



**STATEMENT OF THE SEVENTEENTH GOVERNING BOARD MEETING
ERIA (Economic Research Institute for ASEAN and East Asia)**

20 June 2024

ASEAN Headquarters, Jakarta, Indonesia

1. With a population of 650 million across 10 member nations and projections indicating a potential GDP of \$4.5 trillion by 2030, ASEAN is a dynamic region contributing significantly to global cultural, economic, and social dynamics. Rising tourist inflows, cooling inflation, and an upturn in the global electronics sector are expected to boost ASEAN's GDP growth above the rate of 2023, positioning it as one of the world's largest economies. As ASEAN transitions towards 2040, proactively adapting to emerging megatrends such as demography, sustainability, innovation, connectivity, and globalisation will be pivotal in sustaining the region's growth, stability, and global relevance.
2. Demographic changes present a multifaceted challenge for ASEAN and East Asia. The global population is experiencing asymmetric growth, with certain regions expanding rapidly while others face declining birth rates and an ageing population. This demographic imbalance must be navigated carefully to avoid exacerbating poverty levels, particularly amongst the bottom 25% of the global population. The pressure for migration, both within and outside the region, will intensify, requiring robust policies to manage the socio-economic impacts. Additionally, increasing pessimism and distrust amongst populations necessitate proactive measures to foster social cohesion and trust in governance.
3. Sustainability is another critical area where ASEAN and East Asia must focus their efforts. The impacts of global climate change are becoming increasingly severe, necessitating urgent action to mitigate and adapt to its effects. The renewable energy revolution offers a pathway to sustainability but requires significant investment and regulatory support. ASEAN and East Asia must also adapt to market-driven changes in products and processes, influenced by sustainability policies and regulations. Furthermore, climate change's physical impacts on supply chains will require innovative solutions to ensure resilience and continuity in trade and commerce.
4. Innovation and technological advancements will profoundly shape the future of ASEAN and East Asia. The revolution in medicine and healthcare, driven by accelerating exponential information technology development, promises to enhance the quality of life and increase life expectancy. However, the rapid adoption of new technologies and the integration and automation of key processes will also intensify global competition for technology supremacy. Investment in education and skills development is required to remain competitive

in this high-tech environment, while also addressing the ethical and security implications of new technologies.

5. Connectivity, particularly digital connectivity, is crucial for ASEAN's integration into the global economy. The regionalisation and digitalisation of supply chains can enhance efficiency and reduce costs, but they also come with risks, such as protectionism in foreign investments and trade. Accelerated investment in digital infrastructure is necessary to support this connectivity, but it must be balanced against rising national debt levels. Additionally, the rise of powerful firms within the region presents both opportunities and challenges, as these entities can drive economic growth but also pose risks to competition and equity.
6. Globalisation and regionalisation trends highlight the fragmentation within community, state, and international systems. This fragmentation leads to greater contestation and instability within and between states. The current international system is poorly equipped to address the compounding global challenges, necessitating a rethinking of global norms, rules, and institutions. ASEAN must navigate these complexities to maintain regional stability and promote a cooperative international order. Thus, in the spirit of addressing the global megatrends faced by ASEAN, ERIA has contributed by **strengthening regional cooperation, promoting investment in digital infrastructure and enablers, and fostering inclusivity and resilience.**

Strengthening Regional Cooperation

7. ERIA's research and capacity-building activities have been instrumental in contributing to ASEAN's economic integration and community-building efforts. ERIA has demonstrated strong support for the ASEAN Chairmanship through the support for several priority economic initiatives of both the Indonesian and Lao Chairmanship and has started engaging with Malaysia for the 2025 Chairmanship.
8. Several studies have also been conducted in support of upgrading ASEAN Free Trade Agreements and the continuing work on the Regional Economic Partnership Agreement. ERIA's ongoing engagement and partnership with international partners, participation in G7 Japan and G20 India events, and the renewal of its Memorandum of Understanding with the OECD underscore its commitment to global economic cooperation.
9. As a part of deepening economic integration, ERIA has undertaken a series of research activities and projects aimed at enhancing various facets of economic and regional integration. The completion and publication of the public report on the Follow-Up Study on the ASEAN Seamless Trade Facilitation Indicators and Trade Transactions Cost (ASTFI-TTC II) highlight ASEAN's efforts and

challenges in implementing key trade facilitation initiatives, and understanding the improvement in the trade facilitation environment. Additionally, ERIA is involved in upgrading the ASEAN's Free Trade Agreements (FTAs) with China and India, facilitating the accession of Timor-Leste to ASEAN economic agreements, and conducting the ASEAN Post-2025 ASEAN Economic Community (AEC) Survey and Vision Research Study, which outlines the key elements for the future of the AEC and the transition path towards it.

