



**Ambassador Delia Albert:
ASCC Should be the First Pillar of ASEAN**

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The ASEAN Socio-Cultural Community (ASCC) should be the first pillar of ASEAN to improve integration amongst member states, said Ambassador Delia Albert, the former Foreign Affairs Secretary of the Philippines and the Chairperson of ASEAN Society. Ambassador Albert delivered her remarks in a Public Symposium on 'Building ASEAN Socio-Cultural Community and Nation Building' in Davao City, the Philippines, 24 August 2017.

The symposium was jointly organised by the Economic Research Institute for ASEAN and East Asia (ERIA), in collaboration with the Philippine Institute for Development Studies (PIDS), Mindanao Development Authority (MinDA), and ASEAN Society Philippines, with the support from the Philippines' Department of Foreign Affairs - Philippine Mission to ASEAN. It was part of the commemorative events for the 50th Anniversary of ASEAN and it was the second public symposium that ERIA held as part of the celebrations.

Ambassador Albert recounted her days as the Director General of the ASEAN National Secretariat in the Philippines Department of Foreign Affairs during the closing plenary session. She stated that in those days, they worked on functional cooperation and the idea that ASEAN Socio-Cultural Community should not be the third pillar.

'Actually, it should be the first pillar. And this was the confirmation in a book called Southeast Asia in Search of an ASEAN Community, written by the then Secretary General Rodolfo Severino. And he said, why did we start with political and economic? I said those were the needs of the early days of ASEAN, so it was imperative that security and political came first, and how do you achieve that, you go to economic cooperation. But I think it would have been easier for ASEAN to accept the integration process if there had been an earlier conscious effort to promote the socio-cultural pillar of ASEAN. But that being the case, we can't reverse history, so I think that my only statement today would be to start the 51st year of ASEAN talking about the third pillar becoming the first pillar, how about that?' she said.

In her keynote speech, the Former President of the Philippines H.E. Gloria Macapagal-Arroyo shared her experience as ASEAN Chair during her presidency, particularly about the ASEAN Socio-Cultural Community.

'ASEAN has had a vital 50 years of existence. As a President of the Philippines from 2001 to 2010, I had the privilege of leading ASEAN

for one period of those 50 years. And as our previous speakers have mentioned, during my time, in the October 2007 Summit in Bali, the Philippines had the honour of being the initiator of the ASEAN Socio-Cultural Community. In 2007, during my chairmanship of ASEAN, we followed through on our initiative with the summit theme of 'One Caring, Sharing Community',' said Former President Macapagal-Arroyo.

ERIA President, Prof Hidetoshi Nishimura, emphasised that the ASEAN Socio-Cultural Community (ASCC) provided the basis for the question 'what is ASEAN?'. He further mentioned that due to ASEAN's mindfulness of the diversities among its member states, ASEAN discovered the consensus-building approach that today is called the 'ASEAN way'. 'With great respect for each country, ASEAN has built peace and stability, and the nation, region, and community in five decades,' said Prof Nishimura.

Mr Zaldy Patron, the Executive Director of the Office of ASEAN Affairs in the Philippines' Department of Foreign Affairs, shared the same sentiment with Prof Nishimura. 'The member states have shown fruitful existence through the ASEAN Way. ASEAN continues to be an outward looking organisation,' said Mr Patron.

The Mayor of Davao City, Hon. Sara Duterte-Carpio delivered her remarks on behalf of the Davao City government, welcoming the participants to the city.

The symposium had a panel discussion on 'Building ASEAN

Socio-Cultural Community and Nation Building', followed by four concurrent sessions on two time slots. The sessions were: 'What does ASEAN mean to ASEAN people?', 'Networking, Innovation, Education, and Social Protection: Building ASEAN Socio-Cultural Community for the Future', 'Towards a More Resilient and Sustainable ASEAN', and 'Strengthening Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP EAGA) and other Sub-regionals Towards a Stronger ASEAN Community'.

ERIA have planned four symposiums to commemorate the 50th anniversary of ASEAN. The first symposium, focused on the ASEAN Political-Security Community, was held in Iloilo in July. The third symposium, focused on the ASEAN Economic Community, will be held next month in Manila. The High Level Forum on ASEAN@50, which is planned to be held in October in Manila, will conclude the series of commemorative events. ■

Public Symposium: Building ASEAN Socio-Cultural Community and Nation Building





M Rizqy Anandhika

Research Associate at ERIA

The Digital Economy is Necessary for ASEAN to Benefit from Industry 4.0

'Industry 4.0 promises a revolutionary new paradigm for economic production that employs cyber-physical production systems including online networks of sensors, machines, workpieces and information technology systems that span entire value chains.'

From AI and robots to big data and clean energy, disruptive technologies are rapidly redefining our daily lives, our businesses, our economies. And in our interconnected world, these deepening impacts of 'Industry 4.0' should compel countries to prepare for the changes. ASEAN countries are advised to focus in particular on the new technologies related to digital economy. However, in order to do so successfully requires overcoming a few key challenges: ensuring that necessary regulation and public infrastructure is in place, developing human resources and intensifying mutual cooperation.

