



ERIA Releases Updated Database to Help Improve Trade Environment in ASEAN

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Bangkok, 10 September 2019 – The official handover ceremony of the Non-Tariff Measures (NTMs) Database from the Economic Research Institute for ASEAN and East Asia (ERIA) to ASEAN Member States (AMS) took place this morning on the sidelines of the 51st ASEAN Economic Ministers’ Meeting and Related Meetings, attended by H.E. Dato Lim Jock Hoi, Secretary-General of ASEAN, Ministers from the East Asia Summit, and ERIA officials.

NTMs are policy measures, other than ordinary customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices, or both. Examples of NTMs include sanitary and phytosanitary regulations (measures that are applied to protect human or animal life) and technical barriers (eg: labeling requirements).

Over the past 15 years, tariffs have declined worldwide, however the number of NTMs has increased dramatically – 15% in ASEAN over the past three years. Since NTMs have the potential to restrict trade, the increase has raised concerns about returning to protectionism, which could hamper ASEAN's integration efforts. Thus the focus has shifted to policy measures that can indirectly affect trade. Because NTMs constitute a grey area where trade policy objectives meet public policy goals, effective NTM management must consider not only their trade-distorting effects but also their potential benefits.

ERIA, in collaboration with the United Nations Conference on Trade and Development (UNCTAD), collected and classified NTMs in the ten ASEAN countries plus the six East Asia Countries. Both organisations collected data on all regulations from official documents including international conventions adopted by countries. ERIA has shared the raw or more detailed ASEAN data of the NTMs database to AMS to assist in developing their respective national trade repositories.

The Database aims to (i) collect, validate, and store NTM data from official sources; (ii) improve the general understanding of these measures and their impact on world trade; and (iii) provide insights on NTMs in 16 countries. Detailed information from the Database can help to clarify the extent of NTMs application and to develop appropriate approaches to manage them and make them business friendly.

After in-depth During the ceremony, Prof Hidetoshi Nishimura, President of ERIA, handed over the database to Dato Lim Jock Hoi, Secretary-General of ASEAN, while EAS Ministers witnessed the event.

For ASEAN, the removal of non-tariff barriers is amongst the major components of regional efforts to enhance intra-regional trade. In principle, the ASEAN Trade in Goods Agreement has explicitly stated obligations regarding NTMs. In practice, however, the integration agenda has focused primarily on tariffs, which have been reduced to 0.2% on average within ASEAN.

Prof Nishimura stated 'As room to liberalise tariffs further is limited, addressing NTMs is fundamental to fully realise the ASEAN Economic Community.'

The issue is complicated though, as many NTMs are necessary and justifiable. As a country becomes more integrated into the global economy, it needs more and appropriate trade regulations and regulatory reform. Having just a few NTMs could reflect gaps in consumer and environmental protection and potential under-regulation. On the other hand, the rise of NTMs in the context of tariff reduction suggests that NTMs are sometimes used as an additional tool to protect domestic producers.

This database is only the first step towards improving transparency and competitiveness for AMS. The successful collaboration between ERIA and UNCTAD, with the unwavering support from AMS, will

continue through various follow-up activities. Upon official request from the ASEAN Trade Facilitation Joint Consultative Committee (ATFJCC), efforts are being made to enhance the capacity of governments to sustain and update the database as well as to manage NTMs in ASEAN through in-country training programs. ERIA hopes these activities can contribute to ASEAN's efforts to enhance national competitiveness and advance the integration agenda, which, ultimately, could foster economic growth.

The NTM database is accessible here <http://www.eria.org/database-and-programmes/topic/asean-east-asia-ntm-database>. ■



Jun Arima

Senior Policy Fellow for
Energy and Environment at ERIA

Saudi oil attack is wake-up call for Asian economies

' There is plenty of oil today. The Organization of the Petroleum Exporting Countries has surplus capacity of 3.2 million barrels per day, while non-OPEC countries, such as the U.S. and Russia, can also expand their production.'

On September 14, drone attacks -- claimed by Yemen's Houthi rebels -- hit the heart of Saudi Arabia's oil production facilities. These attacks took out 5.7 million barrels per day, which is half of Saudi production and 5% of global oil production, and sent benchmark oil prices up a fifth to almost \$72.

The attacks have elevated regional and global tensions, and oil prices remain higher than before. In the short term, Asian countries should not panic -- but this is a timely reminder that these economies need to prepare themselves and protect their fuel supplies in case similar attacks -- or worse -- recur.

There is plenty of oil today. The Organization of the Petroleum Exporting Countries has surplus capacity of 3.2 million barrels per day, while non-OPEC countries,

such as the U.S. and Russia, can also expand their production. President Donald Trump has already authorized the release of the U.S. Strategic Petroleum Reserve.

Members of the International Energy Agency own oil stocks of more than 330 days of net imports, and the IEA is considering whether it should activate its emergency response. All of this could mitigate the impact of the supply disruption.

At the same time, we should not be complacent. Rather, Asian countries must give a fresh look at their vulnerability to external shocks.

According to the energy outlook published by the Economic Research Institute for ASEAN and East Asia, oil demand in Asia will increase 2.5 times between 2016 and 2040. Since regional production will not be able

to keep pace with this demand, net oil imports will rapidly increase and most will come from the Middle East.

Currently, 68% of Saudi's crude oil export goes to the Asia-Pacific region, including 16% for Japan, a similar amount to China and 11% to India. Even taking into account the prospect of shale oil imports from the U.S., Asia will be particularly vulnerable to supply disruptions caused by events such as natural disasters, accidents, regional conflicts and terrorist attacks.

IEA member countries are obliged to hold at least 90 days' oil stock. Japan in fact has more than 200 days. China and India are building up their strategic oil stocks but the speed of growth in domestic consumption means those stocks will not necessarily last much longer than before.

The readiness of ASEAN countries is far from sufficient. They should enhance their emergency response measures by developing early warning systems, oil stockpiling, preparing measures for demand restraint and fuel switching, and establishing regional cooperative arrangements for coping with emergencies.