10. Following the signing of the MoU between ERIA and the ASEAN Business Advisory Council (ABAC), ERIA supported ABAC in developing the trade facilitation policy paper presented at the ASEAN Business and Investment Summit (2023). ERIA will continue supporting the ABIS 2024 under ABAC 2024 of the Laos National Chamber of Commerce and Industry (LNCCI).
11. Furthermore, ERIA is actively involved in negotiations for the ASEAN Digital Economy Framework Agreement (DEFA) and the upgrade of the ASEAN Trade in Goods Agreement, which includes addressing emerging issues in FTAs, such as digitalisation, climate change, and labour, as well as supporting the implementation of the Regional Comprehensive Economic Partnership Agreement. Studies on local content requirements, non-tariff measures (NTMs), and the implications of Timor-Leste's ASEAN accession further illustrate ERIA's commitment. In the realm of globalisation, ERIA is examining the fourth phase of global value chains (GVCs), urban amenities, city agglomerations, and GVCs in services. Lastly, ERIA's research on gender diversity, innovation, and productivity in the ASEAN region and India underscores the critical role of women's economic opportunities in emerging economies. These initiatives are vital for fostering a more integrated, innovative, and resilient regional economy.

Investing in Digital Infrastructure and Enablers

12. Recognising the rapid proliferation of artificial intelligence (AI) and related technologies, ERIA has extended its focus to the digital economy, acknowledging the importance of digital government, online public services, and advancements in robotics and AI. The ERIA Digital Innovation and Sustainable Economy Centre (E-DISC) was launched in August 2023 to catalyse digital innovation and promote a sustainable economy through collaboration and knowledge sharing. E-DISC's mission includes fostering public-private dialogue, nurturing technologically-savvy talent, and providing practical policy proposals to advance regional digital transformation.
13. Additionally, E-DISC is promoting policy support for the DEFA negotiations and the development, deployment, and usage of responsible emerging technologies in ASEAN. E-DISC, together with the ASEAN Technology University Network, creates a framework for collaboration and cooperation between ERIA and

technology universities in selected ASEAN Member States, Japanese academia, and the business sector in various digital innovation and sustainable economy programmes through E-DISC as the platform.

Promoting Sustainable Development

14. Aligned with the decarbonisation focus in this region, ERIA has reconfigured its research focus to include flagship projects on the Supply Chain of Critical Minerals and Electric Vehicles (EVs) Ecosystem, Decarbonisation and Carbon Neutrality, and the Masterplan for ASEAN–Japan Next-Generation Automotive Industry, which is expected to guide policymakers, industry players, and other stakeholders in strengthening ASEAN’s automotive industry while achieving decarbonisation goals. ERIA’s work on a circular economy roadmap for ASEAN, disaster risk reduction financing, and the development of smart cities in ASEAN is vital in promoting sustainable development in the region.
15. More importantly, sustainable development is intrinsically linked to the effective use of energy. ERIA’s work on Energy Outlook, assessments of energy-saving potential in East Asia, and collaborations with the ASEAN Centre of Energy to map overall regional demand and supply potential, especially in pursuing alternative fuels like hydrogen and ammonia, and international cooperation through initiatives such as the Asia Carbon Capture, Utilisation, and Storage (CCUS) Network for 2022–2023 demonstrate ERIA’s strong commitment. ERIA’s involvement in reducing emissions extends to the establishment of the Asia Zero Emission Center (AZEC) on 18 December 2023. The AZEC aims to drive substantial progress in regional and global efforts towards a sustainable and zero-emission future, including reducing costs associated with introducing renewable energy and carbon storage, as well as promoting transition finance.

