



ERIA Holds the 12th Governing Board Meeting

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On 24 May 2019, the Economic Research Institute for ASEAN and East Asia (ERIA) hosted the 12th Governing Board Meeting at the Fairmont Hotel in Jakarta. The Meeting was led by Atty Adrian Cristobal Jr, in his second year as Chairman of the Board following his appointment the previous year.

The Governing Board is the decision-making body of ERIA and consists of the Secretary General of ASEAN and representatives from each of the 16 member countries.

During the Meeting, the Governors discussed how ERIA can play an active role in responding to policy demands that arise amidst increasing concerns over global and regional trends which have significant impact on ASEAN and EAS countries.

'As an organisation, as a think tank, ERIA has played a role in assisting the political leadership of ASEAN and East Asia with its Dialogue Partners in addressing some of these issues and challenges. We are aware of the recognition accorded ERIA by its peers, having moved to the 14th place among the world's [economic policy] think tanks thanks to the efforts of ERIA's team led by Professor Nishimura-san. Looking forward to the next decade of ERIA, as Chair, I believe that the challenges and issues that our region faces are different in nature, scope and intensity. Many of these subjects have not been fully understood even by the experts,' said Chairman Cristobal in his remarks.

Hon Dato Lim Jock Hoi, Secretary General of ASEAN, stated in his opening remarks, 'The success of ASEAN will be measured on its resilience; how we stay on course in our integration efforts and towards sustainable development; how we can shape the new economic architecture through RCEP; and how we respond to emerging issues and developments arising from an interconnected world as an ASEAN Community, including in multilateral settings.'

Key ERIA staff members updated the Governing Board members on ERIA's important projects and presented workplans for fiscal year 2019 for the Board's approval. ERIA Chief Economist.

In addition to presenting the research activities and work plan of the healthcare department, the Special Advisor to the President for Healthcare and Long Term Care Policy Dr Osuke Komazawa promoted the Asia Health and Wellbeing Initiative website that was launched in January 2019. The website was developed in



Hon Dato Lim Jock Hoi, Secretary General of ASEAN, gave an opening remarks at the 12th Governing Board Meeting at the Fairmont Hotel in Jakarta, on 24 May 2019.

partnership with Japan Center for International Exchange (JCIE) to disseminate key data and resources on ageing in Asia and share best practices to respond to this demographic shift.

ERIA's Senior Economist and Senior Policy Fellow Dr Ponciano S. Intal, Jr. delivered a brief overview on the Policy Design Department's strategic support for various ASEAN initiatives on the country level and regional level, including studies on key development issues in Lao PDR and Indonesia, as well as negotiations for the Regional Comprehensive Economic Partnership (RCEP) agreement.

Capacity Building Director Mr Jeremy Gross presented the activities of Capacity Building Programme (CBP) in the previous fiscal year, in which they held 13 activities and reached out to 300 government officials. Governors praised the CBP, which aims to bridge the gap between research and national policymaking especially in Cambodia, Lao PDR, Myanmar, and Viet Nam. Governors also encouraged CBP to improve its collaboration with the Research

Department and the Policy Design Department for future training programmes.

In light of the geopolitical challenges, Governing Board members emphasised the importance of using evidence-based academic research as a catalyst for effective policymaking decisions. The Governing Board also remained committed to multilateralism and international cooperation as the way forward against the backdrop of global instability.

The 12th Governing Board Meeting was the first Meeting for some of the new Governors including Malaysia's Ministry of International Trade and Industry (MITI) Secretary-General Mr Lokman Hakim B. Ali. It was also the last Meeting for the Governor of ERIA from Japan, Mr Fujio Mitarai, the Chairman and CEO of Canon, Inc. In his closing remarks, ERIA President Prof Hidetoshi Nishimura praised Mr Mitarai, for his contribution to ERIA from 2013 to 2019. 'Without his strong support, ERIA would not have survived until this day.' ■

ERIA Hosts Special Lecture on the Fukushima Accident and Its Aftermath



'TEPCO has debunked many of the public concerns pertaining to the alternative energy source. A key lesson learned from the disaster is the important of a safety culture.'

The Economic Research Institute for ASEAN and East Asia (ERIA) in cooperation with the Tokyo Electric Power Company Holdings, Inc. (TEPCO) and the Mission of Japan to ASEAN hosted a special lecture on the Fukushima accident on 16 May 2019 in Jakarta. For ASEAN Member States, nuclear power generation has the potential to support energy security programmes in addition to combatting environmental issues.

