



The Parliamentary League for ERIA held the meeting with the new Secretary General of ASEAN

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**Tokyo, Japan: On 11 December 2017, the ERIA's Parliamentary League met with the new Secretary General of ASEAN, Dato Paduka Lim Jock Hoi.**

H.E. Mr. Toshihiro Nikai, Chairman of the Parliamentary League for ERIA, opened the meeting.

Prof Hidetoshi Nishimura, President of ERIA, reported ERIA's activity in 2017. Firstly, he took the opportunity to express condolences regarding the passing of Dr. Surin Pitsuwan, former Secretary General of ASEAN and special advisor to the President of ERIA who passed away on 30 November 2017.

Prof Nishimura then reported the outcomes of ERIA's participation in the 31st ASEAN Summit, 12th East Asia Summit and related meetings which were held in Manila, Philippines, 10-14 November 2017.

In addition, he mentioned the keynote lecture of H.E. Mr. Toshihiro Nikai in the 50th Anniversary of ASEAN; the High Level Forum on 19 October 2017 in Manila, which was highly appreciated by the 300 participants from across ASEAN.

In concluding, he said 'ERIA will support the next Secretary General of ASEAN and will continue to work for the peace and prosperity of this region'. He also expressed appreciation for the extraordinary support and guidance from the members of Parliamentary League for ERIA, saying that 'we will continue to devote ourselves during the next year, the 10th anniversary of ERIA'.

Dato Paduka Lim Jock Hoi, the new Secretary-General of ASEAN, who will officially take office in January 2018, delivered a keynote speech. Jock Hoi has been the Chair of the ERIA Governing Board since 2011.

He touched upon several topics including the backlash against globalisation and economic integration in some parts of the world. Against this backdrop, he said, 'ASEAN remains committed to promoting regional peace, security and prosperity in the region, and in collectively addressing common challenges. Together with its dialogue partners, including Japan, ASEAN will continue to drive the economic integration process in the region'.



The New Secretary General of ASEAN, Paduka Dato Lim Jock Hoi delivered a keynote speech during the meeting with ERIA Parliamentary League.

He highly appreciated the leadership of H.E. Mr. Nikai in establishing ERIA, and the contribution of ERIA staff members who have been working hard to support ASEAN.

He introduced the Chairman's Statement of the 12th East Asia Summit, stating that 'ERIA is encouraged to continue to provide actionable policy recommendations to EAS Economic Ministers'. In this context, Jock Hoi stated that ERIA's contributions with various ASEAN bodies fields, including connectivity, transportation, trade facilitation, NTMs, SMEs, healthcare, energy and environment, have been critical in ASEAN's integration efforts and there is greater scope for enhanced collaboration between the ASEAN Secretariat and ERIA.

Finally, he asked continued support

from members of the Parliamentary League for ERIA and reaffirmed his commitment to support and guide ERIA's work in the coming years, as the next Secretary General of ASEAN.

At the end of the meeting, Parliamentary members had an opportunity for a candid exchange of views with Dato Lim Jock Hoi and shared their thoughts on how ERIA can effectively further contribute in healthcare and environment, and social-cultural issues. Jock Hoi reiterated his high expectations for ERIA's technical contribution.

The meeting was moderated by H.E. Mr. Tadahiko Ito, Vice Secretary-General of the Parliamentary League for ERIA. ■



Lurong Chen  
Economist at ERIA

## Emerging Asia to be the Global Epicentre of E-Commerce by 2025

**'Asia is benefiting more than any other region in the world when cross-border e-commerce has introduced new dynamics to international trade. Global retail e-commerce sales growing faster than traditional retail sales since 2014.'**

The Over \$25 billion in the gross merchandise volume was settled within within 24 hours through Alibaba's online retail marketplaces on this year's "Ali-double-11" (November 11) global e-shopping festival. Another leading e-commerce platform, JD.COM, reported a \$19 billion online orders the same day.

Asia is benefiting more than any other region in the world when cross-border e-commerce has introduced new dynamics to international trade. Global retail e-commerce sales growing faster than traditional retail sales since 2014.