Stockpiling -- a lengthy and costly business -- is the typical countermeasure to address oil-supply security and resilience. A broader policy should include not only oil-related infrastructure such as refineries and pipelines but also general social infrastructure like roads and ports. This needs to include institutional and legal frameworks and education, aside from hardware.

Developing this framework is a time-consuming process so governments in ASEAN member countries should start before the next disruption happens.

It is also important to utilize or revitalize existing institutional platforms for oil-supply resilience. ASEAN member countries have been working on the ASEAN Petroleum Security Agreement since 1986, but its functionality during an emergency is questionable as thus far it is just on paper and has not been activated to date.

In addition, the future of APSA is uncertain after it expires in 2023. It may be realistic to start with an oil-sharing scheme by selected countries that are willing to participate.

Asia is the center of gravity for energy demand growth in the future. Its dependence on the Middle East, with its unpredictable geopolitical situation, will only grow. This calls for enhancing Asia's own emergency preparedness. The drone attacks in Saudi should be used as a wake-up call. ■

This opinion piece was first published in the *Nikkei Asian Review*: <https://asia.nikkei.com/Opinion/Saudi-oil-attack-is-wake-up-call-for-Asian-economies>.

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ERIA Participates in the 51st ASEAN Economic Ministers Meeting and Related Meetings



ERIA was very pleased to note that the Ministers stated the importance of harnessing the digital revolution to facilitate trade and to enhance inclusive growth.

Bangkok, 10 September 2019 : The 51st ASEAN Economic Ministers (AEM) Meeting, the 7th East Asia Summit (EAS) Economic Ministers' Meeting and other related meetings were held in Bangkok, Thailand from 3 - 10 September 2019. Prof. Hidetoshi Nishimura, the President of ERIA, led a delegation which included ERIA economists and other senior ERIA officials.

The 51st ASEAN Economic Ministers Meeting Joint Media Statement

noted ERIA's contributions in several paragraphs:

Good Regulatory Practices (GRP)

36. The Ministers noted the progress of the Baseline Study on Regulatory Management Systems (RMS) in ASEAN, prepared with assistance from the Economic Research

Institute for ASEAN and East Asia (ERIA). The Baseline Study is a deliverable under the ASEAN Work Plan on GRP 2016-2025 and aims to map RMS developments in the region, including ASEAN and AMS' initiatives to stocktake and streamline regulations and administrative processes/practices, and to assess if they conform with the ASEAN GRP Core Principles.

Economic Research Institute for ASEAN and East Asia (ERIA)

56. The Ministers thanked the Economic Research Institute for ASEAN and East Asia (ERIA) for the work undertaken in co-operation with the UNCTAD in developing the , a good resource in assisting ASEAN Member States in populating and developing the NTMs

section of their National Trade Repositories (NTRs), as well as in the on-going in-country training on NTMs collection, classification and analysis. The Ministers also expressed their appreciation for ERIA's continued support for ASEAN economic integration thru its on-going and future research activities such as the study on ASEAN Seamless Trade Facilitation Indicators (ASTFI) and Trade Transaction Cost (TTC), that would help determine the reduction by 10% in trade transactions cost in the region by 2020; the ASEAN Regulatory Management System (RMS) to provide a baseline on the implementation of core principles of Good Regulatory Practices in ASEAN; as well as the impact study of ASEAN Economic Integration, which will be a valuable input to the mid-term review of the AEC. Further, the

Ministers are cognizant of the contribution of ERIA in supporting the Regional Comprehensive Economic Partnership (RCEP) negotiations and the development of the Guideline on Skilled Labour/ Professional Services Development in Response to the 4IR. The Ministers requested ERIA to continue its policy-oriented research activities based on continuous interaction between ERIA and the Senior Economic Officials.

7th EAS Economic Ministers' Meeting, 10 September 2019

In his opening statement, Prof. Hidetoshi Nishimura thanked all the Economic Ministers for providing the opportunity to present ERIA's work and expressed appreciation for their continued support of ERIA's work.

Premised on the awareness that EAS Member Countries could be global pace setters in regulatory and institutional cooperation in adapting to the digital revolution, Prof. Nishimura emphasised the need for effective policy measures, proposing three main strategies:

1. Use digital technology to improve trade facilitation nationally and regionally, such as ASEAN Single Window and Mutual Recognition Agreements;
2. Engender inclusive growth through MSME and skills development by applying digital innovations and relevant trainings; and
3. Strengthen digital connectivity and data transaction governance to promote smooth cross-border data flows with trust.

Prof. Nishimura closed ERIA's briefing to the Ministers by stating that ERIA is willing to respond to any request to enhance regional cooperation and concerted regulatory reform geared towards digital transformation in this region.

ERIA was very pleased to note that the Ministers stated the importance of harnessing the digital revolution to facilitate trade and to enhance inclusive growth in the 5th paragraph of their Joint Media Statement:

5. The Ministers exchanged views about how to harness the digital revolution to facilitate trade and investment. They also agreed on the need to promote inclusive growth through policies aimed at delivering new opportunities for MSMEs and building new skills. In this context, the Ministers highlighted the need for improved digital connectivity and underscored the importance of ensuring interoperability across systems in the online environment. They also discussed the opportunities of the digital economy and noted that dialogue and cooperation on digital connectivity would support regional integration, promote competitiveness and inclusiveness for SMEs, and would complement the Master Plan on ASEAN Connectivity 2025. The Ministers also discussed how their governments were seeking to adapt their economies by making use of the technological advances that will drive the 4th Industrial Revolution. They recognised that sound policies

were needed in a range of areas to enhance growth and maximise the benefits to be derived from new technologies.

ERIA was also very pleased that the Ministers commended ERIA's work in paragraph 8 of the same Joint Media Statement:

8. The Ministers commended ERIA's continued research and analysis on regional economic issues. The Ministers also welcomed the report of the 12th ERIA Governing Board Meeting held on 24 May 2019 in Jakarta, Indonesia, which highlights the need to generate more policy-oriented research and analysis. The Ministers noted ERIA's support in the development of ASEAN Non-Tariff Measures (NTMs) database.