Industry 4.0 promises a revolutionary new paradigm for economic production that employs cyber-physical production systems including online networks of sensors, machines, workpieces and information technology systems that span entire value chains. These sophisticated new systems boost

productivity and lead to levels of efficiency that were not imaginable just a couple of years ago. But these benefits also come at a cost from potential labour market disruption.

This revolution started decades ago, but there were no sure signs of the domination of technology-based industries until recently. Last year, technology businesses overtook financial industries with the five largest companies in terms of market capitalization all technology based. These changes are transforming Asia at least as much as anywhere else. China's e-commerce leads worldwide and India now has Bangalore as its own Silicon Valley. To survive the global competition, ASEAN countries should prepare an adaptive digital economy ecosystem as the foundation to participate in industry 4.0.

The increasing levels of Internet penetration in ASEAN nations provides a strong basis for this participation. According to a Google-Temasek survey, by 2016, 260 million individuals in the ASEAN region had regular access to the Internet. This is projected to increase to 480 million by 2020. With the average annual GDP growth rate standing at 4.9 percent in 2016, ASEAN has one of the highest regional rates in the world. Of the region's population of more than 600 million people, more than 65 percent are of productive age, with a rapidly expanding middle class. These factors have driven a massive increase in demand for online media, travel and e-commerce services. In 2015, the value of these services in the region stood at US\$31 billion. This is expected to grow by a factor of 6.5 by 2025.

However, despite this potential, a number of significant challenges remain, primarily related to government regulation, public infrastructure and human resource development. To address these challenges, the governments of ASEAN nations must individually and collectively develop appropriate legal frameworks. In particular, these must prevent the emergence of monopolies resulting from the 'winner-takes-most' nature of the digital economy. The regulations should also protect consumers against fraud, invasion of privacy and intellectual property infringements, amongst other matters.

These issues have already created significant tensions. For example, traditional transportation services in the region, such as taxi companies, have felt threatened by what they see as unfair competition from the new ride sharing services, Uber, Grab and Go-Jek. Learning from these conflicts, governments, together with relevant stakeholders, should strive to ensure that regulations keep pace with technological developments.

Governments should also play a role by developing the ICT infrastructures essential for participation in the new paradigm. At present, according to the Global Competitiveness Report 2016-2017, there is wide variation in the quality of infrastructure available to people in different ASEAN countries corresponding to each nations' different levels of economic development. In the less developed nations, governments often regard ICT connectivity as tertiary infrastructure, with greater priority

being given to the development of primary infrastructure, including road, basic electricity, clean water and agricultural irrigation facilities.

However, governments could utilise Public-Private Partnerships (PPP) to enable the development of ICT infrastructure without diverting public resources from essential primary infrastructure. For example, Malaysia established a PPP to develop a high-speed nationwide broadband network, while Singapore established one to provide free public Wi-Fi. Thailand utilised a Build-Transfer-Operate model of PPP for fixed line telephone service expansion, using concession fees to share revenue with a private company. The ASEAN PPP Models for ICT forms an integral part of the ASEAN ICT Masterplan (AIM) 2015 and can serve as a reference for other ASEAN member States.

The other challenges are related to the limited human resources. To address this, governments could encourage private sector participation by supporting domestic digital industries through the provision of public co-working spaces, improved higher education, trainings, competitions and boot camps. Fiscal incentives could be implemented selectively but governments could also promote digital start-ups through loans and financial facilities through banks, angel investors, venture capital, peer to peer and crowdfunding systems.

While technical skills are extremely important to enable the development of digital societies, widespread Internet literacy is

equally important for its uptake. Governments could implement e-government services to introduce people with the internet, while internet education should be provided for micro-businesses to benefit from access to information and new markets.

All of these ASEAN governments' efforts can be optimised by mutual cooperation. Earlier initiatives, such as the ASEAN ICT Masterplan (AIM) 2015, were formulated to foster this cooperation and to develop the digital economy throughout the region by defining general principles. The current AIM 2020 focuses more on implementation issues, including the adoption of sustainable, environmentally friendly ICT systems, the development of smart cities, ICT investment facilitation, open data systems, cyber security and cloud computing platforms. It is important to note that Singapore has expressed its commitment to emphasise digital economy under its chairmanship in 2018.

Through regional integration, ASEAN nations will be able to share experiences and learn from each other to address the challenges that currently constrain development. Global connectivity accelerates the spread of information and knowledge, thus increasing the feasibility of technological adoption. If the region can further focus on supporting the ecosystem for digital economy, and at the same time attracting talent via regional cooperation, ASEAN nations are on track to fully benefit from industry 4.0. ■

ERIA Releases Vol 2 and 4 of ASEAN@50 Project in ASEAN Ministerial Meeting



Picture Credit: Philippine Star

'As part of our chairmanship initiatives, I would like to acknowledge the Economic Research Institute for ASEAN and East Asia or ERIA, for working closely with the Philippines in producing a five-volume book in ASEAN's 50 years of regional cooperation as one of ASEAN's 50th year commemoration.'

