

FIRST FIVE YEARS: HOW IT BEGAN AND WHAT IT HAS DONE



THE BEGINNING

On 23 August 2006, during the 13th Consultation held between the ASEAN Economic Ministers and the Ministry of Economy, Trade and Industry of Japan (AEM-METI) in Kuala Lumpur, the name “Economic Research Institute for ASEAN and East Asia (ERIA)” appeared for the first time. In this meeting, Mr. Toshihiro Nikai, Japan’s Minister of Economy, Trade and Industry, proposed to establish a think tank called ERIA that would approximate an East Asia version of the Organisation for Economic Co-operation and Development (OECD) and committed to contribute more than 10 billion Japanese Yen in 10 years. A joint media statement of said consultation later stated that the ASEAN Ministers welcomed Japan’s proposal and requested Japan to discuss it further with the ASEAN Secretariat.

In response to this, then ASEAN Secretary General, Mr. Ong Keng Yong, initiated the creation of an ERIA Expert Group chaired by Dr. Hadi Soesastro, Senior Fellow at the Centre for Strategic and

International Studies (CSIS), Indonesia, and composed of experts from 16 East Asia Summit (EAS) countries and the ASEAN Secretariat. The Expert Group had intensive discussions on the overall idea of ERIA, in particular, its objectives, activities, structure, research themes, and capacity building program.

At the Second East Asia Summit held on 15 January 2007 in Cebu, Philippines, Mr. Shinzo Abe, Prime Minister of Japan, formally proposed to establish ERIA and the EAS Leaders welcomed said proposal. Thereupon, on 1 April 2007, the Expert Group agreed on the Points of Convergence on the Institutional Set-Up of ERIA, which defined the objectives, activities and policy interface of ERIA. In addition, two test-run research projects were started through a collaboration among 16 regional research institutes. One was titled “Developing a Roadmap toward East Asian Economic Integration”, which was reported to the ASEAN Economic Ministers Meeting in August 2007, and the other was the “Energy Security in East

Asia”, which was reported to the East Asia Energy Ministers’ Meeting also in August 2007. Based on the results of these projects and the thorough discussions of the Expert Group, the formal establishment of ERIA was agreed upon by all the leaders of the East Asia Summit at the Third East Asia Summit in Singapore on 21 November 2007.

Excerpts from the Chairman’s Statement of the Summit read as follows:

“13. We agreed to the establishment of the Economic Research Institute of [for] ASEAN and East Asia (ERIA) to be accommodated temporarily at the ASEAN Secretariat. We welcomed the report submitted to us by the Expert Group, which focuses on research topics of strategic interest to the EAS countries. We encouraged the Expert Group to continue its research work and we looked forward to practical policy recommendations to further regional integration and strengthen partnerships in East Asia.”

On 3 June 2008, ERIA was established as an organisation with its headquarters located at the ASEAN Secretariat and during its inaugural Governing Board Meeting, Dr. Dinh Van An was selected as Chairman, Prof. Hidetoshi Nishimura was appointed as Executive Director, and the statement on the Establishment of the Economic Research Institute for ASEAN and East Asia (see below) was thereupon adopted.

“We, the Members of the Governing Board of ERIA, hereby agree that:

FIRST, the Institute shall be known as the Economic Research Institute for ASEAN and East Asia, to be temporarily accommodated in the ASEAN Secretariat.

SECOND, the Institute shall function as an independent research institute but shall maintain and develop strong communication ties with [the] policy-making process. Especially, the Institute shall support ASEAN’s endeavor to build the ASEAN Economic Community (AEC) and support its role as the driver of the wider economic integration. The results of its research works shall produce concrete and tangible policy recommendations that shall meet the needs of Ministerial and National Leaders’ meetings.

THIRD, the Institute shall maintain its highest academic standards in its research activities, but shall never become an “Ivory Tower” secluded from the actual economic realities and people’s livings. It shall provide a tripartite-type forum for policy dialogue and interactions among researchers, policymakers, and civil society.

FOURTH, the Institute shall provide meaningful resources for narrowing development gaps and enhancing research capabilities in countries in need for improvement of public policy-making and research abilities, to build up confidence of these countries in the integration process.

FIFTH, the Institute shall function as a common asset to the ASEAN and East Asian countries in providing a common platform for rigorous economic studies, and its activities shall be open for cooperation with various prominent economic research institutions and organizations around the world, just as the East Asian economic integration shall be wide open, not closed to the rest of the world.”