E-commerce in many Asian markets will see double-digit growth in the next five to ten years. India, Indonesia, and Malaysia are among the fastest-growing retail e-commerce markets in the world at a rate of over 20 percent per year. E-commerce in China is growing at an annual rate of around 17 percent.

From 2015 to 2021, the region's total market revenue from e-commerce will increase from around \$320 billion to over \$900 billion. The Chinese market will contribute over 90 percent of this growth. China's share in the global e-commerce market will increase from about 30 percent in 2015 to nearly 40 percent in 2021; while India and the ten ASEAN member states will increase the combined share in the global market from 2.5 percent to four percent. With growth like this, Asia is likely to be the global epicenter of e-commerce by 2025.

What drives this intense growth?

First, adaptiveness. Economic digitalization is a worldwide phenomenon. The information revolution is associated with the emergence of new market conditions and dynamics in a global business environment. To some extent, the region's adaptiveness to global economic digitalization comes from its

capacity in technology adoption and incremental innovation. On one hand, the deep involvement in global value chains opens the window for Developing Asia to access the latest technologies and also facilitates their learning. And at the same time, the countries' capacity for incremental innovation allows them to benefit from second-mover advantages to grow faster and even leapfrog to the front of the market - the popular use of e-payments in China and the success of the Alibaba group are typical examples. In ASEAN, facilitation of the growth of e-commerce is one of the six main areas covered by the E-ASEAN Framework Agreement, whilst at the national level, developing a digital economy and e-commerce have already been part of most Asian countries' national strategies and action plans.

Second, market gravitation. Despite the new features of a digital economy, the development of e-commerce is still influenced by

traditional conditions for economic development such as market size, trade facilitation, investment freedom, and so on. Asia covers almost half of the world's population, nearly 30 percent of the world's Gross Domestic Product and 40 percent of world trade. In age distribution, 70 percent of the population in ASEAN is between 15 and 64 years, representing a large market on the consumer side and a large labour force on the producer side. By 2015, more than 1.2 billion people, or about half the households in the region already had access to the Internet.

A population connected to the Internet not only represents consumers linked to the e-commerce market but also suggests those who may have higher purchasing power in society. In the case of ASEAN, Internet connectivity is widespread in Singapore and Malaysia, and plays an important role in their economies. Nearly 90% percent of households in Singapore are Internet users.

In 2012, the Internet-related economy accounted for 4.1 percent of Malaysia's national gross domestic product. Even the less-developed CLMV countries - namely Cambodia, the Lao PDR, Myanmar, and Viet Nam - are quickly catching up. The proportion of Internet users in Viet Nam increased from 1.3 percent to 52.7 percent between 2001 and 2015. Whereas, the number of Internet users grew at 34.7 percent in Cambodia and 32.4 percent in Myanmar per year.

Third, readiness. E-commerce development needs support from technology, market, and government policy. A country's readiness to support the digital economy will determine the level of success of

businesses involved in e-commerce. Information Communication Technology (ICT) drives the development of e-commerce by expanding the volume and capacity of online communication, especially the use of fibre-optic cables and commercial satellites. Moreover, physical infrastructure that provides stable and fast Internet connection is a precondition for e-commerce development. In particular, many emerging Asian countries have made great progress in developing mobile broadband. Almost 80 percent of Chinese users and two-thirds of users in ASEAN use a smartphone to access the Internet. The least developed economies of ASEAN (Cambodia, Laos, Myanmar and Vietnam) have among the highest growth rate of mobile subscriptions. Specifically, the compounded annual growth rate ranges from 36 percent in Cambodia to 70 percent in Myanmar. Indian smartphone penetration rate is projected to increase from 58 percent in 2015 to 74 percent in 2021.

All these data provide a compelling foundation to endorse e-commerce development.

A most urgent task is to build a region-wide e-commerce enabling environment, for which market mechanisms should take the lead, but the role of policy intervention should not be neglected. For instance, e-commerce value chains depend upon both the physical world and virtual cyberspace. It needs government's involve to set up rules, regulations, and legislation in both the physical and virtual parts of the market to ensure the security and stability of e-commerce growth.