Side Event: ERIA Ceremonial Handover of the NTM Database, 10 September 2019

On the sidelines of the AEM and EAS Meetings, ERIA organised a ceremony to hand over the updated Non-Tariff Measures Database developed by ERIA together with the United Nations Conference on Trade and Development (UNCTAD). Prof. Nishimura handed over the database to Dato Paduka Lim Jock Hoi, the Secretary General of ASEAN, as EAS Ministers and high-level officials witnessed the event.

Dato Lim expressed his appreciation for the hard work of ERIA and UNCTAD in developing the Database. Moreover, he noted that the Data-

-base also complement other ASEAN trade facilitation initiatives such as ASEAN Solutions for Investments, Services, and Trade; ASEAN Trade Repository; ASEAN Single Window; ASEAN Customs Transit System; and ASEAN-Wide Self-Certification.

'The Database is a core ASEAN effort in tackling Non-Tariff Barriers in the region, aimed at facilitating trade and simplifying cross-border procedures. Having the Database is crucial, as it will support ASEAN exporters in understanding and complying with trade formalities and regulations that apply to their products. This effort can also help MSMEs improve their competitiveness, by having direct access to reliable and fully validated NTMs. This would, in turn, facilitate more regional firms, including MSMEs, to trade and integrate within regional and global value chains, expanding the benefits of the AEC in promoting inclusive growth and sustainable development,' said Dato Lim.

Bilateral Meeting with Dr Ceferino S. Rodolfo Jr, Undersecretary, Department of Trade and Industry (DTI) of the Philippines

Prof. Nishimura held a bilateral meeting with Dr Ceferino S. Rodolfo Jr, Undersecretary of the Department of Trade and Industry (DTI) of the Philippines to report on the publication of ASEAN Vision 2040, ERIA's recent project with the Government of Thailand as ASEAN Chair and was also one of the last major research projects of the late Dr Ponciano S. Intal Jr. Prof. Nishimura spoke highly of Dr Intal's contribution and his leadership in

ERIA.

He also reported on the progress of the ASEAN Seamless Trade Facilitation Indicators (ASTFI) project which had been initially requested by the Philippines Government in 2017. ERIA has already completed the baseline study of in consultation with ASEAN Member States (AMS) which was reported to ASEAN Trade Facilitation Joint Consultative Committee (ATFJCC) in 2018. Prof. Nishimura also requested the cooperation of the Government of the Philippines to continue the support for this effort, as well as in providing the necessary data on the Time Release Study to complete the assessment of the Trade Transaction Costs.

Prof. Nishimura also asked for guidance regarding a possible region-wide study after the completion of the Regional Comprehensive Economic Partnership (RCEP). He also spoke on ERIA's ongoing study, Impact of ASEAN Economic Integration, as well as the Comprehensive Asia Development Plan (CADP) 3.0 which will include digital economy, ageing society, disaster risk reduction and energy in addition to infrastructure which had been the focus of CADP 1.0 and CADP 2.0.

The Undersecretary expressed the DTI's sadness at the passing of Dr Intal and expressed deepest condolences to ERIA. Regarding the work of ERIA, he was happy to note that Dr Intan Murnira Ramli and Mr Salvador Buban, ERIA's Policy Fellows, would continue the policy-oriented work and stated that DTI is

willing to support ERIA's activities. With regard to CADP 3.0, Dr Rodolfo indicated the DTI's support given the situation in the Philippines and also having a particular interest in the development of e-vehicles. He also thanked Prof. Nishimura for the good working relationship with Mr Adrian Cristobal and wished that ERIA could perhaps look into or conduct an assessment of globalising MSMEs under the Boracay Action Agenda on MSMEs initiated by the Philippines, during its 2020 APEC Chairmanship.

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ASEAN SG Dato Lim Pays Courtesy Calls on the New Ministers in Japan



Dato Lim and Prof Nishimura expressed their appreciation for the Government of Japan's decision to dispatch an expert of food value chain in ASEAN.

Secretary-General of ASEAN Dato Paduka Lim Jock Hoi visited Japan on 19 and 20 September 2019 to pay courtesy calls on the new ministers of Japan as a member of the Economic Research Institute for ASEAN and East Asia (ERIA)'s Governing Board. Dato Lim was accompanied by Prof. Hidetoshi Nishimura, President of ERIA.

At the meeting with H.E. Mr Isshu Sugawara, Minister of Economy, Trade and Industry, they discussed ERIA's good showing at G20 and ASEAN Economic Ministers Meetings based on the studies on trade facilitation, Free Trade Agreement, and Non-Tariff Measures. They also talked about the expectations for further progress of ASEAN-Japan cooperation and Regional Comprehensive Economic Partnership (RCEP).

They also met H.E. Mr Shinjiro

Koizumi, Minister of the Environment, and H.E. Mr Yukari Sato, State Minister of the Environment. They discussed ways to overcome the issues of marine plastic debris in ASEAN and the further cooperation for the establishment of the Regional Knowledge Center for Marine Plastic Debris in ERIA.

During their meeting with H.E. Mr Taku Etoh, Minister of Agriculture, Forestry and Fisheries, Dato Lim and Prof. Nishimura expressed their appreciation for the Government of Japan's decision to dispatch an expert of food value chain in ASEAN. Dato Lim also discussed the harmonisation of the regulation in the field of agriculture between ASEAN and Japan.

Dato Lim and Prof. Nishimura visited the office of Mr Toshihiro Nikai, Chairman of Parliamentary League

for ERIA and Secretary-General of Liberal Democratic Party, to report on ERIA's recent activities. Executive Members of the Parliamentary League for ERIA, Mr Motoo Hayashi, Mr Ryuji Koizumi, Mr Tsuyoshi Yamaguchi, Mr Yosuke Tsuruho, Mr Tadahiko Ito and H.E. Mr Akira Chiba, Ambassador Extraordinary and Plenipotentiary, Mission of Japan to ASEAN, joined the discussion how to develop a deeper cooperation between Japan and ASEAN in the field of environmental issues and ageing society in ASEAN.