While ERIA’s headquarter is located at the ASEAN Secretariat, it had to have more space for the conduct of its research activities and organisational operations. Thus, it set up an Annex office at the Senayan area, about 2 kms away from the ASEAN Secretariat, which was officially opened on 17 September 2008, with Dr. Dinh Van An, Governing Board Chairman; Dr. Surin Pitsuwan, ASEAN Secretary General; Mr. Takamori Yoshikawa, Senior Vice Minister of Economy, Trade and Industry of Japan; and Mr. Primo Joeliyanto, Director General of Asia Pacific, Ministry of Foreign Affairs of Indonesia, in attendance.

In full recognition of the key role that it will play, ERIA was also given the status of an International Organisation through a formal agreement between the Indonesian Government and the ASEAN Secretariat on 30 December 2008. With all members of the ERIA Governing Board in agreement, ERIA then operated on the basis of this status, with Mr. Hidetoshi Nishimura appointed as its Executive Director.

ERIA’S STRUCTURE

Apart from the Governing Board which serves as the highest decision-making body of ERIA, ERIA is supported and advised by experts in its organisational set up. The Academic Advisory Council (AAC) is composed of a number of internationally renowned East Asia Summit countries’ scholars and experts from universities, research institutions, the private sector, international organisations and non-governmental organisations. It provides advice and support to the Executive Director on the annual work program, review and evaluation of the research outcomes, and review and evaluation of the performance of the researchers. The first AAC meeting was held on 18 May 2009.

ERIA has another advisory body outside of its organisation, the Research Institutes Network (RIN), which consists of a network of research institutes in the East Asia region. Recognizing the fact that a network of research institutions is the key to ERIA’s academic/research activities, members of the Expert Group, which also provided support to ERIA’s test-run research projects, established the RIN in February 2009. The RIN has since supported ERIA’s research activity by providing country information and research findings from individual countries, and giving advice to ERIA’s research themes and policy recommendations, as well as encouraged the dissemination of ERIA’s research outcomes to policymakers, opinion leaders and political leaders who implement policies. It has also supported ERIA’s capacity building program since its establishment.

THE SETTING: RESPONDING TO THE REGION’S NEEDS

How has ERIA responded to the needs of the region in the past five years? Has it sufficiently addressed ASEAN’s endeavour to build the AEC? Has it helped in narrowing development gaps in the region and in improving the capabilities of countries in need for better public policy making and research as they go through the regional integration process? And has it adequately helped in providing rigorous analysis and recommendations to resolve regional economic issues and crises?

At the height of the global economic and financial crisis of 2008-09, 16 EAS countries issued a statement in June 2009 titled “Joint Press Statement of the East Asia Summit on the Global Economic and Financial Crisis,” which called for taking appropriate and coordinated measures against the impact of the financial crisis and the downturn of the world’s economy as well as strengthening the region’s growth potential and expanding demand. The 16 EAS Leaders expressed determination to address these concerns through the acceleration of basic infrastructure improvement, strengthening of policies and measures to expand domestic demand, expansion of assistance to the private sector, in particular SMEs, and promotion of human resources development. More importantly, they called for the need to advance regional cooperation efforts such as ASEAN integration, facilitation of trade and investment, promotion of

subregion-wide development, and promotion of people-to-people exchanges.

Connectivity and narrowing the gap issues

In this regard, they encouraged the ERIA, the Asian Development Bank (ADB) and the ASEAN Secretariat to work together to prepare as soon as possible a coherent master plan that would contribute to coordinating, expediting, upgrading and expanding subregional initiatives and promoting private sector participation. In addition, they called upon ERIA to provide policy recommendations to stimulate economic growth in the region, deepen regional integration and strengthen partnership in East Asia.

Responding to this mandate, ERIA completed the “Comprehensive Asia Development Plan (CADP)” whose conceptual framework utilizes the fragmentation theory and new economic geography. The CADP provides a grand spatial design of economic infrastructure and industrial placement in ASEAN and East Asia. It designates the intended regions of analysis in terms of three tiers. Tier 1 includes countries/regions that are already in production networks and where industrial agglomerations have started to form. Tier 2 corresponds to countries/regions that are not yet fully integrated into quick and high-frequency production networks. Tier 3, on the other hand, consists of countries/regions that are not likely to come into high frequency production networks in the short run but expect new industrial development through better

logistics infrastructure. The CADP emphasises the effectiveness of development strategies centered on economic corridors in promoting fragmentation of production activities. This is realised by connecting the different tiers along the corridors through reduction of service link costs and control of agglomeration/dispersion effects.