Since the unfortunate event took place in March 2011, public opinions on nuclear power generation have shifted downwards. However, the depletion of fossil fuel as well as unprecedented levels of carbon dioxide emissions have bolstered the need to offer additional energy sources, which nuclear generation is able to fulfil. As such, there is urgency in socialising the idea of nuclear power generation and clarifying its misconceptions.

TEPCO's Executive Vice Chairman,

Mr Naomi Hirose, informed the 80 event participants that the untimely combination of the magnitude-9.0 earthquake that struck Japan and the tsunami that followed caused a station blackout at the Fukushima Daiichi power plant then its subsequent explosion. Although nuclear contamination resulted from the blast, since March 2011, massive decontamination and decommissioning initiatives have taken place, led mostly by TEPCO.

The immense effort in decontaminating and cleaning up Fukushima prefecture over the past eight years have proven successful for TEPCO and the Japanese government. Evacuation zones have been lifted in all, but two areas as of today; radiation in the area has also reached safe levels.

In areas dubbed as the 'green zone', people are no longer required to wear protective gear thus enabling the return of former residents.

Deputy Chief of Mission of Japan to ASEAN, Ms Hikariko Ono, shared a story at the event stating, 'In fact, when Japanese Prime Minister Shinzo Abe visited the site in April this year, he and his delegation inspected the site in their usual business clothes. So, this clearly demonstrates the steady progress towards the decommissioning of the plant and reduction of air radiation dose rate in the area.' Further, Japan now upholds one of the world's most stringent standards of agricultural and fishery products alleviating concerns over food safety.

Although scepticism persists over nuclear power generation, TEPCO has debunked many of the public concerns pertaining to the alternative energy source. A key lesson learned from the disaster is the important of a safety culture. What TEPCO has demonstrated through its management and handling of the Fukushima disaster is that nuclear power generation

remains a safe alternative energy option. For Mr Hirose, 'Safety culture is very, very important in an organisation and instilling safety

culture is very, very important, but it's not easy. In order to do so, you make a lot of effort to improve your safety then still you can't think this is

safe enough so benchmarking [best practices] is very important.' ■

ERIA President Attended G20 Agriculture Ministers' Meeting



'As the increase of per capita incomes in the region increases, ASEAN should improve its agriculture and food value chains,' said Prof Nishimura.

The President of the Economic Research Institute for ASEAN and East Asia (ERIA) Prof Hidetoshi Nishimura attended the G20 Agriculture Ministers' Meeting on 11-12 May 2019 in Niigata, Japan. ERIA also participated in the senior officials meeting on 10 May and contributed in the finalisation of the Agriculture Ministers Declaration, which will be presented to the Chair of G20.

The 1st Breakout Session of the G20 Agriculture Ministers Meeting was held on May 11 and chaired by H. E. Mr Takamori Yoshikawa, the Minister of Agriculture of Japan.

ERIA participated in this session, which was held under the theme of Agriculture and Human Resource Development.

'ASEAN is under growing pressure to raise its agricultural productivity as well as rising demand for better quality, more varied and affordable foods. As the increase of per capita incomes in the region increases, ASEAN should improve its agriculture and food value chains,' said Prof Nishimura in his remarks during the breakout session.

Furthermore, Prof Nishimura highlighted the need for making

agriculture and farming in ASEAN more productive and inclusive through digital technology and smart governance. He also underlined the importance of ASEAN-Japan human resources development project as a model project for the training of young agriculture graduates in top agriculture universities in ASEAN, where institutional and digital connectivity aids the development of human resources. He emphasised that improved human resources, deep understanding of agriculture-food value chains, and the forces for innovation in the sector, capacitated and reframed institutions, as well as strong basics can turn ASEAN's agri-

-culture sector into a driver of robust inclusive growth.

During the breakout session, all member countries shared the best practices and policies being implemented in their respective

countries with digital technology being brought closer to the agriculture community. Innovative practices in farming and livestock were especially showcased.

Prof Nishimura had a bilateral

meeting with Minister Yoshikawa on the sidelines of the G20 Meeting to discuss further cooperation between ERIA and Japan in terms of the development of Food Value Chains in ASEAN region. ■

MITI Secretary-General Mr Lokman Hakim B. Ali Appointed as ERIA Governing Board Member



‘Throughout the span of his career, Mr Ali has accumulated a range of accolades. Among them were the Anugerah Perdana Congress of Union of Employees in the Public and Civil Services in Malaysia (2017).’