In the margin of the above meetings, they made courtesy visits to Mr Fujio Mitarai, a former ERIA Governing Board Member; Mr Sadayuki Sakakibara, a current ERIA Governing Board Member; and Mr Nobuhiko Sasaki, Chairman of Japan External Trade Organization (JETRO). ■

ERIA Holds the Annual Symposium with Chinese Academy of Social Science



Since 2014, this event has been held every year to mark the cooperation between ERIA and the Chinese government.

Weihai, 17-18 September 2019: The Economic Research Institute for ASEAN and East Asia (ERIA) hold the East Asia Summit and East Asia Cooperation Symposium 2019, in Weihai, China, in cooperation with the Chinese Academy of Social Science (CASS). The two-day event was organised by the National Institute of International Studies (NIIS) of CASS, Guangxi University, and supported by the Institute for International Studies of Shangdong University, Centre for APEC and East Asia Cooperation of CASS, and the China Association of Asia-Pacific Studies.

Since 2014, this event has been held every year to mark the cooperation between ERIA and the Chinese government. During the Symposium, experts from 11 countries of EAS region discussed several topics of the cooperation of EAS region. The discussion revolved around

the prospects, prognosis, trends, and implications of the East Asia Cooperation, as well as the possible cooperation framework under the concept of Asia-Pacific as well as the Indo-Pacific.

At the opening session, Prof. Wang Lei, Director General, Bureau of International Cooperation of CASS; Mr Zhang Guochun, Deputy Director General of NIIS; and Prof. Zhang Yunling, Academic Member of CASS and Governor of ERIA from China delivered their opening remarks and welcomed all delegates. They explained the importance of this event as a response to the Chinese Prime Minister H.E. Li Keqiang's proposal in 2014 and expressed their hope that the discussions would be fruitful.

President of ERIA, Prof. Hidetoshi Nishimura, delivered his opening remarks and briefly introduced the

key topics of the meeting, including the full utilisation of the existing frameworks or institutions in order to ensure the transparency and predictability. He also discussed the potentials of the digitalisation of the economy, such as Artificial Intelligence (AI), data, and Internet of Things (IoT), including their implications on the East Asia cooperation.

In this occasion, Prof. Nishimura was pleased to be assigned as the Special Advisor of the Institute of International Studies of Shangdong University, from Prof. Zhang Yunling, the Director of the Institute.

This two-day Symposium had a total of four sessions, and the first day had three sessions. The first session was titled 'Trade War between China and America: Challenge or Chance for East Asian Regional Cooperation?' The participants discussed the cha-

allenges of the globalisation and global value chains (GVCs) under the current landscape of the uncertain world economy, and new roles of the existing international frameworks in East Asia region (ex. CPTPP, RCEP BRI, as well as several FTAs).

In the second session, the participants discussed 'Multifaceted Cooperation in Asia-Pacific Region.' The session picked up the topic of the future vision of Asia Pacific Economic Cooperation (APEC) post-2020, the effects of the Comprehensive and Progressive Trans Pacific Partnership (CPTPP) to

each EAS countries, as well as the difference and complementarity of several cooperation frameworks such as Belt and Road Initiative, Master Plan of ASEAN Connectivity, and the Greater Mekong Sub-region.

The last session of the first day was 'Asia-Pacific V.S. Indo-Pacific: Where to Go?', in which the participants discussed the history and the role of the concept of Asia-Pacific and Indo-Pacific, the difference of the stance towards Indo-Pacific by the US, Japan, China, and ASEAN, as well as the future possibility of the Indo-Pacific as a cooperation framework.

On the second day, 18 September 2019, the participants freely discussed several critical issues of the East Asia cooperation, particularly the matter of digitalisation and the utilisation of big data to upgrade the global supply chains as a new stage.

Finally, Prof. Zhang Yunling and Prof. Hidetoshi Nishimura delivered their closing remarks and conveyed their appreciation to all participants. They also expressed their enthusiasm on the continued collaboration between ERIA and CASS. ■

ERIA President Presents Energy Policy Research Outcomes to 13th EAS Energy Ministers Meeting



Prof Nishimura highlighted salient ASEAN energy, climate challenges, and policy actions that emphasised the pragmatic approach by keeping all the options open.

Bangkok, 5 September 2019: A delegation of energy economists from the Economic Research Institute for ASEAN and East Asia (ERIA), led by ERIA President Prof

Hidetoshi Nishimura, was invited to present their energy policy research activities and policy recommendations to the plenary session of the 13th East Asia Summit

Energy Ministers Meeting (13th EAS EMM) that was held on 5 September 2019 in Bangkok, Thailand.

The Meeting was chaired by H.E.

Sontirat Sontijirawong, Minister of Energy of Thailand. It was attended by the Ministers and Senior Officials responsible for energy from the EAS participating countries, namely the ASEAN Member States, Australia, the People's Republic of China, Japan, the Republic of Korea (ROK), New Zealand, the Russian Federation, and the United States of America.

At this special occasion, Prof Nishimura highlighted salient ASEAN energy, climate challenges, and policy actions that emphasised the pragmatic approach by keeping all the options open. ERIA's energy policy research outcomes underlined the regional collaboration on emergency response, cross-country energy interconnections and regulatory harmonization. Amongst the chief contemporary energy development, ERIA conducted various research to answer the most relevant energy challenges especially on the role of fossil fuel, hydrogen, electric vehicles in ASEAN, power connectivity, clean uses of coal, biomass, and penetration of renewable energy in the ASEAN and EAS region. Further, ERIA is also conducting energy policy researches responding to specific needs of member states including Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Myanmar, the Philippines, Viet Nam, and Thailand.

Prof Nishimura also conveyed the meeting the outcome of the 2nd East Asia Energy Forum (EAEF 2) on Energy Connectivity in ASEAN with the presence of energy ministers from Brunei Darussalam, Cambodia, Lao PDR, and with a key message presented on behalf of H.E. Sontirat Sontijirawong, Minister of Energy



Prof Hidetoshi Nishimura and H.E. Sontirat Sontijirawong, Minister of Energy of Thailand at the plenary session of the 13th East Asia Summit Energy Ministers Meeting (13th EAS EMM) that was held on 5 September 2019 in Bangkok, Thailand.

of Thailand. The forum had very fruitful discussion on the renewable energy development strategy, the role of liquefied natural gas, and power connectivity in Ayeyawady - Chao Phraya - Mekong Economic Cooperation Strategy (ACMECS). The forum generated key policy messages as summarised in the 'Reflections from EAEF 2, Bangkok', which emphasised a balanced discussion on energy-related financing issues, recognising ASEAN energy reality and does not rule out the important role of coal in energy transition.