ERIA further supplemented its work on the CADP with its support on the drafting of two chapters in the Master Plan on ASEAN Connectivity (MPAC) wherein findings from the CADP study were utilised. The CADP was specifically mentioned with appreciation during the Fifth East Asia Summit held in Ha Noi on 30 October 2010 while the MPAC was endorsed during the 17th ASEAN Summit held on 28 October 2010. In this connection, ERIA's support to the MPAC was likewise appreciated by



the ASEAN Summit leaders. To this date, the two documents serve as the basis for implementing connectivity-related projects that spur subregional development and people-to-people exchanges. And since then, ERIA has worked closely with the ASEAN Connectivity Coordinating Committee (ACCC) and the ASEAN Secretariat in implementing the MPAC, especially on how to develop Private-Public Partnership (PPP) in the AMSs, and also organized Connectivity Symposia annually in collaboration with the ACCC and the ASEAN Secretariat.

ERIA has also completed CADP-2, further elaborating CADP and showing the huge potential in developing the Mekong-India Economic Corridor which starts in Ho Chi Minh at the east end and reaches India at the west end. Based on this study, the Heads of Government of Japan, Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam, during the 3rd Mekong-Japan Summit held in Bali on 18 November 2011, and following the public announcement by ASEAN of Myanmar's ASEAN Chairmanship for 2014, acknowledged the need to formulate a comprehensive development study for Myanmar which will make "an important contribution to the enhancement of Intra Mekong and ASEAN connectivity". Thereupon, they agreed for ERIA to develop the Myanmar Comprehensive Development Vision (MCDV). The MCDV is expected to be utilised as the basis for Myanmar's long term national plan.

The ERIA AEC Scorecard project and Mid-Term Review of the Implementation of the AEC Blueprint

Signed by the ASEAN Leaders at the 13th ASEAN Summit on 20 November 2007 (just before the global financial crisis), the ASEAN Economic Community (AEC) Blueprint lays the foundation for the creation of an ASEAN economic community. In April 2009, the Leaders of ASEAN signed the Cham Hua Hin Declaration on the Roadmap for the ASEAN Community (2009-2015) and later agreed on the accelerated time table for the realisation of the ASEAN Community.

In 2009, the ASEAN Economic Ministers (AEM) requested ERIA to conduct a study that reviews the implementation of the AEC Blueprint as a complement to the official scorecard prepared and used by the ASEAN Secretariat on the implementation of the Blueprint. The ERIA study is basically a compliance scorecard and focuses on the status of the liberalisation and facilitation environment, and the eventual impact of the AEC Blueprint. Because the ASEAN Secretariat's AEC scorecard mainly monitored the progress of tariffs, the ERIA scorecard study decided to add indicators that would also measure the progress in areas such as investment and trade facilitation. Phase 1 of the ERIA Scorecard Project thus covered (1) investment liberalisation and facilitation; (2) trade facilitation; (3) transport; and (4) logistics services. To determine which of the measures listed in the Blueprint are the 'core' which needed improvement and had to be monitored and

measured, Phase 2 of the ERIA Scorecard Project did a survey of the ASEAN private business sector's priority needs and found that the sector wanted to put more emphasis first and foremost on the improvement of trade facilitation measures such as custom clearance procedures and the National Single Window, and then of investment and transport facilitation measures. In addition, Phase 2 also developed an alternative scoring system for these measures. Through the results of these alternative scores for the core measures, the AMSs had been able to see the true situation of how far they have gone towards achieving the objective of having an ASEAN economic community by 2015.

Based on these experiences, the AEM 2011 Chair, H.E. Mari Elka Pangestu, in her 15 April 2011 letter to ERIA, requested ERIA to assist ASEAN in undertaking the Comprehensive Mid-Term Review (MTR) of the AEC Blueprint and in providing policy analyses/recommendations to the AEM in order to (a) assess the effectiveness of the adopted measures of the AEC Blueprint as well as the contribution of the AEC Blueprint measures to economic growth, employment, competitiveness and social welfare within ASEAN, and to (b) provide recommendations to enhance the implementation of the AEC Blueprint. On 28 August 2012, ERIA presented the output and highlights of its mid-term review at the 8th AEC Council Meeting in Siem Reap. Said report and the prioritisation it presented were welcomed by ASEAN Leaders at the 21st ASEAN Summit in Phnom Penh on 18 November 2012.