In addition to a country's national

efforts, progress towards regional integration has provided policymakers extra channels to promote e-commerce development via deeper market integration and cooperation, especially in regulation harmonization and service liberalization. Typically, when thinking of long-term e-commerce success, human capital and innovation is the key. It not only poses higher requirements on the coverage and the quality of education and training system, but also calls for region-wide service liberalization to improve mobility and help diffuse knowledge.

The region's potentials for e-commerce development has increasingly drawn policy attention. Asian countries have been putting more inter-governmental effort to enhance cross border collaboration. The ongoing RCEP negotiations include extensive discussion on e-commerce and the related issues, including consumer protections, data localization, IPRs, cyber security, and many others. It is not too ambiguous to foresee a chapter of e-commerce/digital trade in the final agreement of RCEP that is comparable to the one in the TPP agreement. Even so, it still needs Asian countries' persistent effort on implementation, which is crucial to turn the potentials into ultimate success. ■



*Happy  
New Year 2018*

*Warmest thoughts and best  
wishes from the Economic  
Research Institute for ASEAN  
and East Asia*

## ERIA Pays Courtesy Call to Thailand's New Energy Minister



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The ERIA delegation expressed their support for the Ministry of Energy in trying to find solutions to the issues facing Thailand's energy sector through energy policy research studies.

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A small delegation from the Economic Research Institute for ASEAN and East Asia (ERIA) paid a courtesy call to the new Energy Minister of Thailand, H.E. Dr Siri Jirapongphan, on the afternoon of 20 December 2017 in Bangkok, Thailand.

ERIA's Special Advisor on Energy Affairs Mr Shigeru Kimura and Energy Economist Dr Han Phoumin met

with Minister Jirapongphan, who previously served as the Executive Director of the Petroleum Institute of Thailand (PTIT), to discuss major issues in Thailand's energy sector, including social acceptance of coal power plant, Thailand Energy 4.0 focusing on electric vehicle (EV), and the plan to mix palm oil with diesel oil.

In the hour-long meeting, Minister

Jirapongphan was accompanied by high level officials such as Mr Thammayot Srichuri, Permanent Secretary and Dr Twarath Sutabutr, Director General of Energy Policy and Planning Office in the Ministry of Energy. The ERIA delegation expressed their support for the Ministry of Energy in trying to find solutions to the issues facing Thailand's energy sector through energy policy research studies. ■

## Japan's Former Deputy Minister of Foreign Affairs Discusses Various Global Trends




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Asia is witnessing a declining Japan, a stronger China, a growing India, and an unpredictable United States. The challenge that Asia faces is to create a solid architecture in East Asia in this context.

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ERIA hosted an informal roundtable discussion with the Former Deputy Minister of Foreign Affairs of Japan Mr Hitoshi Tanaka on various issues related to the current and present issues of ASEAN and Indonesian economy, especially in relation to Japan, the trend of economic nationalism, and the ASEAN Economic Community 2025.

H.E. Ambassador Stephanie Lee, the New Zealand Ambassador to ASEAN, and H.E. Ambassador Marie -Louise Hannan, the Canada Ambassador to ASEAN, attended the event, which was held on 30 November 2017, along with ERIA researchers Dr Ponciano S. Intal, Jr, Dr Fauziah Zen, Dr Venkatachalam Anbumozhi, Dr Lurong Chen, Dr Masahito Ambashi, and Ms Maura Ada Décosterd.

ERIA President Prof Hidetoshi Nishimura delivered the opening remarks, in which he gave an overview of ERIA's historical background. Mr Tanaka

congratulated Prof Nishimura on his efforts to build ERIA and praised the great contributions that ERIA has made to the development of ASEAN and East Asia. He went on to introduce himself to the audience and briefly touched upon the subjects that he wanted to discuss, including the shift in world order and how it will impact ASEAN and East Asia.

According to Mr Tanaka, who is also the Chairman of the Institute for International Strategy, Japan Research Institute, Asia is witnessing a declining Japan, a stronger China, a growing India, and an unpredictable United States. The challenge that Asia faces is to create a solid architecture in East Asia in this context. He stated that economic integration is crucial, and ERIA has a lot to contribute to this via its research.

