



ERIA (Economic Research Institute for ASEAN and East Asia)

[ERIA Annex Office] 6th Floor, Sentral Senayan 2, Jalan Asia-Afrika No.8,
Gelora Bung Karno, Senayan, Jakarta Pusat 10270, INDONESIA.

Monash Business School and ERIA Research Project on

Global Trade and Economic Recovery in the Post-Pandemic World

Call for Proposals

The Monash Business School (Monash University, Melbourne) and the Economic Research Institute for ASEAN and East Asia (ERIA) are inviting research proposals on the theme of ‘Global Trade and Economic Recovery in the Post-Pandemic World.’

Background

The novel coronavirus disease (COVID-19) pandemic severely impacted world trade and is predicted to lead to the collapse of world trade at a magnitude greater than the collapse in 2008 caused by the global financial crisis (GFC). It is noteworthy that before the COVID-19 pandemic, the GFC was considered the greatest collapse since the Great Depression. The reality is that the impact of COVID-19 is projected to be different from and larger than the GFC because the current pandemic constitutes both a demand and a supply shock, whereas the GFC was mainly a demand shock. For a survey of the COVID-19 literature, see Narayan (2021), *Economic Analysis and Policy*; DOI:10.11016/j.eap.2021.06.006) and ERIA (2021), and for other specific studies on trade and GVCs, see La and Miranti (2021) and Kejar and Velic (2020).¹

The pandemic’s associated policies, particularly lockdowns, may have curbed its spread but have come at significant costs, including disconnections in global value chains (GVCs), widespread job losses, and significant declines in output across the various components of the GVCs such as design, production, marketing, and distribution. The disruptions to the GVCs are not surprising given that globalisation achievements in trade have been such that the world is now closely interconnected through intermediate and final goods trade.

While the negative impact is widely discussed at the aggregate level, the extent of GVC disruption is not even across regions, sectors, and firms. In Southeast Asian countries where international supply chains are prominent, early evidence has suggested robustness and resilience of the supply chains (ERIA, 2021). Firms with diverse cross-country networks and with strong ties with similar partners tend to be more resilient and achieve growth amidst the pandemic. Nevertheless, the alteration of suppliers, customers, or production locations results in irreversible structural shifts of the GVC. The pandemic has pushed GVCs to become more diversified and more regionalised, with policymakers increasingly concerned about how to re-nationalise GVCs to prevent disruptions induced by events like COVID-19 and build resilience and sustainability.

¹ Kejar, K.Z. and A. Velic (2020), COVID-19 Trade Collapse and GVC Linkages: European Experience, *COVID Economics*, 61, pp.222–44.

La, H.A. and R. Miranti (2021), Financial Market Responses to Government COVID-19 Pandemic Interventions: Empirical Evidence from South-East and East-Asia, ERIA Discussion Paper Series, No.374, ERIA-DP-2021-07.

ERIA (2021), Survey on the Impact of COVID-19 on Business Activities and Supply Chains in the ASEAN Member States and India. Jakarta: ERIA.

The overall negative effect of the pandemic has seen ASEAN countries more focused on creating jobs and achieving sustained recovery to revive economic growth post-COVID-19. For instance, the ‘Accelerated

COVID-19 Economic Support (ACES) Workshop’ held on 5 May 2021 focused on ‘turning adversity into opportunity: ASEAN’s participation in global value chains in a-post COVID world.’ For ASEAN and similar countries, there is a common understanding that GVCs need to be better implemented to withstand future unprecedented shocks like COVID-19.

The COVID-19 pandemic has also increased geopolitical tensions between countries in their quest to achieve self-sufficiency, amid breakdowns in GVCs. For developing countries, such as the ASEAN countries, the disruption of the GVCs, the increase in geopolitical tensions, and the massive decline in trade pose threats to their major sources of revenue to fund important projects and to achieve the Sustainable Development Goals.

Objective

Clearly, the pandemic has impacted both economic activities and policymaking around the world and in ASEAN countries. Its long-term effect on global trade is not yet understood. More research is needed as data become available to understand the impact of COVID-19 on GVCs and identify policies that can minimise disruptions to GVCs particularly during crises.

Since ASEAN countries are more dependent on revenues from trade, a better understanding of how trade can be used as an effective tool to overcome rare events like COVID-19 will lead to more robust policymaking.

