



# Office of the President

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FY2022 witnessed the peaking of the global health crisis, prompting adjustments in trade and economic linkages in ASEAN and East Asia and amongst ASEAN's Dialogue Partners. With the opening of borders and restored movement of goods and people, almost all countries undertook recovery and rebuilding plans. ERIA pursued policy research to help governments understand the effects of the COVID-19 pandemic on supply chain resiliency and trade integration within the region and across continents. In FY2022, stakeholders from within and outside the region faced concerns over the recovery of demand in major markets, the resilience of supply chains from Asia, the growing impact of strategic relations on trade policies, and seeking pathways for rebuilding and recovery through international cooperation. ERIA responded to these concerns through increased research inputs to ministerial meetings and official proceedings in EAS member countries, joint studies with multilateral organisations and think tanks, and preparing concrete plans for greater economic connectivity in Asia and the Indo-Pacific. Policy relations activities covered the traditional areas of trade and economic cooperation as well as issues that constitute new frontiers of global value chains (GVCs), investments, connectivity and new supply chains, and infrastructure development. The bilateral and regional interests of ASEAN partners such as the European Union (EU), the United Kingdom (UK), and the United States (US) – and a multilateral agenda for development through forums such as the Group of Twenty (G20), the OECD, and the Asia–Europe Meeting – were of special concern in 2022. The agenda for recovery and rebuilding was a common element of all the policy relations activities. Rigorous data are still

being released, and ERIA provided research and topical policy recommendations on pandemic-related trade and investment activities, including research on connectivity during the pandemic and the performance of supply chains in the region. Demand for policy research to understand and mitigate the shocks to economic linkages and trade and investment – and their effect on regional value chains, investments, and drivers of growth in the post-COVID-19 era – continued in 2022, with additional demand for studying patterns of investment in GVCs in the wake of the Ukraine crisis and new developments in the ongoing US–China trade tensions. Stakeholders are seeking pathways to rebuild and recover through international cooperation. The bilateral and regional interests of ASEAN's partners (e.g. India, the EU, the US, Canada, and the UK) in the emerging economic architecture of the Indo-Pacific continue to grow through official plans of engagement with regional institutions and supply chains. Simultaneously, the ASEAN region was in focus in 2022 with Indonesia as the chair of the G20 and Cambodia leading ASEAN towards recovery and rebuilding of economies. The world looked to this region for leadership in inclusive and sustainable economic recovery and rebuilding. ERIA's research and policy briefs captured the economic and developmental elements of resilience and vulnerabilities in ASEAN and East Asia's growth narrative.

In response to these developments and demands, the Policy Relations Office (PRO) led studies, policy briefs, and other policy engagement activities.

## A. Research for EAS Members and Dialogue Partners

The PRO supports several policy and research initiatives of EAS member countries and dialogue partners. The support activities for ASEAN, the EAS, and dialogue partners were marked by important features. The COVID-19 pandemic has reinforced the need for more equitable distribution of infrastructure and capacities, and investment in new centres of production, supply chains, and consumer/supplier clients. Stakeholders sought pathways to rebuild and recover through international cooperation.

In response to these overarching themes, the PRO's work contributed to governments' efforts on connectivity plans, sustainable supply chains, and multilateral processes that underwrite regional and global economic cooperation. On the supply side, the PRO has led a study on the emerging economic architecture and supply chain linkages amongst countries and subregions in the Indo-Pacific. Besides the infrastructure connectivity plans and trade and investment facilitation frameworks, the study explains the policy formations and practical nature of emergent supply chains in the region. This research focuses on the Pacific as a new but integral part of regional connectivity and value chains. Digital trade, human resources mobilisation, and development cooperation are included in the study as important verticals of the economic architecture. The role of government in the new economic linkages – such as the Australia–Japan–India Supply Chain Initiative, Australia–Japan–US Trilateral Security Dialogue, Quadrilateral Security Dialogue (the Quad), India–Myanmar–Thailand Trilateral Highway, Asia–Africa Growth Corridor, Master Plan on ASEAN Connectivity 2025, and ASEAN Comprehensive Recovery Framework – are focal points of analysis. The study will bring out policy certainty from governments, especially

for joint partnerships and bilateral or trilateral cooperation for connectivity and supply chains, investments and infrastructure development, and governance of and participation in the new digital economy.