Malaysia’s Ministry of International Trade and Industry (MITI) recently assigned Mr Lokman Hakim B. Ali to represent Malaysia in the Governing Board of the Economic Research Institute for ASEAN and East Asia (ERIA).

Since 17 February 2019, Mr Ali has been appointed the role of Secretary General at MITI. Mr Ali has held several key positions within Malaysia’s MITI including Assistant Director positions for the Bilateral

Trade Relations (Europe Unit) in 1995 - 1996 as well as the APEC SOM Chair’s Office MITI in 1996 - 1999. Between 2002 - 2004, Mr Ali served as Senior Private Secretary to Malaysia’s long-serving Minister of MITI, Y.B. Tan Sri Dato’ Seri Rafidah binti Aziz. Mr Ali completed his tenure at MITI, at the time, as Principal Assistant Director of the Multilateral Trade Relations, International Trade Division before leaving in 2006. He continued establishing his career by joining

Malaysian Biotechnology Corporation Sdn. Bhd. as the Vice President from 2007 - 2011.

Mr Ali returned to a governmental role by accepting the position of Special Functions Officer to Malaysia’s Deputy Prime Minister, Y.A.B. Tan Sri Dato’ Haji Muhyiddin bin Haji Muhammad Yassin between February 2011 to April 2015. Prior to becoming Secretary General of Malaysia’s MITI, Mr Ali was also Secretary General of the country’s

Ministry of Youth and Sports from 2016 - 2019.

Throughout the span of his career, Mr Ali has accumulated a range of accolades. Among them were the Anugerah Perdana Congress of Union of Employees in the Public and Civil Services in Malaysia (2017), Institute of National Public Administration

(INTAN) Director Award (1994 - 1995), and INTAN Excellence Award (1994 - 1995).

Mr Ali earned an MA degree in Economics from Claremont Graduate University, USA in 2002 where he was a recipient of the Malaysian Government Scholarship programme. He also

earned his BA degree in Economics from the University of Southern California, USA, also under the Malaysian Government Scholarship programme.

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Yanfei Li

Energy Economist at ERIA

Hydrogen for ASEAN Countries' Clean Energy Transition in Road Transport Sector

'While ASEAN has emphasized biofuels as a form of relief to this problem, the amount that liquid fuels can be blended with biofuels is limited. Currently, the most aggressive plan is to reach 20% of blending.'

The road transport sector faces challenges in both energy security and environmental concern

According to International Energy Agency (IEA), the Association of Southeast Asian Nations (ASEAN) currently consumes 4.5 million barrels of oil per day, and over 40% of this demand is met by imports. Such oil demand is mainly driven by the transport sector, especially land transport. Importing fossil fuel not only increases insecurity of energy supply, but also burdens ASEAN's financial and fiscal systems. GHG emissions and urban air quality issues add further to the concerns about the reliance on fossil fuel for transport.

While ASEAN has emphasized biofuels as a form of relief to this problem, the amount that liquid fuels can be blended with biofuels is limited. Currently, the most aggressive plan is to reach 20% of

blending.

Electrifying road vehicle fleets with battery electric vehicles (BEV) also comes with intrinsic limitations. Issues with costs, energy density, and short lifetime of batteries are just with the tip of the iceberg. If electricity is not generated by energy sources that are sufficiently clean and green, BEV will cause more emissions and pollution than fossil fuel-powered vehicles. Further long-term problems are stemming from limited global reserves of key battery manufacturing materials and the recycling of a million tonnes of used batteries.

Hydrogen offers another pathway to electrify road transport

The concept of hydrogen fuel cell electric vehicles (FCEV) offers an alternative option towards electrifying the road transport sector with several intrinsic advantages:

First, its energy intensity is higher than that of gasoline. Five kilograms of hydrogen can sustain driving a sedan up to 500 kilometers.

Second, refueling can be done as quickly as gasoline and diesel. These two advantages make it especially suitable for long-distance or heavy-duty trips, such as intercity buses and cargo delivery by trucks.

Third, hydrogen can be produced by various means, especially from clean and locally available sources such as solar, wind, hydropower, nuclear energy, and biomass.

Fourth, hydrogen as an energy storage is flexible in terms of both scale, location, and timing. It is thus complementing intermittent as well as seasonal renewable energy such as hydro, solar, wind, and biomass. Integrating hydrogen as part of the energy system could thus strategically enhance its flexibility

and security.

