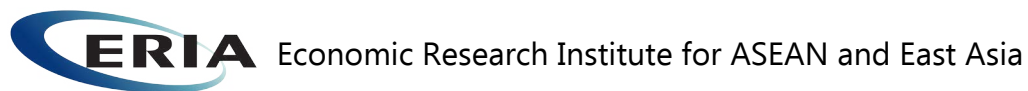


PUBLICATIONS CATALOGUE 2018

(April 2017–March 2018)





PUBLICATIONS CATALOGUE

The Economic Research Institute for ASEAN and East Asia publishes books, research reports, discussion papers, and policy briefs to share and disseminate its research findings and policy recommendations.

These publications cover a wide range of subject matter on deepening economic integration, narrowing development gaps, and sustainable development – the three pillars under which ERIA conducts research. ERIA is also highly involved in energy-related research.

ERIA also co-publishes with international academic and professional printing houses.

In fiscal year 2017, ERIA produced five books in commemoration of the golden anniversary of the Association of Southeast Asian Nations. We also produced 10 research project reports, 14 discussion papers, and 7 policy briefs.

Please send inquiries to contactus@eria.org or call +6221-5797-4460.

©2018 Economic Research Institute for ASEAN and East Asia
All rights reserved.

CONTENTS

ASEAN@50 Anniversary	5
Agriculture and Disaster Management	11
Competitiveness	14
Energy	16
Industry and Manufacturing	22
Trade and Investment	25
Co-publications	32

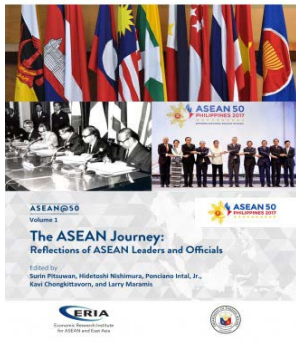


Bangkok Declaration 1967



ASEAN Summit 2017

ASEAN@50 Anniversary



ASEAN @ 50 Volume 1 **The ASEAN Journey: Reflections of ASEAN Leaders and Officials**

Edited by Surin Pitsuwan, Hidetoshi Nishimura, Ponciano Intal, Jr., Kavi Chongkittavorn, and Larry Maramis

ASEAN's 50-year journey is a story that needs to be told to this and future generations. Thus, to commemorate ASEAN's golden anniversary, ERIA and the Government of the Philippines collaborated to produce the five-volume ASEAN@50 publication. This volume, Volume 1, presents insights and personal reflections of political luminaries comprising Leaders and Senior Officials of ASEAN Member States, and ASEAN Secretaries-General; academics from ASEAN+ countries; and 'friends' of ASEAN – all of whom have been the prime movers of the organisation since its birth in 1967. It also discusses the three pillars of ASEAN that are significant elements in the association's progress and transformation – the Political-Security Community, the Economic Community, and the Socio-Cultural Community – and how its relations with its dialogue partners evolved.

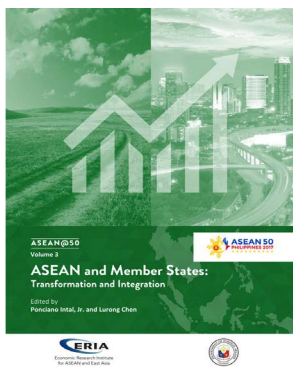
Featuring memorable quotes from the ASEAN founders, photos of ASEAN's milestones since its establishment, personal reflections and stories of ASEAN Leaders and 'friends', this volume will hopefully make ASEAN's journey come alive for readers and paint a clearer picture of its and the ASEAN peoples' future.



ASEAN @ 50 Volume 2 **Voices of ASEAN:** **What Does ASEAN Mean to ASEAN Peoples?**

Edited by Ponciano Intal, Jr. and Lydia Ruddy

ASEAN has provided a platform for continuous discussion amongst Leaders, which has helped the region address challenges and adapt to constantly changing circumstances. But what do the people of ASEAN think about ASEAN? What are their hopes and expectations for ASEAN as a region? Are they aware of how ASEAN institutions work on their behalf? And are ASEAN programmes and initiatives addressing their key concerns? To address these questions, this book presents and discusses the results of an ASEAN-wide public opinion survey conducted in 2016 by ERIA and research partners based in each of the 10 ASEAN Member States. A total of 2,322 respondents from selected sectors participated in the survey. The findings indicate optimism about the region's future and the potential for ASEAN as an institution, providing key insights that will be of interest to policymakers, academics, and the media – indeed anyone interested in Southeast Asia today.

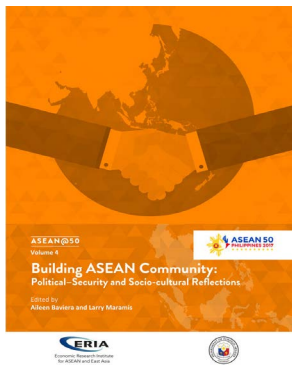


ASEAN @ 50 Volume 3 **ASEAN and Member States:** **Transformation and Integration**

Edited by Ponciano Intal, Jr. and Lurong Chen

The ASEAN region has been drastically transformed economically in the past 50 years, driven by domestic reforms, the pursuit of open regionalism, and the growth of regional production networks woven by international trade and investment linkages. ASEAN's economic transformation occurred alongside the pursuit of ASEAN's regional integration agenda. The establishment of the ASEAN Economic Community (AEC) in 2015 is the formal affirmation of the beginning of the drive towards deeper integration.

