



FOREWORD

Innovation has strongly promoted the development and prosperity of humankind, particularly in the modern economy, by introducing new ideas and technologies to create a shift in both daily life and society. Since the pioneering works of Joseph A. Schumpeter, economics has paid much attention to the process of technological development and innovation. Theoretically and empirically, economic studies have made it clear that research and development and innovative activities are vitally important for modern countries, industries, and firms to achieve growth and sustainable development. There have not been many studies focusing on innovation in the Association of Southeast Asian Nations (ASEAN), however, one exception being the previous ERIA study project, ‘Globalisation and Innovation in East Asia’, published in 2011.

This scarcity of relevant innovation studies for ASEAN may be an indication that the interest in or expectation of facilitating innovation policies has not always been high amongst stakeholders in the region. But times have changed. Developing countries outside of ASEAN, especially China, have increasingly strengthened their innovation ability, while ASEAN Member States (AMS) such as Indonesia, Malaysia, and Thailand are facing the difficulty of having to depend solely on the development strategy of combining manufacturing with low-wage workers. Given that ASEAN is engaged in fierce competition with other emerging countries, creating innovation independently is an urgent issue for ASEAN to achieve sustainable development, and in particular escape from the middle-income trap.

Innovation Policy in ASEAN is the culmination of ERIA studies in fiscal year 2017. It is the first comprehensive innovation study of ASEAN, in that it includes not only a theoretical framework specified for ASEAN, but also individual country analyses based upon detailed data, empirics, and case studies including cases of both success and failure. One of the book’s key messages is that for ASEAN it is important not only to increase investment in research and development and innovative activities, but also to enhance innovation capability and improve the environment where innovation tends to take place. I believe that the book will provide insights for all stakeholders who want to examine innovation policies in the region.

ERIA has dedicated tremendous efforts to the study of connectivity enhancement in East Asia, which was embodied in the *Comprehensive Asia Development Plan (CADP)* and the *CADP 2.0*. As indicated in these ERIA studies, physical, institutional, and people-to-people connectivity constitute an essential foundation for nurturing innovation because AMS are likely to benefit from technology diffusion and knowledge spillovers through integrating with production networks that have been developed in East Asia. Hence, the book suggests a basic strategy of enhancing innovation by further strengthening economic integration, which is also suggestive for trade policy issues. In light of this, the book will contribute to determining the direction of connectivity and innovation in ASEAN.

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I hope that *Innovation Policy in ASEAN* will be useful guidance to all of you for promoting innovative activities in ASEAN.



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