In honour of ASEAN Day 2017 on 8 August, the Economic Research Institute for ASEAN and East Asia (ERIA) released the second and fourth volume of the five-volume commemorative publication produced under the ASEAN@50 Project during the ASEAN Ministerial Meeting in Manila. ERIA collaborated with the Philippine Government as part of the commemorative events to celebrate ASEAN's 50th anniversary in 2017.

ERIA President, Prof Hidetoshi Nishimura, attended the Grand Celebration of the 50th Anniversary of ASEAN, which also marked the closing of the ASEAN Ministerial Meeting. Prof Nishimura personally presented the

two books to the Foreign Ministers of ASEAN Member States. ERIA's contribution was acknowledged by the Philippine Government as part of the deliverables for the Philippines' ASEAN chairmanship.

'As part of our chairmanship initiatives, I would like to acknowledge the Economic Research Institute for ASEAN and East Asia or ERIA, for working closely with the Philippines in producing a five-volume book in ASEAN's 50 years of regional cooperation as one of ASEAN's 50th year commemoration,' said H.E. Alan Peter S. Cayetano, the Philippines' Secretary of Foreign Affairs, who chaired the Ministerial Meeting.

In addition, ERIA's initiatives were also recognised by ASEAN Foreign Ministers, as mentioned in the Joint Communiqué of the 50th ASEAN Foreign Ministers' Meeting: 'We appreciated the various initiatives and activities organised by the ASEAN Committees in Third Countries and International Organizations (ACTCs), ASEAN Dialogue Partners, and regional and international institutions and think tanks, including the Economic Research Institute for ASEAN and East Asia (ERIA) to contribute to the celebration of ASEAN's golden anniversary.' ■



The second volume of the five-volume commemorative publication produced under the ASEAN@50 Project, entitled *Volume 2: Voices of ASEAN: What Does ASEAN Mean to ASEAN Peoples?* presents the results of an ASEAN-wide survey of 2,322 respondents' and describes their aspirations, expectations, concerns, and hopes for ASEAN.



The fourth volume, entitled *Volume 4: Building ASEAN Community: Political-Security and Socio-Cultural Reflections*, presents important essays on ASEAN Political-Security Community (Part A) and ASEAN Socio-Cultural Community (Part B) written by a distinguished group of academics and officials.

Invest in Aging Populations Key to Sustainable Growth in the Asia Pacific



'People have pursued longer life, and even eternal youth, since the beginning of our history. Development in the past centuries, mainly because of progress in medical science and public health, has enabled us to somehow obtain the tools to control fertility and mortality.'

One of the key challenges faced by the Asia Pacific region is rapid population ageing, which will pose economic challenges as well as trigger various health and human security issues. Therefore, there should be a concerted effort in the region to ensure the welfare costs would be sustainable and to improve the resilience of the communities, as discussed in a multi-stakeholder forum held on the sidelines of APEC Senior Officials' Meeting (SOM) in Ho Chi Minh City, Viet Nam, on 15 August 2017.

The forum, which was held with the theme Investing in Healthy and Active Aging for Sustainable Growth: A Regional Approach to Promoting Innovative Long-Term Care, was organised by the Government of Japan, the Government of Viet Nam, Asian Forum of Parliamentarians on Population and Development (AFPPD), HelpAge International, Japan Center for International Exchange (JCIE), Japan External

Trade Organization (JETRO) and the Economic Research Institute or ASEAN and East Asia (ERIA).

In his keynote speech, Mr Keizo Takemi, the Member of House of Councillors, Japan and the Chairperson of AFPPD stated that the Forum has two main objectives. First, to deliberate on how to prepare for the upcoming big waves of population ageing in the region. The first objective focused on three key issues, namely the role of community for long-term care and public-private-civil society partnership; the regional innovative approach for the capacity development of professional care workforce through the cross-border movement; and a collaboration among APEC members to deal with the different waves of ageing. The second objective of the forum was to exhibit Japan's latest technological innovations for elderly care.

Moreover, Mr Takemi mentioned that there were three impacts of

an ageing society to a country's population. The first impact is a growing danger of non-communicable diseases as the cause of deaths. According to the World Health Organisation, non-communicable diseases are diseases that have a long duration and a slow progression pace, such as cardiovascular diseases, cancer, chronic respiratory diseases, and diabetes. The second impact is that there will be a lot of ageing poor people. The third impact is a shortage of care workers. He further discussed ways to develop and allocate the human resources for long-term care.

ERIA's President, Prof Hidetoshi Nishimura, attended the meeting and delivered the closing remarks.

'People have pursued longer life, and even eternal youth, since the beginning of our history. Development in the past centuries, mainly because of progress in medical science and public health, has enabled us to somehow obtain

the tools to control fertility and mortality. From the perspective of demographic and health transition, ageing is ultimately the result of human beings' success in living healthy lives. So I would like to say that ageing has to be considered positively, not negatively,' said Prof Nishimura.

He added that ERIA would like to play a leading role in harnessing the knowledge, practice, and policymaking needed to address this challenge.

The forum was attended by more than 250 people from 27 economies in the region,

representing diverse stakeholders, namely parliamentarians, government officials, and representatives from international organizations, academia, civil society organisations and the private sector. ■

Nader Habibi Discusses the Role of the Middle East in China's Belt and Road Initiative



'In the face of both opportunities and challenges of economic globalisation, the right thing to do is to seize every opportunity, jointly meet challenges, and chart the right course for economic globalisation.'