The ERIA AEC Scorecard Phase 3 then focused on regulatory reform and improved regulatory coherence in the ASEAN countries to help bring about a more responsive and conducive environment for facilitation and liberalisation reforms. At the start of 2013, the Project entered its fourth phase which compares AEC commitments with actual implementation and policies in the AMSs and analyses the reasons as well as bottlenecks, if any, for the results.

FTA mapping and RCEP studies

The first five years of ERIA were also punctuated by its active involvement in the analysis and mapping of ASEAN free trade agreements (FTAs) with various dialogue partners and the utilization of said FTAs by ASEAN business sectors. At the same time, ERIA also provided intellectual support to the Regional Comprehensive Economic Partnership (RCEP) negotiation, delving into the importance of the notion of "ASEAN Centrality" both as a process facilitator and driver of the substance of the RCEP negotiation.

ASEAN and AEC beyond 2015

Meanwhile, responding to the call first made by the Indonesian President, H.E. Dr. Yudhoyono, during the opening of the 18th ASEAN Summit in May 2011 to "start the discussion on what ASEAN would be beyond 2015 and how to achieve such vision", ERIA embarked on a major undertaking in 2012 which looked into various areas related to ASEAN and AEC beyond 2015. Tapping the huge reservoir of experts and specialists largely from

the ASEAN region, ERIA was able to put together several thought or issues papers under the project named ASEAN Rising: Moving ASEAN and AEC Forward Beyond 2015. With its completion in 2013, the report has been submitted to the High Level Task Force on Economic Integration (HLTF-EI) and presented in various roadshow presentations in the ASEAN region in late 2013.

Towards realising Sustainable Development – studies on Energy

Since its establishment, ERIA has allocated huge resources to studies related to sustainable development in this region, especially focusing on energy-related issues. In this light, ERIA has further strengthened and enriched its capacity to do research on energy concerns as it established an Energy Unit in April 2012 and designated a Special Advisor to the Executive Director on Energy Affairs.

ERIA-ASEAN Chair-Harvard University Symposia

In addition to the above-mentioned activities, ERIA, as the only Sherpa organisation in the region, has likewise supported the Chair of ASEAN in the latter's Summit activities every year. A typical example is the annual big symposium organised by ERIA, together with the year's ASEAN Chair country and Harvard University, on a topic that represents one of the deliverables of the Chair. In 2010, the first of this type of Symposium was held in Ha Noi on the theme "Evolving ASEAN Society and Establishing Sustainable Social Security Net". In 2011, the Second Symposium was held in Jakarta, with the theme on "Moving ASEAN



Community Forward into 2015 and Beyond". For this particular Jakarta symposium, ERIA Executive Director, Prof. Nishimura, together with ASEAN Secretary General, Dr. Surin Pitsuwan, handed over the Symposium's set of policy recommendations dubbed as the "Jakarta Framework" to the ASEAN Chair, H.E. Susilo Bambang Yudhoyono. In 2012, the Third Symposium on "Realizing a More Integrated, Competitive, Equitable, and Resilient ASEAN Community" was held in Phnom Penh, and the outcomes and recommendations of this symposium were handed over to the ASEAN Chair, H.E. Samdech Akka Moha Sena Padei Techo Hun Sen, by Prof. Nishimura. And in 2013, the Fourth Symposium in Bandar Seri Begawan focused on "SME Development and Innovation Towards a People-Centered ASEAN Community". The symposium report was circulated during the 8th East Asia Summit in Brunei in 2013.

Capacity building program

Finally, as the Statement on the establishment of ERIA mentions, ERIA is to help build the capacities of countries that are in need of improvements in their research and policymaking capabilities to prepare them for the process of deeper regional integration in the ASEAN region, especially in the CLMV (Cambodia, Lao PDR, Myanmar and Viet Nam) countries. In this connection, ERIA has, since its establishment, conducted a number of capacity building seminars on the topics related to regional integration in these countries. The memorable first seminar was held on 28 January 2009 in Phnom Penh. The theme was on the "Impact of Economic Integration to CLMV Countries". Since then, seminars have been organised in each CLMV country every year. In mid-2013, ERIA also started the "Executive Capacity Building Program" which is designed for government officials of CLMV and Thailand at the level of Deputy Director General who will subsequently become the key players as senior officials in the field of transport, trade and commerce, and development planning. The capacity building programs have been conducted with the support of the Bangkok Research Center-JETRO Bangkok. ■