Fostering Inclusivity and Resilience

16. In attaining sustainable and inclusive economic growth, narrowing the development gap within ASEAN is essential. ERIA has been supporting the Initiative for ASEAN Integration (IAI) Task Force and Lao PDR’s ASEAN 2024 Chairmanship. The initiative focused on reframing strategies for narrowing development gaps and promoting sustainable and inclusive economic growth in the ASEAN region. Additionally, ERIA is also contributing to the development of the ASEAN Connectivity Strategic Plan 2026–2035 focusing on six strategic initiatives: Sustainable Infrastructure; Smart and Sustainable Urban Development; Digital Innovation; Seamless Logistics and Supply Chain; Regulatory Excellence and Cooperation; and People-to-People Connectivity. This is to ensure that ASEAN remain inclusive and resilient, with the benefits of ASEAN Connectivity projects and activities shared by all, addressing cross-cutting issues, including climate change and the digital economy, and expanding ASEAN’s foothold in regional and global fora.

17. Enhancing ASEAN governance, the ERIA School of Government is making significant strides to build a community of experts dedicated to learning from ASEAN's regional interests and position as the centre of governance in the region. By forming a network of experienced policy mentors who will serve as lecturers and advisors in seminars, forums, and for fellows, the school aims to promote resilience, growth, and transformation in regional governance. This initiative is crucial as it will strengthen institutional memory in ASEAN public policy and boost global recognition of ASEAN public policy knowledge and experiences.

Recommendations of the Governing Board Members

To this end, ERIA should be the backbone of ASEAN and East Asia and continue its commendable efforts to bolster economic advancement in the region through high-quality research and strategic policy design. By conducting evidence-based research and fostering multilateral cooperation with strategic knowledge partners, ERIA can further support meaningful regional integration.

Strengthening Regional Cooperation:

1. Enhance collaboration with ASEAN through much-needed strategic research, analysis, and capacity building to support a more robust post-2025 vision.
2. Mainstream Sustainable Development Goals in the ASEAN Economic Community Vision 2045, ensuring that the three pillars of the ASEAN Community and forthcoming ASEAN Connectivity Strategic Plan can reinforce each other towards systemic and more coherent sustainable development.
3. Contribute to the development of the ASEAN Economic Community Vision Post-2025 and attendant documents through comprehensive policy design.
4. Address current and emerging challenges in ASEAN and East Asia through evidence-based research and effective, implementable solutions.
5. Maintain good relations with governments regarding national planning, aligning with regional efforts.
6. Advance academic research to enhance the quality and quantity of intra- and inter-ASEAN investment.
7. Collaborate with the ASEAN Secretariat to ensure that initiatives under the new strategic plans are embedded with good regulatory practice principles and are well monitored and evaluated for successful and meaningful implementation.
8. Continue consulting and collaborating with the private sector on matters related to regional economic integration.

Digital Transformation:

1. Sustain ongoing support by providing policy briefs/studies for DEFA negotiations until completion.
2. Focus on ASEAN digital transformation, collaborating with member states to identify areas for capacity enhancement.
3. Explore the linkages between digitalisation and sustainability, particularly in the context of the circular economy.
4. Evaluate the economic impact of transition technologies and their potential.
5. Enhance the socialisation of artificial intelligence solutions in ASEAN and support startups that provide sustainable innovation.

Sustainable Development:

1. Intensify support for regional efforts in tackling marine plastic debris through socialisation, capacity building, research, and projects under the Regional Knowledge Centre for Marine Debris.
2. Contribute to ASEAN's energy transition efforts by supporting the Asia Zero Emission Community.
3. Assess the feasibility of nuclear energy development in the region with objective evaluation.
4. Accelerate decarbonisation in ASEAN through practical, tailored pathways for each AMS.
5. Support the construction of a framework aimed at reducing economic risks and evaluate possibilities for other risk mitigation measures.
6. Support the formulation and operation of low-carbon energy usage and pollution prevention measures.

Fostering Inclusivity and Resiliency:

1. Continue supporting trade-related activities in Cambodia, Lao PDR, and Myanmar, focusing on increasing infrastructure capacity and the skills of SMEs and policymakers to narrow the development gap.
2. Provide necessary support efforts to facilitate Timor-Leste's accession to ASEAN.
3. Balance digitalisation and inclusiveness, strengthening ASEAN and East Asia cooperation in capacity building to avoid widening the digital divide.
4. Support health-related efforts to improve standards of service and enhance the quality of life for ASEAN people.