On the demand side, the PRO conducted a study titled 'The COVID-19 Pandemic: Impact on ASEAN Connectivity and Recovery Strategies'. The study was conducted for the OECD and Japan's Ministry of Foreign Affairs and was presented at the OECD SEARP Ministerial Meeting held in Hanoi, Viet Nam on 18 November 2022.

A policy brief titled 'Planning and Investment in Efficient and Inclusive Infrastructure and Supply Chains in Post-COVID-19 Recovery' was written for the T20 Task Force 8 on Inclusive, Resilient, and Greener Infrastructure Investment and Financing. Another policy brief titled 'Towards Indian G20 Presidency – Exploring New Development Paradigms and Growth Strategies: Partnerships in Times of Transition and Contestations' was written for the Delhi Process VI on South–South Cooperation organised by the Research and Information System for Developing Countries (RIS), India.

## B. Support to Host Country Indonesia for the G20

With the G20 Presidency of Indonesia in 2022, the focus of policy relations was on providing support towards the activities of the T20 and ministerial meetings. The G20 Research Forum was set up during the Indonesian Presidency to fulfil this mandate, and will continue throughout the presidencies of India, South Africa, and Brazil. The G20 Research Forum will support the ministerial meetings and the Sherpa Track, and serve as the repository of actions taken on the G20 leaders' statements regarding the developmental agenda. ERIA, the Institute for Economic and

Social Research at Universitas Indonesia (LPEM-FEB UI), and RIS will form the Research Forum initially; and prepare their institutions for the two upcoming G20 summits. The forum will also induct important members such as the OECD, South African Institute of International Affairs, Japan International Cooperation Agency, and Asian Development Bank (ADB), which have provided contributions to many to G20 meetings and activities.

The PRO is also an early contributor to India's G20 Presidency in 2023, for policy inputs to the issue notes and ministerial statements of the Agriculture Working Group and the Trade and Investment Working Group.

### C. Collaboration with Multilateral Organisations

#### *Organisation for Economic Co-operation and Development*

The PRO supported the OECD in its preparatory works for the G20 in trade and agriculture matters, through its collaboration with and participation in the meetings of the Trade and Agriculture Directorate. The PRO supported the Global Relations Directorate of the OECD and conducted the above-mentioned study titled 'The COVID-19 Pandemic: Impact on ASEAN Connectivity and Recovery Strategies'. The study was conducted for the OECD and Japan's Ministry of Foreign Affairs and was presented by the President of ERIA at the OECD SEARP Ministerial Meeting held in Hanoi, Viet Nam on 18 November 2022. ERIA continues to support and attend the SEARP.

The work of the OECD Development Centre was supported through collaboration in its programme for Transforming Asian Economies. The PRO contributed to the Economic Outlook for Southeast Asia, China and India through policy inputs at the 10th OECD-ASEAN +3 Macroeconomic Research Office (AMRO)-ADB/ADB Institute (ADBI)-ERIA Asian Regional Roundtable on

Macroeconomic and Structural Policies. A memorandum of understanding between ERIA and the OECD covers continued cooperation for the next 5 years.

#### *World Bank*

The World Bank is replacing its Ease of Doing Business index with a Business Enabling Environment (BEE) index. The purpose is to advocate policy reform and to provide economic research and specific policy advice. The PRO was invited by the World Bank to contribute to the concept note and indicators for the international trade section of the index. ERIA continued to provide support in finalising the BEE index during 2022.

### D. Support to Stakeholders

The PRO participated in several workshops and symposia in Australia, Belgium, Cambodia, China, Germany, India, France, and Singapore – bringing stakeholders in Asia and Europe, and the partners of ASEAN and East Asia closer through the dissemination of East Asian economic cooperation experience and by demonstrating the value of free trade and economic cooperation. It has written extensively in several regional newspapers and online platforms on the issues of connectivity, GVCs, and sustainable financing and development issues in East Asia. It is expected that such advocacy and research dissemination activities will support policymaking on trade and economic cooperation amongst stakeholders, and contribute to the recovery and rebuilding of economies in the post-COVID-19 period and rise to the new challenges coming from the Ukraine crisis and the trade tensions between the US and China.