In this regard, according to estimations from various reports, ASEAN possesses 229 GW of theoretical resources of wind energy, 158 GW of hydropower (including small hydro), 61 GW of biomass, and 200 GW of geothermal. In regard to solar energy, ASEAN plans to install 55 GW by 2025, while Indonesia alone is predicted to develop 47 GW of capacity by 2030, according to International Renewable Energy Agency (IRENA). An Asian Development Bank (ADB) report indicated 8 GW of technical potential of solar power in Cambodia, while IRENA indicated over 10 GW of potential for Lao PDR and over 25 GW in the case of Viet Nam.

Intermittent renewables can be used to produce hydrogen, not only to serve as a zero-emission fuel to power vehicles, but also to function as a long-term and large-scale energy storage and thus stabilize the power grid system which expects in-depth penetration of these renewables in the future.

Gaps in Maturity and Costs of Technologies are Closing Fast

Admittedly the hydrogen supply chain and related technologies are still expensive at this moment. According to a recent study by the Economic Research Institute for ASEAN and East Asia (ERIA), specifically in ASEAN, the total cost of owning and driving a hydrogen-powered fuel cell vehicle is two to three times as high as a conventional gasoline or diesel vehicle, depending on the vehicle

fleet (passenger vehicle, bus, or truck), scenario of vehicle usage, and pathway of hydrogen supply.

However, in line with mainstream projections about future development of hydrogen-related technologies as well as the learning effect and economy-of-scale to be achieved by the industry, ERIA's study revealed that by around 2030, the gap in costs between conventional vehicles and hydrogen-powered vehicles will largely be bridged.

Policies to encourage low emission vehicles, pricing GHG emissions, or putting surcharges on conventional vehicles and fossil fuels will further add to the competitiveness of hydrogen and FCEV. The turning point for hydrogen-based mobility to become competitive is approaching on a fast track.

An Opportunity to Leapfrog in Investing the Next-generation Clean Energy Infrastructure

Prospects of disruptive technologies are typically self-realizing: the more people believe in it, the sooner it comes. Several main energy consuming countries such as China, Germany, Japan, and South Korea now seem to share a common vision about hydrogen. These countries have just recently renewed their initiatives on hydrogen, moving quicker to demonstrate early-stage commercial applications and accordingly deploy supply chain of hydrogen and its related technologies. In its recently announced 2050 long-term climate change strategy, the European Union

has perceived hydrogen as a critical element to build its future net zero-emission energy system.

This global development about hydrogen initiatives coincides with ASEAN's announced ambition to achieve 23% renewable energy integration into its energy system by 2025, and even more by 2030. Such a major energy transition poses a major question as what kind of energy infrastructure to be laid down. If clean and green energy is a determined future for ASEAN countries, it is time now to seriously consider integrating hydrogen technologies in future transport as well as power system and coupling them with the development of renewable energy. This will give ASEAN countries opportunities to not only leapfrog in developing a future-oriented energy infrastructure, but also foster ASEAN as a future hub for catering global supply chains for clean and green energy technologies. ■

Call for Proposals

The Economic Research Institute for ASEAN and East Asia (ERIA) invites submissions of research proposals for ERIA's Research Project on **'Impact of Non-tariff Measures on Trade and Competitiveness in East Asia'**. Please email research proposals to Doan Thi Thanh Ha (doan.ha@eria.org) by 30 August 2019. Early submission is encouraged.

The authors will be notified of the decision on the proposal selection process no later than 15 September 2019.

ERIA provides financial support of US\$7,000 (seven thousand dollars) per paper for the selected proposals. ERIA also covers the travel costs of one author per paper to attend the workshops of the project. Selected research papers shall be published as working papers in the ERIA Discussion Paper series.

Theme of the project

Tariff rates have decreased significantly in the past few decades. Along with the progress of bilateral and multilateral trade agreements, the importance of tariffs as a protectionist tool has declined. At the same time, the prevalence of non-tariff measures has increased. These two opposite trends have triggered the questions of whether NTMs are being used as a substitute for tariffs, and how NTMs affect economic and social objectives.

NTMs are policy measures, other than ordinary customs tariffs, that can potentially affect trade by changing price, quantity traded, or both. On the one hand, NTMs can impose heavy burdens on producers and consumers. For producers, NTMs raise production cost through adjustment of production technology or sourcing for better-quality inputs. Moreover, producers also need to bear the procedural costs to conform with the regulations. For consumers, NTMs can result in more expensive consumption goods or narrower product choice.