The research objectives are: (1) Understanding the impact of COVID-19 on the changing trade and GVC landscape; (2) Understanding the effectiveness of policies in addressing COVID-19 effects on trade; (3) Understanding the role of international transportation in influencing GVCs and international trade; (4) Understanding the role of non-tariff measures, regulatory reform, and regulatory cooperation in facilitating international trade; (5) Understanding the evolution of digital trade and the role of the multilateral trading system and regional cooperation in facilitating international trade; (5) Understanding how the COVID-19 pandemic shock has impacted the digital economy via the trade perspective; and (6) Understanding how trade wars fueled by geopolitical tensions affect international trade during COVID-19.

Research questions

The project will lead to publications in a journal and an edited book. We welcome papers that specifically examine the impact of COVID-19 on trade activities (SMEs, GVCs, and various aspects of trade) in the ASEAN countries. The project also welcomes studies on trade as a policy tool to deal with COVID-19 and similar extreme events in the ASEAN countries. The project is open to studies on these themes on other countries whose policy implications can be extended to ASEAN countries. Specific topics of interest are:

- Addressing the shifts in the GVC landscape as a result of the COVID-19 pandemic;
- Assessing and documenting the effectiveness of policies in addressing COVID-19 effects on trade;
- The role of international transportation (both air and sea freight) in facilitating trade and influencing GVCs;
- Non-tariff measures, regulatory reform, regulatory cooperation, and international trade;
- Trade wars and implications for GVCs;
- Digital trade and the role of the multilateral trading system and regional cooperation; and
- How the COVID-19 pandemic shock has impacted the digital economy via the trade perspective.

ERIA (Economic Research Institute for ASEAN and East Asia)

[ERIA Annex Office] 6th Floor, Sentral Senayan 2, Jalan Asia-Afrika No.8,
Gelora Bung Karno, Senayan, Jakarta Pusat 10270, INDONESIA.

The key features of successful papers will be:

- Papers should make use of appropriate data, and empirical methods chosen should be (a) suitable to the choice of data and (b) robust.
- Empirical papers need to demonstrate the robustness of their findings through using alternative methods (as done in the literature) and other sensitivity tests as deemed suitable in light of the hypothesis to be tested.
- All empirical questions need to be guided by economic theory.
- Statistical results need to have clear economic interpretation and relevance to policy.
- Papers need to identify the literature clearly and place their research question in this literature thereby allowing them to claim a clear contribution to the literature.

Only policy-oriented papers based on descriptive analysis will be considered for the proposed edited book.

Deliverable

- A research paper of between 7,000 and 8,000 words to be published in a Journal (TBA later)
- A research paper of between 5,000 and 9,000 words to be published as a chapter in a book (TBA later).
- An appropriate honorarium depending on the author's research profile and the depth and scope of the paper will be paid, up to a maximum of US\$8,000 per paper.



ERIA (Economic Research Institute for ASEAN and East Asia)

[ERIA Annex Office] 6th Floor, Sentral Senayan 2, Jalan Asia-Afrika No.8,
Gelora Bung Karno, Senayan, Jakarta Pusat 10270, INDONESIA.

Timeline

Time	Activities
30 April 2022	Draft paper or detailed proposal submission (A 2000-word proposal that clearly explains the research question (hypothesis), motivation (needs to be appealing and well placed in the literature), theory, approaches (methodology), data, list of robustness tests (these need to be credible) and expected contributions to the literature and implications for policy). A proposal template is attached and should be strictly followed.
30 June 2022	Submission review, decisions (for some proposals revisions may be requested if they are deemed to have potential). Research contracts will be confirmed at this stage.
8 July 2022	Workshop 1: Planning Workshop, Virtual via Zoom
30 October 2022	Draft paper due
25 November 2022	Workshop 2: Draft paper presentation (Mode of workshop TBA later)
27 January 2023	Workshop 3: Final paper presentation (Mode of workshop TBA later)
27 February 2023	Submission of papers to journal & book (TBA later)
30 December 2023	Publication of papers in the Journal & Book

Call for Proposals

Interested researchers are invited to discuss their ideas with project leaders by emailing Professor Paresh Narayan, Monash University, (pareshkumar.narayan@monash.edu). The proposals will need to be submitted by 30 April 2022 and should be sent to pareshkumar.narayan@monash.edu with a copy to david.christian@eria.org