished participants,**

Asia has long been a land of promise. It gave rise to one of the world's oldest civilizations. At the turn of the first millennium, China was reaching new heights under the Song Dynasty. Indian and Arabic societies were ahead of Europe in education and technological advancement. For most of the past five hundred years, Asia had lost its momentum to prosper. Europe and America surpassed Asia in terms of human achievements, colonized the globe, and took control of the world economy.

Today, however, we are witnessing a different picture of Asia. The rise of Asia. The continent is emerging as an economic powerhouse. The continent is rediscovering its high potential to utilize its abundant wealth of resources and assets to achieve sustainable development and regional prosperity. The continent is learning to turn its diversity into strength, wealth, security and peace. As a continent, Asia is cooperating to achieve a community of harmony from diversity.

To keep this regained momentum, however, Asia must analyze the success stories of Europe and America and apply them in the Asian context. Many scholars credit the West's success to purely material factors and its domination of science and technology in the past five centuries. In coping with globalization, regional cooperation has intensified to increase the strength and competitiveness of countries within respective regions. This is evident in the America with the NAFTA and FTAA (the Free Trade Arrangements of the Americas), in Europe with the European Union, and in Africa with the African Union.

Here in Asia, the leaders have intensified regional integration. Our driving force may not necessarily mirror those of Europe or America. Europe's success stemmed from its formation of the European Union based on common economic interests and regional consciousness. The American economy of individual states benefits from its sharing of common values and adherence to the centralized national fiscal and monetary policies. In Asia, the economic crisis in 1997 awakened us to the drive towards greater integration.

Within Asia, there already exist several stand-alone sub-regional cooperative frameworks. In Southeast Asia, ASEAN, while consolidating itself as a single community, is also working towards the East Asia Community whose members include the ten ASEAN members and other Asian countries to be deliberated at the ASEAN Ministerial Meeting next week. Within ASEAN, a smaller cooperation of ACMECS has been established to reduce the economic and developmental disparities among Thailand and Myanmar, Laos, Cambodia and Vietnam. BIMSTEC, or the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, has also been launched to serve as a bridge that connects Southeast and South Asia.

To me, these cooperative frameworks serve as building blocks for continent-wide cooperation. It was with this vision that Thailand initiated the ACD in 2002 to provide the binding force in driving Asia to becoming a continent of harmony and strength.

Many people believed that Asian countries are too diverse to join hands together. Some have said that the realization of an Asia-wide cooperation is impossible. The establishment of the ACD and its progress have proved them wrong. Now in its fourth year, the ACD has matured into a dynamic and unique framework. Its non-institutionalized structure now comprises 26 members representing all the sub-regions of Asia with 19 areas of broad cooperation projects that are yielding tangible results.

The ACD marks an important cornerstone of building an Asian Community. With East Asia Community emerging, stronger cooperation within the SAARC, GCC and among central Asian countries, ACD will be the important forum to link these frameworks and evolve to an Asian Community. Thailand is committed to pushing forward regional integration in Asia and believes that a strong and more prosperous Asia would make the region a better economic and development partner for the rest of the world.

And if you ask me, I am most confident to envisage Asia united as a strong community. I am most confident that Asia is ready to turn its diversity of cultural heritage to serve as the inner strength of our community. I am most confident that we can build a strong community thanks to Asia's pool of abundant human and natural resources which are the true wealth of Asia. And I am most confident that Asia is entering a new era of peace and prosperity.

### **Distinguished participants,**

Globalization has generated new opportunities for Asian countries. New and freer global flows of goods and services, people, financial funds, and information technology have turned Asia into a borderless region of increased interdependence.

Let me share with you my thoughts on how ACD initiatives and projects should respond to these four key elements of globalization.

First, to capitalize on the freer flow of goods and services, ACD members should continue to expand and facilitate trade among and within the Asian sub-regions through bilateral and regional trading arrangements. Establishing an Asia-wide Free Trade Agreement should also be high on the ACD agenda.

Second, to realize the full potentials our continent has to offer, Asia must pay greater attention to its most precious resources: the people of Asia which

account for more than half of the world's population. To benefit from the freer flow of people, ACD should develop a centre for human resource development to equip Asian workers and professionals with necessary technical and language skills and improve their efficiency, making them more attractive in the global labor market. In connection with the trend towards free flow of human resources, we may consider a Shengen type of visa, as well as strengthening transportation networks by land, air, and sea.

Third, to realize the potentials of the freer flow of financial funds with financial stability, ACD members should continue to fully support the development of an Asian bond market, and to stimulate both demand and supply of bonds denominated in Asian currencies in the global financial market. ACD should expand bilateral swap arrangement to become trilateral and finally, multilateral swap arrangement which is perhaps a model for the Asian Monetary Fund. The Asian Financial Architecture should be initiated, crafted and developed by Asian countries.

Fourth, to make better use of the freer flow of information technology, ACD members should construct an ACD East-West Information and Communication Technology Corridor. This would facilitate the exchange and sharing of information between East and West Asia, with the ultimate goal of turning the Asian economy into a knowledge-based society.

Finally, while Asia is positioning itself to reap benefits from globalization, it cannot turn away from addressing the threats and challenges that could undermine Asia's dynamic economic progress. Asia is once again confronted with a sustained surge in global oil prices. As price continues to rise, public confidence in the region may begin to wane, with negative consequences for all countries.

Asia needs to take bold decision in addressing the hike of energy prices and the economic vulnerability they bring on poverty reduction and sustainable development. Thailand has renewed its interest in renewable energy, particularly the bio-fuel. This means bringing together the diverse sources of renewable energy of both the technological advanced and agriculture-based countries. Furthermore, at the recent ACD Think Tank Symposium in Bangkok, Thailand proposed that a feasibility study be taken on the setting up of an Asian Energy Community to enhance further cooperation on energy between energy producing and energy consuming countries in Asia.

**Distinguished participants,**

The velocity of change is accelerating. Countries, or even regions, with the right competitive advantages will leap ahead even faster. Those without will fall further behind. But with the ACD, our common goal is to empower the weak and support the strong so that the rise of Asia must be the rise of all Asia. The emerging Asian community will benefit all only because all is brought in to benefit.

And if we should look at Asian Community as a house, the ACD serves as its roof, all the sub-regional groupings as its building blocks and member states as its foundation. But the house needs people; the people to say what they need from this house. Your contribution today as the people of Asia will therefore be so important.

I am confident that your fruitful discussions will offer fresh inputs to the ACD and its endeavour to bring benefits to all Asia. I look forward to the outcome of your seminar.

Thank you.