

ANNEX 3

ASIAN INITIATIVES TOWARD REGIONAL COOPERATION AND ESTABLISHMENT OF ASIAN SPECIAL FUNDS

A. Representatives of many Asian developing nations have expressed need for Special Funds. Among these are the following:

1. *Thailand*

The Governor for Thailand, Dr. Sern Vinichayakul, when addressing the ADB Inaugural Meeting, expressed his nation's appreciation:

"* * * for the U.S. Government's offer of Special Funds for development to be entrusted to the Asian Development Bank for administration. We hope many more offers from other developed countries will be forthcoming."

2. *Korea*

In the statement presented by the Korean Governor, Kim Hak-Yul, at the Inaugural Meeting of the ADB, he suggested that the delegates should:

"* * * explore every available means of acquiring additional resources to augment the funds other than the authorized capital of the Bank * * * In order to materialize the augmentation of the funds, the Special Funds should have an important role. Since most of the member countries of the Bank are at the developing stage and their need of capital is far exceeding their domestic availability, it is regarded essential that the Bank functions as the channel of capital flow from the developed countries to the developing countries. At this juncture, I would like to ask the developed countries to make utmost contribution to the Special Funds for use or administration by the Bank."

3. *ECAFE*

(a) U Nyun, the Executive Secretary of the United Nations Economic Commission for Asia and the Far East, urged at the ADB Inaugural Meeting the support of the advanced nations of the world for the Bank's Special Funds:

"As the problems of economic and social development facing the countries of the region are indeed formidable, varied and urgent, I take this opportunity to make a strong appeal to the developed countries to contribute generously toward the Bank's Special Funds to enable greater and urgent consideration to be given to desirable projects calling for special implementation."

(b) As recorded in the Annual Report of the 23d Session of ECAFE held in April 1967, in Tokyo: The Commission appealed to the developed countries to augment the Bank's resources through the establishment of Special Funds. It expressed warm appreciation for the intention of the Government of the United States to contribute \$200 million to Special Funds, on a matching basis, and the initiative taken by the Government of Japan to contribute to a Special Fund for Agricultural Development.

The ECAFE report also notes a suggestion was made regarding the possibility of the establishment of a Special Fund for the Development of the Lower Mekong Basin. And the report noted that such a fund might assist the Mekong Coordinating Committee to find resources for the implementation of some of its projects in both the preinvestment and construction categories.

B. In addition to expressing the need for special funds, Asians have taken the initiative in many directions.

1. *Economic*

(a) *The ADB itself, of course, is an Asian initiative, having long been an ECAFE proposal.*—Eight months following its inauguration in December 1966, the Bank is almost fully staffed and is now considering potential loan projects, performing basic studies and making preparations to administer a Special Fund for Agriculture.

(b) *Japan takes lead in organizing ministerial conference for the Economic Development of Southeast Asia.*—Eight countries met in Tokyo in April 1966, at the invitation of the Government of Japan to explore prospects of increasing regional cooperation in Southeast Asia. The meeting gave evidence of substantial interest in increasing cooperation. The second conference in Manila, in April 1967, called on developed countries "to contribute on a substantial scale to an agriculture fund," and "unanimously adopted the proposal to convene a meeting of senior officials from Southeast Asian countries in Kuala Lumpur to formulate regional development programs for transportation and communications." These annual conferences provide a forum for intergovernmental review and endorsement of cooperative programs in Southeast Asia.