H.E. Yoshihiko Isozaki, State Minister of Economy, Trade and Industry of Japan, expressed his appreciation for ERIA's energy policy research projects, which provide policy recommendations for policymakers in the ASEAN and EAS region. He passionately stressed the need for ERIA to continue such contemporary energy policy research with high policy relevance in order to help countries to prepare for appropriate

policy measures to deal with the current and future energy challenges of the ASEAN and EAS region.

Prof Nishimura also delivered a short message on video related to the commemoration of the 20th Anniversary of Japan-ASEAN cooperation in which he mentioned ERIA's contributions related to Japan-ASEAN cooperation.

ERIA delegation also attended a bilateral meeting with the Ministry of Electricity and Energy of Myanmar, headed by His Excellency U Win Khaing, Union Minister for Electricity and Energy (MOEE). Both parties reaffirmed the continued cooperation between ERIA and MOEE. ■

Policymakers and Experts Discuss Sustainable Energy and Connectivity in 2nd East Asia Energy Forum



Prof Nishimura reiterated again the need for ASEAN and East Asia region leaders, policymakers and experts to remain realistic, especially in the climate change and fossil fuel use matters.

Bangkok, 2 September 2019: Energy ministers and researchers from ASEAN countries gathered in Bangkok on 2 September 2019 to attend the 2nd East Asia Energy Forum (EAEF) and shared their perspectives in many insightful discussions under the theme 'Towards Sustainable Energy Transition and the Role of Connectivity in ASEAN'. The event was hosted by the Ministry of Energy Thailand in cooperation with the Economic Research Institute for ASEAN and East Asia (ERIA) and ERIA's Energy Research Institutes Network (ERIN).

H.E. Kulit Sombatsiri, the Permanent Secretary of the Minister of Energy of Thailand, welcomed all participants whilst giving an overview of ASEAN countries' energy sector challenges in general and those of Thailand in particular. He emphasised the importance of renewable energy which is included in ASEAN's

Sustainable Development Goals (SDGs).

Afterwards, three keynote speeches were delivered by the Minister of Energy, Manpower & Industry of Brunei Darussalam H.E. Dato Seri Setia Dr Awang Haji Mat Suny bin Haji Md Hussein, the Minister of Energy and Mines of Lao PDR H.E. Dr Khammany Inthirath, and the State Secretary of the Ministry of Mines and Energy of Cambodia H.E. Dr Ty Norin. They each presented their views on the current situation of their countries' energy sector, future challenges, and opportunities, using ASEAN's perspective. Among the most importance issues revealed by the three country representatives were the diversification of energy sources and the cross-border energy and power connectivity. Closing the keynote speech session, Mr Atsushi Taketani, the president of Japan External Trade Organization (JETRO) Bangkok and Chief Representative

for ASEAN, summarised the role of Japan in the G20 meetings where the term 'innovation' is gaining importance. Mr Taketani assured that Japan would continue its role in assisting ASEAN countries to improve energy stability and security.

After the photo session, Prof Jun Arima, the Senior Policy Fellow on Energy and Environment of the Energy Unit of ERIA, delivered a speech to set the scene for further discussions of the forum. Focusing on ASEAN energy security and sustainability, Prof Arima highlighted several key messages. First, the importance of distributional justice in the energy sector, for example by preventing the most marginalised populations from paying disproportionately more than the less marginalised. Second, the need to improve the energy mix in power generation through energy diversification

should focus not only on the use of renewable sources, but also on the use of natural gas. Third, the need to make progress on the ASEAN energy interconnectivity plans and projects. Fourth, the need to relativize climate change targets, since the use of fossil fuel to generate electricity is currently still the most economically feasible practice in the region. Coal use, for example, is often stigmatised as a bad practice from the climate change perspective. ASEAN and East Asian countries need to speak up about this reality and at the same time consider that the current use of coal is a mere bridging phase towards a low carbon power generation.

The theme of the first discussion session was 'Renewable Energy Development Strategy for ASEAN'. The session chairman, Dr Shigeki Sakurai from Kyoto University, delivered opening remarks as an introduction to the discussion. Dr Peerapat Vithayasrichareon, from the International Energy Agency (IEA), delivered a presentation on the suitability of the high penetration rates of variable renewable energy (VRE) sources with the ASEAN integrated power system plan. After Dr Vithayasrichareon's presentation, Dr John Crowley, the Director of Technology and Sustainable Development of the United Nations Educational, Scientific and Cultural Organization (UNESCO), explained the urgent need to progress toward grid integration in the ASEAN region which should be accompanied by an elaboration of inclusive policies at all levels. Dr Sutharo Takeda from Kyoto University ended the session by discussing the problems of electrical



Prof Hidetoshi Nishimura and H.E. Kulit Sombatsiri, the Permanent Secretary of the Minister of Energy of Thailand, at the 2nd East Asia Energy Forum (EAEF) held in Bangkok on 2 September 2019.

grid stability and the relatively low electrification rate in some parts of ASEAN which should be solved by the development of the integrated ASEAN power grid completed with storage/DSR in parallel with the development of mini power grids. He concluded that renewable energy-based power generation such as solar photovoltaic (PV) shall attain grid parity in many ASEAN member states before 2030. The ASEAN integrated grid should be the most economically solution for ASEAN electricity system.

A roundtable discussion was organised after the three presentations moderated by Dr Tetsuo Tezuka and Mr Go Okui, respectively professor and researcher from Kyoto University. Two more experts were invited as panelists, namely Dr Tharinya Supasa, the Senior Energy Analyst, ASEAN - German Energy Program (AGEP) Phase II of the ASEAN Centre for Energy (ACE) and Ms Nguyen Thi Thuy, Official, Electricity and

Renewable Energy Authority (EREA), Ministry of Industry and Trade (MOIT) of Viet Nam. The discussion revolved around the role of academia and international organisations to support the policymaking process, the process itself, as well as the basis requirements for policymaking.