China's Belt and Road Initiative (BRI) increasingly dominates headlines across Asia, with opinions about how Asian, African, and even European countries can partake in manners that benefit their own regions. However, the Middle East, the region that seems key to the success of many of these linkages, rarely appears in the discussions. Thus it was with great appreciation that on 10 August the Economic Research Institute for ASEAN and East Asia (ERIA) was able to host a discussion on the subject with Prof Nader Habibi, the Henry J. Leir Professor of Practice in the Economics of the Middle East at Brandeis University's Crown Center for Middle East Studies, Massachusetts.

ERIA's Chief Operating Officer, Izuru Kobayashi, stated in his opening remarks that it would be interesting to learn about Prof Habibi's perspective on the Middle East and BRI (previously known as One Belt One Road initiative—OBOR), especially as China considers its relationship with the Middle East to be very important for its economy.

In his speech to the World Economic Forum earlier this year, China's President H. E. Xi Jinping showcased China's strategy to engage with the world. Avoiding politics, diplomacy, and military might—the traditional strategies of global heavy-weights—China's focus is pure economics. 'In

the face of both opportunities and challenges of economic globalisation, the right thing to do is to seize every opportunity, jointly meet challenges, and chart the right course for economic globalisation,' said President Xi.

A few months later, China hosted the Belt and Road Forum for International Cooperation, hosting leaders from around the world to discuss China's BRI that aims to improve land and maritime routes for a more efficient global infrastructure network that connects China to Africa, Europe and beyond.

Amidst China's efforts to promote BRI and the current geopolitical

situation in the Middle East, Prof Habibi's presentation 'Is the Middle East Ready to Join the Silk Road?' gives an interesting insight for the audience, which includes the Canadian Ambassador for ASEAN H.E. Marie-Louise Hannan.

Before Prof Habibi delivered his presentation, he acknowledged the presence of Ambassador Hannan in the discussion by praising Canada's stance and policy in the world today. He then began his presentation by elaborating on China's interest in the Middle East which includes oil and natural gas; export and investment opportunities, especially trade with the Gulf Cooperation Council (GCC); land transport alternatives; and the Middle East and North Africa (MENA) region as a logistic and transport route to access Europe and Africa. He also looked into the history of China and Middle East countries relations including China-Arab cooperative strategic plan in 2014 and China's geopolitical neutrality, a policy done with respect to Middle East Countries.

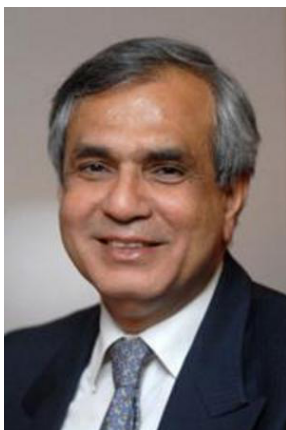
The next part of the discussion shifted the focus onto the importance of Asia for MENA countries. There are several reasons why Asian countries have become more important economic partners for MENA countries. First, Asia's demand for oil is strong due to an increase in industrialisation among Asian countries, which offset the decline of oil demand from the US and EU countries since the US opted to be self-sufficient and EU countries shifted its energy mix to include more renewable energy. Second, MENA is happy with Asian neutrality in geopolitical issues. Third, there is a bilateral investment interdependence in which China invests in GCC oil upstream, whereas GCC invest in China's oil downstream. Prof Habibi also pointed out that should MENA decide to join BRI, they will benefit from purchasing China's inexpensive export products.

Although the two parties seem to be benefiting from their relationship, challenges remain. According to Prof Habibi, the expansion of BRI into MENA

countries could result in tensions with the US, increasing the risk of incurring sanctions, increasing the risk of military confrontation in the Persian Gulf, and disrupting trade in the region, among other challenges.

He concluded the presentation by answering the main question of the discussion on whether Middle East is ready to join OBOR. He stated that MENA might not be ready to join OBOR as a coherent and a stable block of nations. However, many MENA countries have incentives to join OBOR because the project is believed to be beneficial for both parties. Moreover, China's financial and technical assistance for these countries is significant. In his opinion, the consequences remain inevitable, nevertheless, as multiple conflicts will affect progress and foreign power intervention would lead to a more active China in regards to their geopolitical policy. ■

ERIA Welcomes the Appointment of Dr Rajiv Kumar to NITI



Picture Credit: The Hindu Business Line

ERIA President, Professor Hidetoshi Nishimura, would like to congratulate Dr Rajiv Kumar, a former Governing Board Member of ERIA, on his appointment as Vice-Chairman for the National Institution for Transforming India (NITI) Aayog, a high-level policy advisory body for the Government of India. ERIA was honoured to have had Dr Kumar as a Governing Board Member from 2014 to 2016. Dr Kumar holds a DPhil in economics from Oxford and a Ph.D from Lucknow University.

