



**STATEMENT OF THE TWELFTH GOVERNING BOARD MEETING
ECONOMIC RESEARCH INSTITUTE FOR ASEAN AND EAST ASIA**

24 May 2019

Jakarta, Indonesia

The ‘New Normal’ and Pivotal Time for ASEAN and East Asia

1. The Governing Board (GB) has observed a growing global sentiment against globalisation, international trade and investment, and trade liberalisation since 2016. In 2019, there has been no sign of trends reversal; on the contrary, trade tensions between important global economies have escalated into a tariff and trade war. This is an unprecedented development that can become a turning point in the global economic trajectory. Consequently, ASEAN and EAS member countries need to be aware of the growing challenges facing the region requiring national and regional efforts. These challenges are not limited to the economic dimension, such as the growing sentiment against multilateralism, but also the impact of environmental challenges, including climate change and natural disasters and technological changes including the digital economy and artificial intelligence (AI). Therefore, it is crucial for ERIA to ensure that its research activities take into account the regional and global trends that have become a ‘New Normal’, as well as to consider the policy implications for ASEAN and East Asia. In all of this, all GB Members will need to work hand in hand with relevant stakeholders to tackle future challenges. In support of such endeavour, ERIA can deliver more tangible benefits on the ground and help ASEAN Member States (AMS) to develop not only more appropriate policy responses but also improved implementation. While a lot of work has been done in the area of policy response, elaborations on how to implement these policies are still lacking.
2. As a region that has been recognised as a global model for growth and stability, there are various topics of interest for ASEAN and East Asia including digital economy, the fourth industrial revolution, trade facilitation and services integration, ageing society and changing demographics, waste management, renewable energy, and disaster risk reduction, to name a few.



ERIA as a 'Hybrid' Institution with More Targeted Research

3. Responding to these challenges requires that in addition to its primary research function, ERIA must generate policy-oriented research and analysis. Since its inception in 2016, ERIA's Policy Design Department (PDD) has developed a range of policy-oriented projects jointly with governments and policymakers. Through the PDD, ERIA may consider addressing issues such as: 1) fourth industrial revolution, 2) trade facilitation, 3) services integration 4) ageing society, 5) sustainable city management, 6) effective usage of renewable energy, and 7) strengthening climate action and disaster resilience. Smaller projects could be started before conducting larger-scale, demand-driven projects. Creative mechanisms, like Public-Private Partnerships (PPP), can also be a means of delivering such projects. In the future, ERIA's areas of research will expand in response to the policy demands of ASEAN and its member countries, while at the same time keeping its research activities academically rigorous, focused, and result-oriented. The increasing demand for ERIA's support has highlighted the need for ERIA to become a 'hybrid' institution that strikes a balance between being an academic research institute and a policy think-tank. To ensure ERIA's work remains strategically relevant to the needs of the governments and policymakers while maintaining its academic credibility and respect from academic scholars, efforts should be made to improve both the quality and the quantity of two-way engagements between ERIA researchers and policymakers. Contributions of ERIA's Capacity Building Programme for governments in the region are also expected to grow as it plans deeper collaboration with the Research Department and the Policy Design Department. ERIA's new Strategy and Partnership Director, who is part of the PDD, will seek to build ERIA's capacity to influence ASEAN and East Asia Summit (EAS) policy debates by enhancing partnerships with key stakeholders including the ASEAN Chair, ASEAN and EAS economic officials, the ERIA Governing Board and economic institutions including G20, APEC, ADB, World Bank and OECD.
4. In spite of the commitment to greater engagement and more intense cooperation, ERIA may also face budget constraints and limited human resources. Moreover, ERIA recognises its shortfall in producing short articles to support its communication with



policymakers. Through the Publications Department, ERIA plans to address the growing need for such articles by producing a series of two-page 'ERIA Insights', which will cater to policy makers and the general public.

Decisions of the Governing Board

1. The Governors endorsed ERIA's annual work plan and budget for the fiscal year 2019.
2. The Governors approved the amendment of the Article of Association of ERIA regarding the introduction of a four-year term for members of the Academic Advisory Council with the possibility of extension, based on the approval from the Governing Board.
3. The Governors have set the date for the next Governing Board meeting to be held on 19 June 2020.

Recommendations of the Governing Board Members

The Governors recommended ERIA to:

Research

1. Strike an optimal balance between the Research Department and Policy Design Department.
2. Work on research topics that are important for ASEAN, such as sustainable development, data flows, and energy.
3. Identify revolutionary ideas for research.
4. Identify ways in which ERIA's research can reach a broader audience.
5. Consider sharing data obtained by ERIA through its research activities with other institutes in the region.
6. Translate some of the research and related policy recommendations into national languages.
7. Focus the research agenda on key areas that support integration such as economic diversification, promoting productivity, and competitiveness.
8. On energy, the research needs to be focused more on energy resilience.
9. Lead the discussion on the digital economy, particularly regarding the flow of data and how digital economies can create inclusive economic growth.



10. Work more closely with ASEAN Member States to materialise the Indo-Pacific initiatives.

Policy Design

1. Increase two-way interaction between ERIA and ASEAN policymakers to ensure that ERIA's research agenda corresponds and contributes to ASEAN needs.
2. Support AMSs to develop the capacity to implement policy impact assessments.
3. Develop mechanisms to objectively assess the achievements of the Research and Policy Design Departments.
4. Provide scenario-based policy recommendations to the governments and policymakers in light of recent global economic development.
5. Create a more formal mechanism to link ERIA's research to the PDD.

Capacity Building Programme

1. Bring in more local officials and conduct more activities at the district level.

Outreach and Publications

1. Increase engagement with the Governing Board Members.
2. Pro-actively think about how ERIA is going to engage its brand with other international organisations.
3. Expand outreach to the private sector.

Operations

1. Expand and diversify financial resources.

Governing Board

1. Restructure the Governing Board meeting with a consolidated presentation by ERIA followed by input of strategic concern from Governing Board Members.
2. Follow up on the recommendations from the Governing Board's previous year's input.
3. Divide the Governing Board meeting into two different meetings, one focusing on management, operation strategy, financials and budget and the other focusing on



strategic discussions on the region and the role of ERIA, including interaction with the Academic Advisory Council members.

4. Provide an opportunity for the Governing Board to have more interaction with the Ministry of External Trade and Industry (METI) of Japan to voice members' opinions
5. Create more opportunities for the Governors to engage with ERIA research, policy recommendations, and outreach. The Board can provide more support to ERIA to enhance communications with officials.
6. Organise ways for GB Members to interact with each other to produce detailed strategies and policies. An annual informal interaction may be needed to facilitate this.