The Session Two discussion was organised by the Gas Exporting Countries Forum (GECF) and ERIA, taking the theme of 'Policy Dialogue between LNG Exporting and Importing Countries'. Prof Jun Arima, as the session moderator, gave an introduction to open the session. Dr Hussein Moghaddam, Senior Energy Forecast Analyst, Energy Economics & Forecasting Department of the GECF, presented the outlook of natural gas sector. Prof Jun Arima delivered the second presentation on the current situation of the liquefied natural gas (LNG) demand and its use in the ASEAN and East Asian region whilst pointing out some important issues on the LNG trade, market, trend, potential and developing

some policy recommendations. Mr Masaomi Koyama, the Director of Overseas Energy Infrastructure Office, Commissioner's Secretariat, Agency for Natural Resources and Energy (ANRE) of the Ministry of Economy, Trade and Industry (METI) of Japan, explained Japan's long historical roles in promoting LNG especially in the Asian region. An important issue that was raised in the discussion was the position of LNG itself as an alternative option that can be viewed as a 'clean' fossil fuel, despite its relatively high price.

The last session on 'Power Connectivity in ACMECS' was jointly organised by ERIN and ERIA. Moderated by Mr Shigeru Kimura, Special Advisor to the President on Energy Affairs, Energy Unit, Research Department of ERIA, the first presentation was conducted by Dr. Shutaro Takeda, Assistant Professor, Kyoto University. Dr Takeda explained the different energy source fluctuations as well as their complementary effects that can be solved and optimized by the realization of the integrated ASEAN power grid. Mr Keisuke Ueda, Senior Policy Adviser, Energy Unit, Research Department of ERIA delivered a presentation on the importance of adopting and building a high spec transmission line as the backbone of the future ASEAN power pool.

Closing the session, a panel discussion was held with several expert panelists: H.E. Mr Victor Jona, SOE Leader, Director General, General Department of Energy, Ministry of Mines and Energy (MME) of Cambodia; Mr Tan Sokun, Director, Department of Energy



Prof Hidetoshi Nishimura and H.E. Dr Ty Norin, the State Secretary of the Ministry of Mines and Energy of Cambodia, at the 2nd East Asia Energy Forum (EAEF) held in Bangkok on 2 September 2019.

Development, MME of Cambodia; Mr Souksavart Sosouphanh, Director, Investment Division, Department of Planning and Cooperation, Ministry of Energy and Mines (MEM) of Lao PDR; Mr Somsanith Sadettan, Deputy Manager on Study and Design Projects for Transmission and Substation, Electricity Du Laos of Lao PDR; and Mr Le Anh Duc, General Director, Electricity Regulation Authority, Ministry of Industry and Trade (MOIT) of Viet Nam. Country experts gave their opinions on the issue of the power connectivity including the installation of high voltage transmission lines, i.e. assessment of the current situation, needs, future challenges, and plans.

Prof Hidetoshi Nishimura, the President of ERIA, closed the forum by summarising the most important findings of the forum. At the end, Prof Nishimura reiterated again the need for ASEAN and East Asia region leaders, policymakers and experts to remain realistic, especially in the climate change and fossil fuel use

matters. The main priority of the region should be on the sustainable financing of their energy sector.

The forum generated key policy messages as summarised in the 'Reflections from EAEF 2, Bangkok', which emphasised a balanced discussion on energy-related financing issues, recognising ASEAN energy reality, and does not rule out the important role of coal in energy transition. ERIA presented the results of this forum and 'Reflections from EAEF 2, Bangkok' at the 13th East Asia Summit Energy Ministers Meeting. ■

ERIA Holds 8th Energy Research Institute Network Meeting



The role of hydrogen technology in this region was discussed by introducing the results of an ERIA study on hydrogen potentials, demand and supply prospects and cost competitiveness.

The Economic Research Institute for ASEAN and East Asia (ERIA), in cooperation with the Energy Research Institute (ERI) of Chulalongkorn University, held the 8th Energy Research Institutes Network (ERIN) Meeting in Bangkok, Thailand, on 1 September 2019. Eighteen representatives from ERIN member institutions as well as energy experts from ERIA, headed by the President of ERIA Prof Hidetoshi Nishimura, participated in this all-day meeting.

Dr Weerawat Chantanakome, Special Councillor and Senior Advisor to Thailand's Ministry of Energy, and Dr Kulyos Audomvongseeree, Associate Professor and Director of ERI, delivered their welcoming remarks. Afterwards, it was announced that Dr Romeo B. Pacudan, Interim CEO of Brunei National Energy Research Institute (BNERI) would be the Chairman of ERIN meeting in the

next term.

Prof Jun Arima, Senior Policy Fellow for Energy and Environment of ERIA, introduced ERIA's energy study and activities in 2018 and 2019. Several specific study projects of ERIN, including Energy Efficiency, Role of Fossil Fuels in ASEAN and East Asia region, Eco Town Project, as well as the Analysis of Alternative Vehicles Potentials and Implications, were presented by the researchers involved in the projects.

During the afternoon session, new ERIN projects in the fiscal year 2019-2020 were presented. The role of hydrogen technology in this region was discussed by introducing the results of an ERIA study on hydrogen potentials, demand and supply prospects and cost competitiveness. The presentation included several key messages such as: 1) Hydrogen is becoming

a realistic option, especially due to the technology development in both demand and supply sides; 2) Steps to shift to hydrogen society are necessary, and we need to start by increasing hydrogen demand through power generation and then road transport sector, 3) The increase of hydrogen production can be started by reforming gas and hydro power generation due to relatively lower costs. The discussion was focused on the comparison of other generations (e.g. renewable energy and geothermal), transportability, as well as the storage (e.g. battery).