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, all of whom have backgrounds in academia, business, and policymaking. The Governing Board held its annual meeting this year on 9 June. ■

ERIA, ERIN, and the Philippines Department of Energy Organise 1st East Asia Energy Forum



'Energy is obviously a key component in economic development: the latter simply cannot happen without the former. It is hence, timely and relevant to deepen our critical awareness and share expertise in this area'

The Economic Research Institute for ASEAN and East Asia (ERIA) and its Energy Research Institutes Network (ERIN) worked together with the Philippines Department of Energy to organise the inaugural East Asia Energy Forum in Bohol, the Philippines, on 9 August 2017. More than 15 high-level experts and policymakers delivered presentations at the forum, which was attended by more than 75 participants.

H.E. Alfonso G. Cusi, the Energy Secretary of the Philippines, and Prof Hidetoshi Nishimura, the President of ERIA, delivered the welcome remarks. In his remarks, Secretary Cusi stated that the Forum was the first of its kind and it was a historic occasion. He also expressed his hope that the Forum could be institutionalised as a regular event in regional energy cooperation for ASEAN and East Asia. He went on to discuss the importance of energy in development.

'Energy is obviously a key component in economic development: the latter simply cannot happen without

the former. It is hence, timely and relevant to deepen our critical awareness and share expertise in this area,' said Secretary Cusi.

According to Secretary Cusi, conventional energy provides the reliability, security, and diversification that countries needed to encourage economic growth, until we can reach a carbon-free energy future. He also took into account the fact that every country has different economies, geographies, and social needs, which translates into different approaches to reach an ideal energy mix.

'As such, I believe it is important to take a "technology-neutral" approach when devising our energy policies,' he said, explaining that 'broadly speaking, "technology-neutral" means that we shouldn't be constrained by rigid or arbitrary targets in sourcing our energy. In other words, both conventional and non-conventional sources must be considered. However, this shouldn't be equated with abandoning climate action.'

Prof Nishimura echoed Secretary Cusi's statement regarding the importance of energy saving, clean energy, and the significant increase of low carbon energy in the future, as well as the fact that it may take some time to achieve an affordable and stable use of renewable energy.

'ERIA also understand that fossil fuels, not only gas but also coal and oil, are indispensable at least in the next decade. Consequently, ERIA chose fossil fuel as the theme of the 1st East Asia Energy Forum (EAEF) and the forum discusses about major issues of each fossil fuel, such as coal, oil and gas,' said Prof Nishimura.

H.E. Pehin Dato (Dr) Mohammad Yasmin Umar, Minister of Energy and Industry at the Prime Minister's Office Brunei Darussalam, opened his keynote address by congratulating Prof Nishimura and ERIA for the publication of Volume 2 and 4 of the five-volume ASEAN@50 Project publications to commemorate ASEAN's 50th anniversary.

'ERIA's initiative in the ASEAN@50 project, in collaboration with the Philippines government as ASEAN Chair, is further testimony to the increasingly important role ERIA plays in the region. This shows that ASEAN needs ERIA, not only in its work as a leading research institute, but also in ensuring that the work is translated into impact on the ground. This endeavour is clearly reflected in the organising of this inaugural East Asia Energy Forum, co-organised by ERIA and ERIN with the Philippines Department of Energy,' said Minister Umar.

Minister Umar addressed the emerging role of Asian market in relation to global liquefied natural gas (LNG) demand, production, and trade.

'Over the next 23 years or so, the demand pivot for LNG will shift towards Asia and the region will see an increase of imports from regions outside Asia. In fact, the Asia Pacific region is expected to see an increase of 34 percent in LNG production capacity in 2022. Asia is also expected to import LNG at about 44 bcf per day in 2035, approximately accounting for 70 percent of the global LNG import. With this in mind, I call on my fellow Asian friends and colleagues to work together and position ourselves to take full advantage of this,' he said.

Minister Umar stated that he would like to see the gas market to be more liberalised through 'a shared and third party operated infrastructure', which would allow gas prices to be more market-driven and competitive. He added that gas would also be important in

addressing climate change as it is a cleaner form of energy.

After a short coffee break, there were three hour-long sessions on coal (clean coal technology (CCT) and carbon capture and storage (CCS)), oil (stable market and stockpiling), and gas (Asian hub).

Prof Jun Arima, ERIA's Senior Policy Fellow for Energy and Environment, opened the session on coal with a keynote speech and then acted as the moderator for the subsequent panel discussion. Afterwards, ERIA's Special Advisor to President on Energy Affairs, Mr Shigeru Kimura delivered a presentation on EAS Energy Outlook, followed by the other two sessions that were moderated by Dr Ucok W.R. Siagian (Centre for Research on Energy Policy, Bandung Institute of Technology, Indonesia) and Mr Dmitry Sokolov (Head of Energy Economics & Forecasting Department, Gas Exporting Countries Forum).

The sessions highlighted experiences and insights into how to supply and use fossil fuel from the Philippines, Brunei, Indonesia, Japan, and the United States, among others. Delegates also noted best practices for community engagement in the development of fossil fuel projects, which include identifying and regularly engaging stakeholders with strong interests in the project and being responsive to local community concerns.