On the other hand, NTMs can serve legitimate purposes. Unlike tariffs which clearly distort trade and welfare, typically, NTMs are designed to correct several market failures, notably to protect consumers' health and safety and to preserve the environment. From that perspective, NTMs are not necessarily non-tariff barriers, thus elimination is not the option. The complexity of NTMs as a regulatory tool poses considerable challenge to policymakers. Moreover, the expansion of global value chains further magnifies the impact of NTMs on trade and competitiveness.

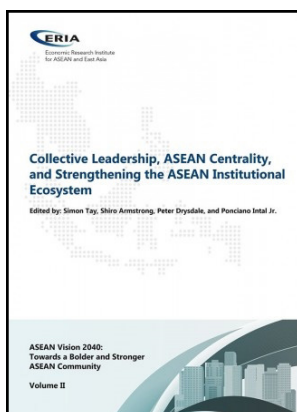
Despite the growing importance of NTMs in international trade, research on NTMs, particularly for developing countries, is limited due to data paucity. Recognising the compelling need to enhance the transparency of existing NTMs and promote research on their impact, ERIA, in coordination with United Nations Conference on Trade and Development (UNCTAD), has developed a database of NTMs in ASEAN+6 countries – ASEAN, Australia, China, India, Japan, New Zealand, and the Republic of Korea.

The data is available to the public through UNCTAD's global database on NTMs at <https://trains.unctad.org/>

Visit our website for more information:

<http://www.eria.org/news-and-views/call-for-proposals-impact-of-non-tariff-measures-on-trade-and-competitiveness-in-east-asia/>

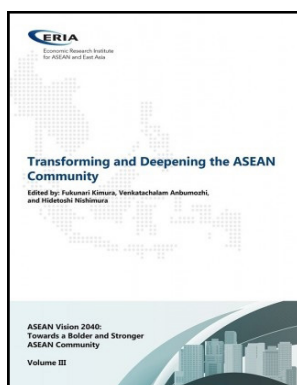
Publications



ASEAN Vision 2040 Volume II: Collective Leadership, ASEAN Centrality, and Strengthening the ASEAN Institutional Ecosystem

Edited by Simon Tay, Shiro Armstrong, Peter Drysdale, and Ponciano Intal Jr.

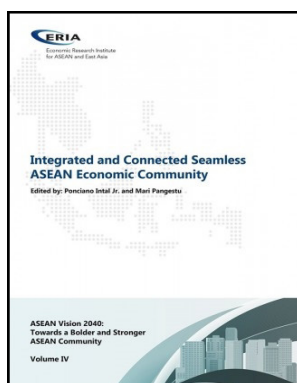
The papers in Volume II discuss the imperative of collective leadership and ASEAN centrality in light of the greater uncertainty in the global trading system and on regional security which have been underpinning ASEAN's outward oriented strategy and development. It is suggested that ASEAN's major Dialogue Partners in East Asia and the United States as well as ASEAN itself can be important contributors to strengthening collective leadership in East Asia and to enhancing ASEAN Centrality.



ASEAN Vision 2040 Volume III: Transforming and Deepening the ASEAN Community

Edited by Fukunari Kimura, Venkatachalam Anbumozhi, and Hidetoshi Nishimura

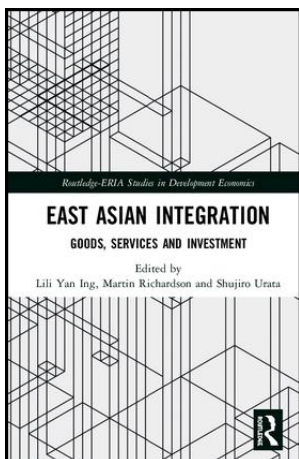
The papers in Volume III delve into the theme of transforming and deepening the ASEAN Community. The main focus is on the digital and fourth industrial revolution as well as on innovation as both offer opportunities and challenges for ASEAN Member States for economic transformation and enhanced resiliency and sustainability. The volume also emphasises the drive towards greater inclusivity, leaving no one behind, and greater people centredness and engagement to deepen the sense of belongingness in the ASEAN Community.