Prof Nishimura wrapped up the results of this meeting in his closing remarks. 'We could do more on energy efficiency and energy pricing policies. We need to be better prepared on not only oil supply disruption but also gas supply disruption in accordance with higher role of natural gas in the regional

energy mix. Hydrogen and Electric Vehicles could make a lot of difference to regional environmental performance, but these technologies need to be affordable for playing

bigger role. Regional cooperation, in particular, cross-border energy connectivity could improve total regional performance and reduce total regional cost,' he said. He also

conveyed his appreciation for all the participants and expressed his hope for their continuous support towards ERIA activities. ■

Students Learn About Disaster Risk Reduction on High School Student Summit 2019



The Summit was first held in 2016, after the establishment of the World Tsunami Awareness Day on 5 November 2015, at the United Nations General Assembly.

Around 520 high school students and teachers from 43 countries and domestic high schools in Japan gathered in a six-day event in Hokkaido, including a study tour from 7 to 9 September 2019, to visit historical places and to study disaster risk reduction at local high schools. Based on the studies, they discussed and presented what they can do to protect people's lives from disasters during the High School Student Summit on the World Tsunami Awareness Day 2019 in Hokkaido on 10 and 11 September 2019.

The series of events were organised

by the Hokkaido Government and the Hokkaido Board of Education, co-organised by the United Nations Office for Disaster Risk Reduction (UNDRR) Office in Japan. ERIA participated in this event as one of the supporting organisations and contributed to create documentary videos aimed to disseminate the deliverables of this event and to promote the information about the World Tsunami Awareness Day.

This Summit was first held in 2016, after the establishment of the World Tsunami Awareness Day on 5 November 2015, at the

United Nations General Assembly. This year's event, with the theme 'Passing memories on to the future, preparations for tomorrow', was held in the northernmost part of Japan where the people have faced threats caused by nature such as earthquakes, tsunamis, volcanic eruptions, and snowstorms. Taking into account the past disasters, various measures to prevent and reduce further disasters have been conducted to ensure the safety and security of the residents, especially in the area where the occurrence of a mega-earthquake has been predicted. ■

ERIA Attends the 8th Asia Ministerial Energy Roundtable



Paris Agreement calls for drastic energy transition, but for developing countries, climate change is not the supreme objectives among 17 SDGs.

Abu Dhabi, 10 September 2019: Prof Jun Arima, ERIA's Senior Policy Fellow of Energy and Environment, attended the 8th Asia Ministerial Energy Roundtable (AMER8) with the theme 'Energy Security in the Age of Change: Empowering Responsible Growth in Asia and the World', which was held on 10 September 2019 at Abu Dhabi National Exhibition Centre (ADNEC) co-hosted by United Arab Emirates (UAE) and India with the support of the International Energy Forum (IEF).

Prof Arima was invited to participate in the plenary session 1 'The Role of New Technologies for a More Competitive and Productive World Energy Mix' together with Energy Ministers of Azerbaijan, Jordan, China, Korea, Russia, and Japan as well as the head of international organizations including International Energy Agency (IEA), the Organization of the Petroleum

Exporting Countries (OPEC), the Organization Of Arab Petroleum Exporting Countries (OAPEC), and the International Gas Union (IGU).

While highlighting respective efforts to increase the share of clean energy such as renewable energy, many panelists emphasised the need of pragmatic approach, keeping all energy options open reflecting each country's circumstances.

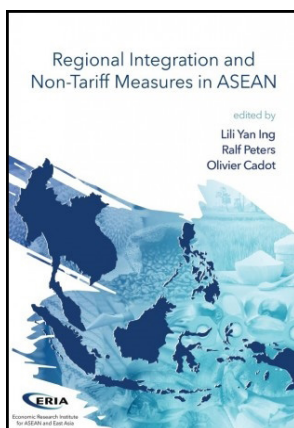
In his intervention, citing ERIA's Energy Outlook, Prof Arima highlighted the following points:

- Asia will continuously depend on fossil fuel in coming decades.
- Paris Agreement calls for drastic energy transition, but for developing countries, climate change is not the supreme objectives among 17 SDGs.
- Asian countries will take various energy transition pathways

based on their national circumstances.

- There is a huge gap between COP/IPCC narrative and people's actual willingness to pay in particular in developing countries.
- Therefore, energy transition needs to be affordable. Technologies must be innovative in terms of performance as well as cost competitiveness.
- Uncertainties (energy cost, technology, geopolitics, etc) calls for multi-track approach for decarbonised energy systems backed by scientific review.
- There should be rebalance between huge subsidies for existing renewable energy and modest research and development spending for cleaner energy. ■

Publications



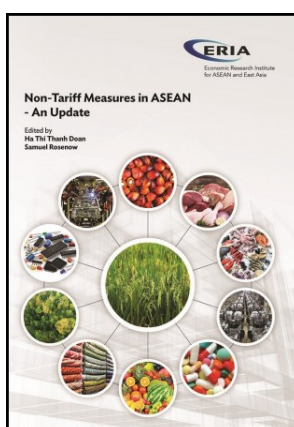
Regional Integration and Non-Tariff Measures in ASEAN

Edited by Lili Yan Ing, Ralf Peters, and Olivier Cadot

Though tariffs have been reduced, the number of non-tariff measures (NTMs) continues to increase, and is often blamed in part for the lack of integration in ASEAN. Unlike tariffs which could be eliminated entirely, a world without NTMs would be hard to imagine as they can play an important role in ensuring the quality of goods. As countries become wealthier, demand for better quality and greater safety of products is inevitable. However, not all NTMs are benign; some of them can complicate business rather than achieving their main goals. To improve the trade environment and make NTMs work for the common good, ASEAN should break with the 'trade negotiation' approach and strive instead for regional transparency, further cooperation in conformity assessment procedures, and dynamic disciplines.

This book explores relevant issues related to NTMs and their relation to regional integration issues in ASEAN countries. It discusses contemporary issues related to NTMs in the region, including recent world trends, regulatory convergence, government procurement, and environmental issues. The studies in this book employ relevant impact analysis methodologies for NTMs, from ad-valorem equivalent (AVE) to CGE modeling.

The data on NTMs for then ten ASEAN countries are available at: www.asean.i-tip.org.