Ultimately, forum discussions noted the critical role of governments in strengthening the policy environment that can enable the cleaner use of fossil

fuels. This includes through crafting appropriate incentives (both fiscal and non-fiscal) and fostering healthy environments for investment and innovation that can support the twin goals of affordability and sustainability.

Dr Romeo Pacudan, the Chairman of ERIN and the Interim CEO of Brunei National Energy Research Institute (BNERI), delivered the closing remarks.

Key Points from the Conference:

- Between 2013 and 2040, demand for energy in the EAS region will nearly double. While countries have ambitious plans to diversify supplies and expand the use of renewable energy, fossil fuels are also anticipated to continue to play a central role in how countries meet energy demand, in terms of addressing needs to promote affordability, stability and security.
- Coal remains an important fuel for the EAS region because it is affordable and highly secure in terms of its abundant availability. On the other hand, coal tends to encounter opposition from environmental groups due to the Paris Climate Accord. Coal use should be matched with technologies that support its cleaner use, including for CCT, through appropriate financing mechanisms. Ultimately, development and wide spread deployment of CCS is essential.
- Oil demand will surely increase and it will be still be a dominant fuel in regional energy mixes through at least 2030. As regi-

- -onal production capacity remains constant, Asia's oil import dependency will increase as will its vulnerability to oil shocks. Consequently, governments should seize the opportunity provided by recently lower oil prices and more abundant global supply outlooks to develop strategic oil storage, advance oil sharing schemes, and promote supplier diversification to reduce long-term vulnerabilities to disruptions.
- Although gas is underutilised in Asia compared to other regions, environmental goals coupled with appropriate prices are anticipated to drive further expansion. Creating an Asian LNG hub could help stabilise markets and make gas a more competitive fuel in Asia. Significant investment in LNG facilities will also be required. ■

EAS Foreign Ministers Recognise ERIA's Contributions



'The Ministers noted the work of the Economic Research Institute for ASEAN and East Asia (ERIA) for its research contributions related to deepening economic integration, narrowing development gaps and achieving sustainable development in ASEAN and East Asia.'

The Foreign Ministers of East Asia Summit countries acknowledged the contributions of the Economic Research Institute for ASEAN and East Asia (ERIA) towards the economic integration and development of the Southeast and East Asian countries, as stated in the Chairman's Statement of the 7th East Asia Summit Foreign Ministers' Meeting.

'The Ministers noted the work of the Economic Research Institute for ASEAN and East Asia (ERIA) for

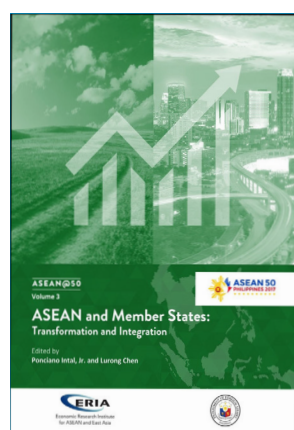
its research contributions related to deepening economic integration, narrowing development gaps and achieving sustainable development in ASEAN and East Asia,' the statement reads.

Furthermore, the Ministers recognised ERIA's support, in collaboration with the ASEAN Council on Petroleum (ASCOPE) and the ASEAN Centre for Energy (ACE), of Japan's initiative related to clean energy. The initiative was focused 'on ways

in which government can spur the development of natural gas markets that are open, transparent, competitive and resilient and promote new technologies for the storage and efficient use of this clean energy resource.'

ERIA's work in the Master Plan on ASEAN Connectivity (MPAC) 2025 was also acknowledged on the 22nd paragraph of the statement. ■

Publications



ASEAN and Member States: Transformation and Integration

Edited by Ponciano Intal, Jr. and Lurong Chen

The ASEAN region has been drastically transformed economically during the past 50 years driven by domestic reforms, the pursuit of open regionalism, and the growth of regional production networks that are woven by international trade and investment linkages. ASEAN's economic transformation occurred alongside the pursuit of ASEAN's regional integration agenda. The establishment of the ASEAN Economic Community (AEC) in 2015 is the formal affirmation of the beginning of the drive towards deeper integration.

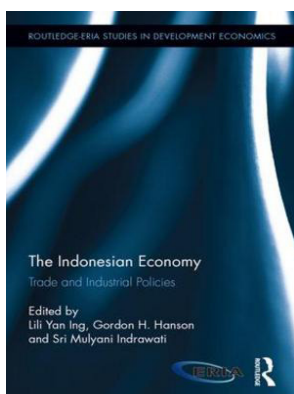
The papers in this volume discuss the evolving role of ASEAN economic integration agenda in the domestic policies of ASEAN Member States as well as their contribution of autonomous liberalisation policies to ASEAN economic integration. The varied country experiences among the member states, especially during the past 2 decades, bring out that the challenges and successes of the AEC lie in the interplay of national interests and ASEAN goals and the concordance of the regional integration initiatives on the one hand and each member state's domestic policy imperatives on the other hand.



The ASEAN Economic Community Into 2025 and Beyond

Edited by Rebecca Sta. Maria, Shujiro Urata, and Ponciano Intal, Jr.