During the discussion session, Ambassador Lee stated that it would

be desirable to quickly conclude the Regional Comprehensive Economic Partnership (RCEP) agreement. Mr Tanaka concurred, adding a suggestion to bridge RCEP with the Trans-Pacific Partnership (TPP) agreement--which is now TPP 11 with only 11 countries in the negotiation.

When discussing the shifting world order, Mr Tanaka stated that in the future, China's strength and share in power will grow. There is a necessity to hedge against China's unpredictability, which can only be done by the US; therefore, it is necessary for Japan to engage with the US constructively. Japan Prime Minister H.E. Shinzo Abe has been trying to cultivate a good relationship with the US President H.E. Donald Trump. That said, Mr Tanaka believed that the way ahead required regional cooperation instead of bilateral cooperation. ■

## ERIA Holds Consultative Workshop on Lao PDR 2017 National Energy Statistics



Minister Phonekeo praised the hard work of the Ministries officials and ERIA's researchers in preparing the National Energy Statistics of Lao PDR 2017, which will be the first ever energy data and statistics for the country.

The Ministry of Energy and Mines of Lao PDR (MME) and the Economic Research Institute for ASEAN and East Asia (ERIA) held a Consultative Workshop on the Preliminary Results of National Energy Statistics of Lao PDR 2017 on 30 November 2017.

Around 40 participants from the Ministry of Energy and Mines as well as other related Ministries participated in this workshop. Permanent Secretary of the Ministry of Energy and Mines H.E. Dr Daovong Phonekeo and ERIA's Special Advisor to the President on Energy Affairs Mr Shigeru Kimura delivered the opening remarks for the workshop.

Minister Phonekeo praised the hard work of the Ministries officials and ERIA's researchers in preparing the National Energy Statistics of Lao PDR 2017, which will be the first ever energy data and statistics for the country. He commended the good work done by his Ministry in collaboration with line Ministries in collecting the data, which was very

challenging as the data existed in various forms from different data sources and agencies.

He also thanked ERIA for providing technical assistance to this project and he encouraged all agencies to continue providing and sharing data. The updated data will be very important in designing appropriate energy policy in Lao PDR especially as the country may face more challenges ahead due to the increase of energy consumption to support economic growth. Furthermore, Lao PDR can become vulnerable to challenges in ensuring energy security if their energy policies are not well prepared to address these foreseeable challenges.

Mr Kimura echoed the comments made by Minister Phonekeo, adding that Lao PDR will need to have a good data collection system in order to facilitate the future work of collecting and updating energy data and statistics. The level of detail of energy data is very important to ensure that energy statistics are

based on accurate information. The most daunting challenge that the MME faced was the level of data availability, and it posed great challenges to break down the energy data consumption into sub-sectors. Thus, he urged MME and Ministries involved in the statistics to set up a regular technical working group to discuss the issues and challenges in collecting and providing energy data. ERIA could provide technical support to facilitate the technical discussion when needed.

The participants actively shared their views and comments following presentations by ERIA researchers and MME official on the preliminary findings of the current data situation, energy consumption survey, and energy balance table of Lao PDR. The presenters discussed the data collection methodology and analysis, as well as the preparation of national energy balance.

The National Energy Statistics of Lao PDR 2017 is planned to be published early in 2018. ■

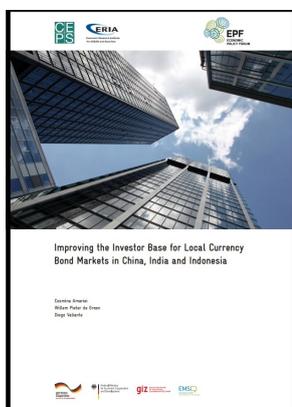
# Publications



## Facilitating ASEAN Trade in Goods

By Lili Yan Ing and Olivier Cadot

To move forward trade facilitation agenda in ASEAN, this brief presents three recommendations that focus on rules of origin, transparency of non-tariff measures (NTM), and NTM streamlining. Although the ASEAN Trade in Goods Agreement's rules of origin have a relatively simple structure, these require supervision as recent research puts their ad valorem equivalent at about 3.40%. Meanwhile, the transparency of NTMs rests on two pillars: accurate data, and open dissemination and dynamic disciplines. Last but not least, the move for NTM streamlining should not be viewed as a trade negotiation issue because NTMs are not purely trade policy instruments.



