

Chapter **Introduction**

An Introduction

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Research and Information System for Developing Countries

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INFRASTRUCTURE DEVELOPMENT IN EAST ASIA:

An Introduction

As a key factor in economic development, infrastructure development occupies a central place in development policy and planning of developing countries. Infrastructure development can also help in narrowing development gaps between developed and laggard regions. Cross-border transport infrastructure and connectivity facilitates that benefits of trade liberalization can be reaped by the local producers and consumers. Hence, transport connectivity and cross border facilitation would be key components of any scheme of regional economic integration.

It was in that context that a study of infrastructure development in East Asia was included in the ERIA work programme in the initial phase itself. The study attempted to examine the current status, issues and challenges facing infrastructure development in East Asia and consider the role that regional cooperation can play in meeting these challenges.

The study was launched in July 2007 at the inception workshop held in Bangkok. Despite the short time frame at its disposal, it has managed to complete a significant body of work as summarized in this volume, thanks to committed work of the participants and IDE/JETRO coordinators.

In particular, the study analyzed the place of East Asian or EAS countries in terms of infrastructure attainment in a global comparative perspective. As there are many aspects

of infrastructure, a unique comprehensive infrastructure index capturing 10 aspects of infrastructure was developed for 104 countries for three points of time. Some patterns emerge over time with some countries upgrading themselves by paying due attention to infrastructure development while others neglect and slip the ranks. The index also suggests that the gaps between the most developed and the least developed are very wide and may have widened over time. An immediate policy implication following from this would be about the huge magnitude of the resources required for narrowing or bridging these gaps. While it may appear to be an enormous challenge, there are possibilities of turning it into an opportunity for further enhancing the dynamism of the region besides addressing the global imbalances in a win-win manner with the help of some proposals of regional financial cooperation as discussed.

The country studies in 9 selected EAS countries examine the status of infrastructure development and issues and challenges faced by them. These studies highlight a variety of experiments being conducted in different countries for infrastructure development including raising resources, relative roles of public and private sectors, models of public-private partnership (PPP), institutional and regulatory capacity, regional inequalities, development of rural infrastructure, and cross-subsidization of infrastructure delivery, policy issues or soft infrastructure, among others. Given the richness of experiments, there is tremendous scope for learning from each other and sharing developmental experiences and 'best practices' across EAS countries. Therefore, study recommends an institutionalization of learning from each other and mutual cooperation.

The study is able to demonstrate with the help of a geographical simulation model, benefits of highway development in the Indo-China region on contiguous sub-national regions. This kind of simulation models can be of great relevance for policy makers for identifying the transport corridors that optimize the benefits from given investments in terms of regional development.

Finally, the study highlights the importance of trade facilitation for fully exploiting the benefits of geographical contiguity and physical connectivity. Tedious custom procedures may undo the benefits of good physical connectivity provided by highway links. Hence, it needs to be paid due attention in the programmes of regional cooperation and integration.

It was a pleasure for me personally and RIS to be involved in this ERIA study along with researchers from different EAS countries. The experience was made particularly fruitful by commitment showed by all the members of the project, as listed in the volume and institutional partners. They delivered expected output in timely manner following pressing schedules.

I would like to put on record my appreciation to IDE/Jetro researchers especially Mr Satoru Kumagai and his colleagues viz. Mr Isono and Mr Gokan [pls put the full names and check spellings], for coordinating the project in a very dedicated and competent manner. I am also grateful for the generous support the project received from the Japanese Government as a part of ERIA activities.

In the context of the well-deserved focus of ERIA on narrowing development gaps and deepening regional economic integration, I believe that infrastructure development and cooperation is an area of critical importance. This volume presents a valuable reference material for further work on the subject. I am therefore, happy to commend this volume to the policy makers and researchers in the EAS region.

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