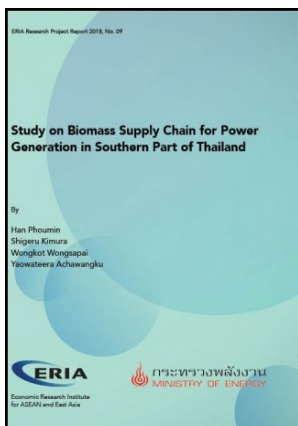


Non-Tariff Measures -An Update

Edited by Doan Thi Thanh Ha, and Samuel Rosenow

Whilst tariffs have declined following disciplines instituted by the World Trade Organization, the use of non-tariff measures is on the rise worldwide. This trend is also reflected in the updated Non-Tariff Measure (NTM) database of the Economic Research Institute for ASEAN and East Asia (ERIA) and the United Nations Conference on Trade and Development (UNCTAD), where the number of NTMs in the Association of Southeast Asian Nations (ASEAN) has increased over time. Given the complexity of NTMs, their increasing use should be interpreted with caveats. The increase in NTMs reflects the dynamics of regulatory reform in ASEAN Member States. In certain circumstances, however, NTMs have also served as disguised barriers to international trade and become a convenient tool to provide undue protection to certain products or industries. More importantly, regardless of their objectives, NTMs can contribute greatly to increasing trade costs, reducing an economy's competitiveness. Addressing NTMs, especially in the context of declining tariffs, should, therefore, be a priority in national competitiveness agendas. NTMs are neutral and, more often than not, eliminating them is not an option. A pragmatic approach should consider the costs and effectiveness of NTMs from the perspective of governments and producers, with evidence-based support from academia.

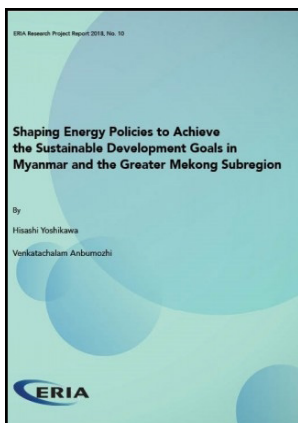
This report documents the trend and pattern of NTMs utilisation in ASEAN based on the updated ERIA–UNCTAD NTMs in ASEAN database, and discusses ongoing regional and national efforts in addressing NTMs. We recommend four areas of focus in addressing NTMs: (1) Enhancing the capacity of issuing and enforcing agencies; (2) Establishing an inter-agency committee to oversee and manage the use of NTMs; (3) Strengthening engagement and consultation with the private sector and research institutions; and (4) Applying regulatory practice core principles.



Study on Biomass Supply Chain for Power Generation in Southern Part of Thailand

By Han Phoumin, Wongkot Wongsapai, Yaowateera Achawangku, and Shigeru Kimura

This study was inspired by the leadership of His Excellency Dr Siri Jirapongphan, Thailand’s former Minister of Energy, as Thailand wants to see a greater role for renewable energy in the power generation mix to promote use of inclusive energy and sustainable development. This study of the biomass supply chain for power generation in the southern part of Thailand provides policy implications to promote biomass-fired power generation with a view to meeting increasing demand in the southern provinces. The study starts with scoping the supply chain of biomass and associated incoming generating opportunities for local people to engage in the activities, thereby increasing the earnings and well-being of people in the southern province. The study also analyses the levelised cost of energy to check the competitiveness of biomass power generation. The results suggest that expansion of biomass power generation in the southern provinces, supported by the government’s policy on feed-in tariff, makes investment in biomass power generation very attractive, and its expansion promotes jobs and improves the well-being of the people.



Shaping Energy Policies to Achieve the Sustainable Development Goals in Myanmar and the Greater Mekong Subregion

By Hisashi Yoshikawa and Venkatachalam Anbumozhi

Increases in access to electricity in the poorest countries have begun to accelerate, energy efficiency continues to improve, and renewable energy is making gains in the electricity sector. Despite such progress, some 100 million people in the Mekong Sub-region remain without electricity while access to clean cooking fuels and technologies needs dedicated attention. Moreover, if Sustainable Development Goals 7, 13, and related Goals are to be met, much higher levels of ambition and effective energy policies are required in countries like Myanmar.

This report analyses the barriers to overcoming the rural electrification challenges in the Greater Mekong sub-region in general and in Myanmar in particular, from the perspective of the Sustainable Development Goals, and presents innovative solutions. The three themes the analysis in this report has focused on are electricity connectivity, barrier analysis of mini-grids, and energy for sustainable development. It was also found that energy issues are tied to many other important national security issues such as conflict resolution, peace building, and national unity. The report recommends an integrated energy policy and a new planning body to implement the required reforms.

Upcoming Events

Global Production Value-Chains, Services and Economic Liberalization: the Case of ASEAN LDCs

Date: 2 October 2019
Venue: Vientiane, Lao PDR

The 8th ERIA Editors' Roundtable

Date: 5-6 October 2019
Venue: Bangkok, Thailand

CCS-Japan Cooperation Programme 2019-2020: Focus Group Discussion for ATISA (Negative List Approach)

Date: 7-8 October 2019
Venue: Vientiane, Lao PDR

Good Regulatory Practice Awareness Week

Date: 7-10 October 2019
Venue: Putrajaya, Malaysia

SME Digital Economy Summit

Date: 16 October 2019
Venue: Singapore

JEF-ISIS Asia Pacific Forum 2019

Date: 16-17 October 2019
Venue: Kuala Lumpur, Malaysia

CCS-Japan Cooperation Programme 2019-2020: Focus Group Discussion for ATISA (Negative List Approach)

Date: 6-17 October 2019
Venue: Jakarta, Indonesia

G20 Health Ministers' Meeting Side Event, AHWIN Forum, Achieving Healthy Aging in Asia: Envisioning Better Care for Older Adults

Date: 17 October 2019
Venue: Tokyo, Japan

Cities, Urban Amenities and Global Production Value Chain: New Developments in Trade and Services Liberalization in East Asia and ASEAN

Date: 31 October - 1 November 2019
Venue: Jakarta, Indonesia

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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