## CEPS - ERIA New Book: Improving the Investor Base for Local Currency Bond Markets in China, India and Indonesia

By Cosmina Amariei, Willem Pieter de Groen, and Diego Valiante

China, India and Indonesia are in need of alternative sources of finance. In the coming years, these three countries will require vast amounts of capital in order to bring investments in infrastructure to the level that optimises economic growth. This study looks at the possibility to further develop the local currency bond markets in general, and to broaden and deepen the institutional investor base in China, India and Indonesia in particular.

This report was prepared in the framework of the Emerging Market Sustainability Dialogues (EMSD), which is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, the German international cooperation agency, on behalf of the German Ministry of Economic Cooperation and Development (BMZ). EMSD is a network of representatives from the financial sector, think tanks and multinational corporations who jointly develop and implement solutions for sustainable economic development in emerging economies, through consultation, dialogue and research.

# Call for Proposals

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The Economic Research Institute for ASEAN and East Asia (ERIA) invites submission of original research proposals for its project, Labour in East Asia. The project aims to improve understanding of labour market issues in the context of increasing fragmentation of production across countries in the East Asian region. We welcome proposals that take a trade-in-value added (TIVA) perspective and pursue questions pertaining to the labour market. The project objective, background, potential topics, and other information can be found in the accompanying Terms of Reference (TOR).

ERIA will provide financial support of US\$8,000 (eight thousand US dollars) for one paper (see Terms and Conditions in TOR). In addition, ERIA will cover the travel and lodging costs of the researchers to attend the project's workshops.

Research proposals should be submitted by email to Rashesh Shrestha ([rashesh.shrestha@eria.org](mailto:rashesh.shrestha@eria.org)) no later than **5pm Jakarta time** (GMT+7) on Wednesday, **14 February 2018**. Earlier submissions are encouraged. We will notify the authors of selected proposals by 28 February 2018 at the latest.

The proposals and papers will ideally include a combination of theoretical and empirical analyses, and/or case studies to derive policy lessons for a developing country. Research using individual and household-level data is especially encouraged.

Proposals should be a maximum of 5,000 words and clearly lay out the research question, methodology, data sources, and relevance to the theme of the project. Authors who already have completed working papers may submit those in lieu of a research proposal. Please include the CVs of the main author and co-authors (if any) in the submission.

## [Output]

- The final paper will be included as a chapter in an academic book co-published by ERIA-Routledge.

## [Project timeline]

- 14 February 2018: Deadline for submission of research proposals
- 28 February 2018: Announcement of selected proposals
- 30 May 2018: First draft of paper due
- June 2018: Team workshop (dates and location TBD)
- 30 September 2018: Final draft of paper due

## [Contact]

Please email Rashesh Shrestha with any questions.

## More information:

Visit our website for more information here:

<http://www.eria.org/news/FY2017/11/call-for-proposals-labour-in-east-asia.html>

# Upcoming Events

## The Second Workshop on Handbook of Asian Economic Integration Project

Date: 15-16 January 20178  
Venue: Jakarta, Indonesia

## Capacity Building Programme: Strengthening Fiscal Policy for Infrastructure Delivery in the Mekong Region

Date: 15-16 January 2018  
Venue: Hanoi, Viet Nam

## Workshop of FTA on Trade and Industry (Phase II)

Date: 19 January 2018  
Venue: Tokyo, Japan

## The First Workshop of Digital Economy, Innovation, and East Asia's Competitiveness (2)

Date: 21-22 January 2018  
Venue: Bangkok, Thailand

## Global Think Tank Ranking Pre-Launch Event: Why Think Tanks Matter More Than Ever

Date: 26 January 2018  
Venue: Jakarta, Indonesia

## Research Institute Network Meeting FY 2017

Date: 29 January 2018  
Venue: Jakarta, Indonesia

## ERIA and IDE-JETRO Roundtable on 'Connectivity and Innovation'

Date: 30 January 2018  
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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