ASEAN Vision 2040 Volume IV: Integrated and Connected Seamless ASEAN Economic Community

Edited by Ponciano Intal Jr. and Mari Pangestu

The volume consists of papers on critical elements for an integrated and connected Seamless ASEAN Economic Community up to 2040. The critical elements include seamless trade facilitation, managing nontariff measures, strategies on standards and conformance, engendering skills mobility and development, service sector development and open investment environment, competition and intellectual property policy, seamless logistics and connectivity, data flows and electronic payments in the digital economy, capital market deepening, and good regulatory practice.



East Asia Integration: Goods, Services and Investment

Edited by Lili Yan Ing, Martin Richardson, and Shujiro Urata

The growth of world trade has been stagnant in recent times; trade liberalisation now has been challenged. The recent rise of anti-globalisation calls for a better integration in East Asia. How should East Asia manage its openness? This book provides profound analyses on rules of origins, non-tariff measures, restrictiveness in services and investment.

It gives insight into how East Asian countries should shape its trade, investment and industrial policies. This book helps to answer what kind of a better integration it should be, and how East Asia can realise it.



ERIA Annual Report 2018

ERIA's Annual Report 2018 presents the organisation's various activities – such as research, seminars, capacity building, policy design, and dissemination initiatives – in fiscal year 2018. In 2018, ERIA celebrated its 10th anniversary with the Economic Ministers in the margins of the 50th ASEAN Economic Ministers Meeting. ERIA also published a four-volume book on ASEAN Vision 2040 in support of Thailand's chairmanship of ASEAN. Prof Hidetoshi Nishimura, President of ERIA, also noted in his message how ERIA strengthened its role in the energy field with 40% of ERIA's research studies covering energy and energy-related issues. The Institute worked together with ministries in member states, developing the Lao PDR and Myanmar Energy Statistics, and the Cambodia Basic Energy Plan with the governments of Lao PDR, Myanmar, and Cambodia, respectively.



Publications Catalogue 2018

ERIA publications cover a wide range of subject matter on deepening economic integration, narrowing development gaps, and sustainable development – the three pillars under which ERIA conducts research. ERIA is also highly involved in energy-related research.

In fiscal year 2018, ERIA produced a four-volume study on ASEAN Vision 2040 in support of Thailand's Chairmanship of ASEAN in 2019. ERIA also produced 11 books covering various topics in the areas of connectivity, ageing and longterm care, regulatory management, energy, and on energy-related issues in the region. ERIA also published 19 research project reports, 20 discussion papers, and three policy briefs.

Upcoming Events

Disaster Resilience and Financing for Sustainable Economic Growth

Date: 10-12 June 2019
Venue: Kobe, Japan

The Lao ICT Seminar

Date: 13 June 2019
Venue: Vientiane, Lao PDR

The Asian Economic Papers (MIT Press) Conference on 'Energy market integration and development of regional energy markets in East and Southeast Asia'

Date: 18-19 June 2019
Venue: Helsinki, Finland

The 7th OECD-AMRO-ADB/ADB-ERIA Asian Regional Roundtable on Macroeconomic and Structural Policies

Date: 18-19 June 2019
Venue: Jakarta, Indonesia

ERIA-UNESCAP Joint Policy Dialogue: Economic and Social Survey of Asia and the Pacific 2019

Date: 20 June 2019
Venue: Jakarta, Indonesia

5th ASEAN-OECD Good Regulatory Practice Network Meeting and Workshop

Date: 1-4 July 2019
Venue: Chiang Mai, Thailand

ASEAN Vision 2040 Media Briefing

Date: 4 July 2019
Venue: Jakarta, Indonesia

The Asian Infrastructure Investment Bank (AIIB) Annual

Date: 10-13 July 2019
Venue: Luxembourg

Workshop on E-Commerce for Trade Negotiators of Myanmar

Date: 11-12 July 2019
Venue: Nay Pyi Taw, Myanmar

Workshop on E-Commerce for Trade Negotiators of Myanmar

Date: 15-16 July 2019
Venue: Phnom Penh, Cambodia

About Us

The Economic Research Institute for ASEAN and East Asia (ERIA) is an international organisation based in Jakarta, Indonesia that conducts in-dept research on issues facing the people and governments of ASEAN and East Asia.

ERIA works closely with the ASEAN Secretariat and research institutes from across East Asia and beyond to provide innovative and analytical research and policy recommendations. Our projects are organised under three research pillars:

- Deepening Economic Integration
- Narrowing Development Gaps
- Achieving Sustainable Development



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