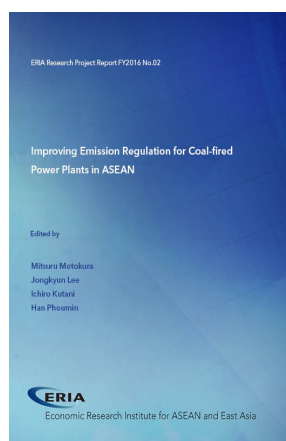
ASEAN has successfully promoted economic integration by increasing intra-ASEAN trade and investment over 5 decades. This is despite the diversity of its member states in terms of the stages of economic development, political systems, ethnicities, and cultural backgrounds, thereby contributing to rapid economic development and growth. Progress in economic integration is realised through step-by-step confidence-building approach - or 'ASEAN way' - towards integration by adopting various ASEAN-wide schemes including the ASEAN Free Trade Area in 1993 and ASEAN Economic Community (AEC) in 2015. Looking to the future, ASEAN needs to undertake investment actively, increase productivity, and enhance connectivity to continue and accelerate economic growth and to realise sustainable and inclusive economic growth. Towards this end, the papers in this volume elaborate on several critical policy measures for moving the AEC forward into 2025 and beyond: promotion of seamless trade facilitation, managing rising non-tariff measures, reframing trade service sector development and liberalisation, institutionalisation of good regulatory practice, enhancing connectivity and participation in global value chains, promoting innovation, and others. The papers effectively sharpen the logic and deepen the insights for the above-mentioned policy measures which are identified and presented in the AEC 2025 Blueprint and other ASEAN blueprints. In addition, the volume emphasises that effective and speedy implementation of these measures by ASEAN and ASEAN Member States requires not only strong political will/commitment but also a monitoring and evaluation system that engenders deep engagement of and collaboration with the business community, think tanks and research institutes, and civil society for constructive feedback.



ERIA - Routledge New Book: The Indonesian Economy

Edited by Lili Yan Ing, Gordon H. Hanson, and Sri Mulyani Indrawati

Against the backdrop of growing anti-globalisation sentiments and increasing fragmentation of the production process across countries, this book addresses how the Indonesian economy should respond and how Indonesia should shape its trade and industrial policies in this new world trade environment. The book introduces evaluation not on tariffs but on new trade instruments such as non-tariff measures (SPS, TBT, export measures and beyond border measures), and looks at industrial policies from a broader perspective such as investment, accessing inputs, labour, services, research and innovation policies.



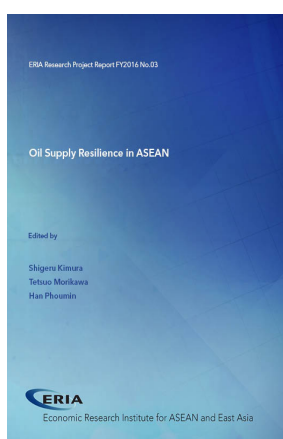
Improving Emission Regulation for Coal-fired Power Plants in ASEAN

Edited by Mitsuru Motokura, Jongkyun Lee, Ichiro Kutani, Han Phoumin

Coal, the most abundant and reliable energy resource, will continue to be the dominant energy source for the East Asia Summit (EAS) region. The coal use patterns in the region reflect robust increase of electricity consumption and power to steer economic growth. With such a fast-growing electricity demand, emerging Asia, particularly ASEAN, will likely build coal-fired power plants (CPPs) with less capital cost. These low-efficiency CPPs will harm the environment because of air pollution, and CO₂ and greenhouse gas emissions. At the same time, world leaders have seriously taken actions to mitigate climate change. Each country pledged to implement Nationally Determined Contributions to track the abatement of climate change.

Stringent environmental regulations that are effectively enforced will help investors select better technologies. Ultra-supercritical technology (USC) for CPPs, considered clean coal technology, uses coal more efficiently and cleanly compared to traditional coal power plant, such as sub-critical technology.

This study, therefore, compares emissions regulations and systems of CPPs in ASEAN and advanced countries. It suggests that minimizing the emission of air pollutants in ASEAN countries is a precondition to the future use of CPPs. Thus, it is expected raise the level of public acceptance to use coal cleanly. ASEAN then should raise the current emission standards of air pollutants from CPPs to the level equivalent to that of OECD countries. In this case, the clean coal technology will be selected automatically, enabling ASEAN to head towards the common environmental standard for the coal-fired power generation.

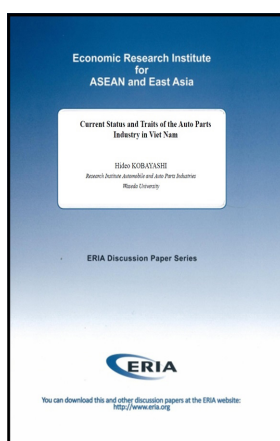


Oil Supply Resilience in ASEAN

Edited by Shigeru Kimura, Tetsuo Morikawa and Han Phoumin

The study of oil supply resiliency aims to share Japan's experience with ASEAN countries in dealing with oil supply disruption either from abroad or domestically as a result of natural or artificial disasters. After the Great East Japan Earthquake in 2011, Japan's supply of oil products, gas, and electricity was disrupted in some regions. As a result, the government and the industry comprehensively reviewed their energy policies after the event. Domestic oil supply was one of the issues, and a set of measures were taken to ensure the stable supply and the swift recovery in case of disruption.

