



2016.1.4

Is diverseness of Asia an obstacle to collaboration?

**Koji Sakuma, Chief Economist
Institute for International Monetary Affairs**

I went to Abu Dhabi last month to participate in a program of bond market development as a lecturer at the request of the Arab Monetary Fund (“AMF”). The AMF is an institution, made up of 22 countries with the Arabic language and Islamic religion in common, with the purpose of monetary soundness. It has a history of several decades since its establishment in 1977.

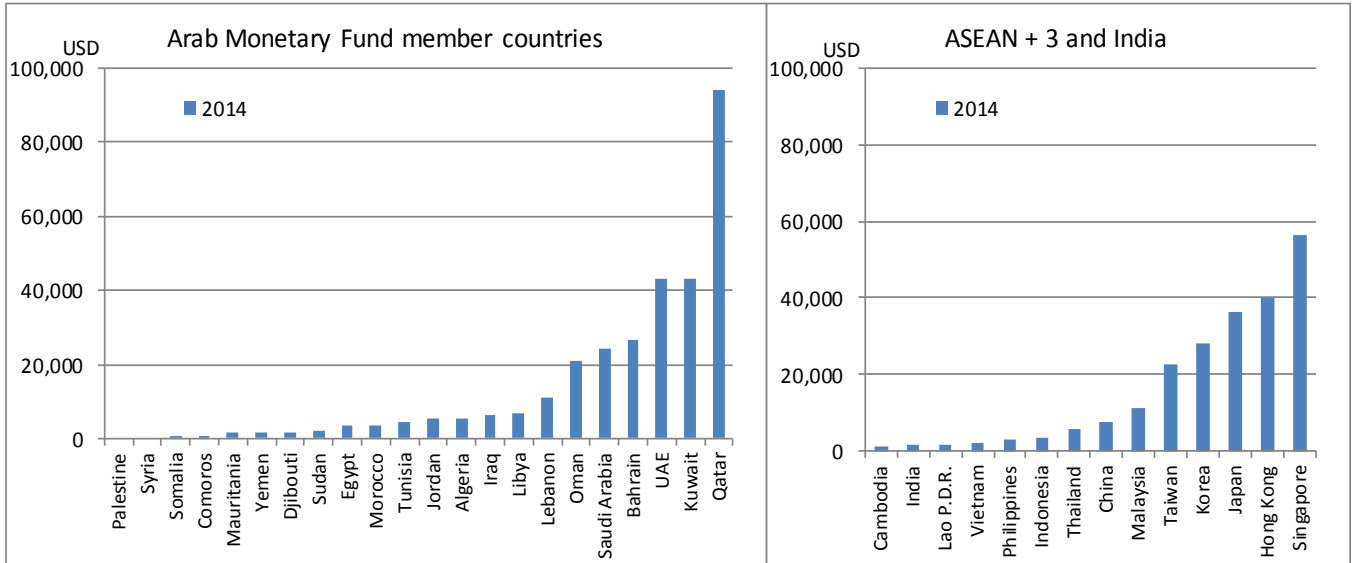
Although they share common things, when you actually meet them you will be surprised at the many varieties there are amongst the 22 countries. If you look at wealth, the income per capita of Qatar is US\$100,000, top class in the world, while the income per capita of Somalia is estimated as less than US\$300. This difference is far more than what it is within Asia.

The picture of society differs, too. One can simply say Middle East but there are countries like Saudi Arabia, Qatar and UAE, rich in oil and gas, and countries like Syria, Jordan and Lebanon, ridden with conflict. A huge difference is between them. One can simply say North Africa but there are countries like Algeria where they speak French and countries like Egypt where they speak English. Countries like Tunisia and Morocco are relatively having close relationships with EU and others are not. Their faces are different; the participant from Algeria had the look of a quite elder European gentleman, while participants from Sudan and Mauritania had the look of what Japanese typically would regard as a black person. There was a wide difference in their standards of monetary literacy as well.

There are some aspects which cannot simply be expressed as a mild word such as “variety”. Saudi Arabia is now in conflict with Yemen and the Persian Gulf countries are against the Assad regime in Syria. Yemen and Syria did not participate in the seminar this time.

One might think that having the same religion is a major criterion in solidarity. But how much a society insists on the religious principle differs very much even though it may be the same Muslim society. During the program, when I intended to talk about normal finance, for reasons unknown, one participant strongly oppose saying that it is different in Islamic finance. Since I did not understand what is exactly different, I try to ask to repeat but one of the elder participants quickly interrupted and settled the matter. Another participant winked at me as if to say “Don’t worry about it, please continue”.

1人あたり所得水準 GDP per capita



(Source) IMF, CIA

After spending several days with them I thought how they were able to establish a close collaboration such as the AMF with so more varieties. And then I thought about Asia. Would it be that difficult to establish Asia's regional coalitions because of, as many say, diverseness in terms of economy and people? A common currency may be too ambitious but Asia should more actively pursue its own kind of coalition or collaboration. They may be too constrained in the precedent case, the EU.

After the Asian Currency Crisis in 1997 many frameworks such as CMIM, ABMI, CGIF and AMRO were setup. I sincerely hope that this trend does not subside. 2016 is a year when the AIIB will start full scale operation. You cannot change this trend. But Asia's coalitions should not start to fall apart. More ideas are needed that would lead to further development.

Understandably the Asian countries that should come up with these ideas are the economically and politically strong three: China, Japan and Korea. At the Institute for International Monetary Affairs on the 25th of next month, we will present an international symposium on a wide varieties related to China, Japan and Korea (Further detail will be released soon). This year we should hope for new developments amongst these three countries.

Copyright 2016 Institute for International Monetary Affairs

All rights reserved. Except for brief quotations embodied in articles and reviews, no part of this publication may be reproduced in any form or by any means, including photocopy, without permission from the Institute for International Monetary Affairs.