The increasing oil demand in ASEAN countries threatens supply security. Yet, oil stockpiling and other security measures have not been developed to the level of countries of the Organisation for Economic Co-operation and Development. Many ASEAN countries are exposed to various risks of supply disruption, such as natural disasters, accidents, and terrorist attacks. The study analyses the current status of relevant oil supply security activities in the ASEAN region, identifying the required actions to enhance resilience in oil supply security, and, finally, proposing measures to enhance oil supply resilience in the region by using Japanese experience.



Current Status and Traits of the Auto Parts Industry in Viet Nam

By Hideo Kobayashi

This study aims to clarify the current situation and traits of the Vietnamese automobile industry by showing the status of its automobile and auto parts industry. The whole picture of the automobile industry in Viet Nam is discussed first, and then the vulnerability of the auto parts industry, which is the biggest feature and an issue to be addressed in the future, is highlighted as it is the auto parts industry that ultimately determines the competitiveness of the auto industry.

The study looked at studies that have been undertaken on this subject. The number of analytical studies dedicated to the auto industry in Viet Nam is extremely small. Besides, most of them have been conducted only in the context of the Association of Southeast Asian Nations (ASEAN) automobile industry in general. Studies by Tetsuya Kobayashi (2013) and Yingshan Jin (2016) are among them. These studies are basically intended to provide the actual picture of the automobile industry in Viet Nam. This research paper will focus on the auto parts industry in Viet Nam with the aim of getting closer to its core. It should be noted that many of auto parts suppliers in Viet Nam have started operations as motorcycle parts suppliers, and some of them have transformed from motorcycle to auto parts suppliers.

Section 1 describes the establishment of the motorcycle industry in Viet Nam and the formation and expansion of the motorcycle parts industry. Section 2 describes the start of automobile production and the peculiarity of the supply chain formation. Section 3 discusses the possibility of converting from motorcycle parts suppliers to auto parts suppliers. During this process, the global value chain advocated by Gary Gereffi and Miguel Korzeniewicz (1994) is considered to see if and how it will apply and evolve in Viet Nam.

Call for Proposals

The Economic Research Institute for ASEAN and East Asia (ERIA) is inviting research proposals for a study on **‘Improving E-Commerce Enabling/Supporting Connectivity in Asia’**.

[Background]

Digital technology has been defining transformational force of human society; and digital innovations are engines of great prosperity. Supported by the new tools and media, information becomes a new, highly-value production factor. This is going to be a key feature of the future knowledge-based economy and society. Moreover, disruptive innovation, which distinguishes from traditional innovation pattern, provides new opportunity for developing countries to realize leaping development.

Connectivity is vital for countries’ participation in GVCs. It consists of not only physical connectivity that facilitate the movement of raw materials, intermediate goods, and goods, but also virtual connectivity that allows free flow of data, information, and services.

It is highlighted in both AEC Blueprint 2025 and ASCC Blueprint 2025 the importance to incorporate economic digitalization with development in ASEAN. The development of digital economy has been an integral component of the United Nations’ Sustainable Development Goals (SDGs) as well.

This is the phase II study of ERIA research on Digital Economy, Innovation and East Asia’s Competitiveness in GVCs.

[Timeframe]

- To be fully considered, proposals should be submitted to Dr Lurong Chen by email to lurong.chen@eria.org.
- Please put **‘Proposal_ERIA_connectivity’** as the subject of email.
- The deadline of proposal submission is **15 October 2017**. Early submission is recommended.
- Selected submitters will be notified by mid November 2017.
- The first workshop will be held the end of January 2018, when the researchers will present the preliminary draft of papers.
- The formal research contracts will be issued by early February 2018.

Visit our website for more information:

<http://www.eria.org/news/FY2017/08/call-for-proposals-improving-e-commerce-enablingsupporting-connectivity-in-asia.html>

Upcoming Events

Issues around Trade for Ministry of Commerce Negotiators

Date: 14-15 September 2017
Venue: Phnom Penh, Cambodia

Public Symposium on 'ASEAN Economic Community and East Asia Integration and Nation Building'

Date: 21 September 2017
Venue: Manila, Philippines

The First Workshop on Second Phase of Service and GVC Study

Date: 23-24 September 2017
Venue: Jakarta, Indonesia

The 35th ASEAN Ministers on Energy Meeting (AMEM) and Associated Meetings

Date: 25-29 September 2017
Venue: Manila, Philippines

Regional Validation Workshop for ASEAN SME Policy Index 2018

Date: 3-5 October 2017
Venue: Jakarta, Indonesia

The 3rd Global Production Value Chain, Cities, and Urban Amenities

Date: 6-7 October 2017
Venue: Bali, Indonesia

The 6th ERIA Editors Roundtable

Date: 18 October 2017
Venue: Manila, Philippines

The High Level Forum on ASEAN@50

Date: 19 October 2017
Venue: Manila, Philippines

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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