The papers in this volume discuss the evolving role of ASEAN's economic integration agenda in the domestic policies of ASEAN Member States as well as their contribution of autonomous liberalisation policies to ASEAN economic integration. The varied country experiences amongst the member states, especially during the past 2 decades, bring out the fact that the challenges and successes of the AEC lie in the interplay of national interests and ASEAN goals and the concordance of the regional integration initiatives on the one hand and each member state's domestic policy imperatives on the other.



ASEAN @ 50 Volume 4 Building ASEAN Community: Political-Security and Socio-cultural Reflections

Edited by Aileen Baviera and Larry Maramis

ASEAN has gradually built, based on shared interests and common principles and norms, various practices and mechanisms that helped prevent conflict amongst its members and allowed it to play an autonomous role in shaping the regional security architecture. Overcoming the member states' preoccupation with their own national concerns to give way to advocacy of collective interests has remained difficult, but progress is being made. Part A of this volume looks at the processes and dynamics, challenges, and opportunities of ASEAN political-security cooperation as part of the ASEAN community-building project.

The ASEAN Socio-Cultural Community (ASCC) Vision 2025 is a powerful statement, reinforced by the ASCC Blueprint 2025 designed to engage and benefit its peoples, with purposeful actions and outcomes that are inclusive, sustainable, resilient, and dynamic. Part B examines the ASCC's progress and explores the ASCC's newest role in empowering its people, stakeholders, and institutions as it leverages issues such as social technology, faces sustainable and resilient development pathways, and designs interactive processes and services that secure regional social integration based on shared cultural values.



ASEAN @ 50 Volume 5 The ASEAN Economic Community Into 2025 and Beyond

Edited by Rebecca Sta. Maria, Shujiro Urata, and Ponciano Intal, Jr.

ASEAN has successfully promoted economic integration by increasing intra-ASEAN trade and investment over 5 decades. This is despite the diversity of its member states in terms of the stages of economic development, political systems, ethnicities, and cultural backgrounds, thereby contributing to rapid economic development and growth. Progress in economic integration is realised through a step-by-step confidence-building approach – or the ‘ASEAN way’ – towards integration by adopting various ASEAN-wide schemes, including the ASEAN Free Trade Area in 1993 and the ASEAN Economic Community (AEC) in 2015. Looking to the future, ASEAN needs to undertake investment actively, increase productivity, and enhance connectivity to continue and accelerate economic growth and to realise sustainable and inclusive economic growth. Towards this end, the papers in this volume elaborate on several critical policy measures for moving the AEC forward into 2025 and beyond: promoting seamless trade facilitation, managing rising non-tariff measures, reframing trade service sector development and liberalisation, institutionalising good regulatory practice, enhancing connectivity and participation in global value chains, promoting innovation, and others. The papers effectively sharpen the logic and deepen the insights for the above-mentioned policy measures which are identified and presented in the AEC 2025 Blueprint and other ASEAN blueprints. In addition, the volume emphasises that effective and speedy implementation of these measures by ASEAN and ASEAN Member States requires not only strong political will and commitment, but also a monitoring and evaluation system that engenders deep engagement of, and collaboration with, the business community, think tanks and research institutes, and civil society for constructive feedback.



Agriculture and Disaster Management



Oil Supply Resilience in ASEAN

ERIA Research Project Report 2016-03

Edited by Shigeru Kimura, Tetsuo Morikawa, and Han Phoumin

The study of oil supply resilience aims to share Japan's experience with ASEAN countries in dealing with oil supply disruption either from abroad or domestically as a result of natural or artificial disasters. After the Great East Japan Earthquake in 2011, Japan's supply of oil products, gas, and electricity was disrupted in some regions. As a result, the government and the industry comprehensively reviewed their energy policies. Domestic oil supply was one of the issues, and the government took a set of measures to ensure stable supply and swift recovery in case of disruption.

Increasing oil demand in ASEAN countries threatens supply security. Yet, oil stockpiling and other security measures have not been developed to the level of countries belonging to the Organisation for Economic Cooperation and Development. Many ASEAN countries are exposed to various risks of supply disruption, such as natural disasters, accidents, and terrorist attacks. The study analyses the current status of relevant oil supply security activities in the ASEAN region, identifies the required actions to enhance resilience in oil supply security, and proposes measures to enhance oil supply resilience in the region by using Japan's experience after the 2011 earthquake.

Chained to Sustainable Development Goals? The Changing Role of Entities for Enhanced Resilience along Agriculture Food Value Chains in Thailand

ERIA Discussion Paper 2017-03

By John K.M. Kuwornu

This paper examines the required changing roles of private, public, and international organisations in 2016–2030 – as countries work towards the achievement of the Sustainable Development Goals (SDGs) – to enhance the resilience of agricultural food value chains in Thailand. The country's Sufficiency Economy Philosophy (SEP) is a growth and development model characterised by its universality and inclusiveness; people-centred approach; moderation, moral values, and reasonableness; and knowledge and integrity. The SEP encourages a holistic farm management system to promote sustainability, food security, water conservation and biodiversity, development of human resources, risk management, investment, and expansion of businesses, thereby creating self-sufficiency in households, communities, organisations, and the nation. These SEP objectives are somewhat consistent with Goals 1, 2, 8, 9, 12, 13, 14, and 15 of the SDGs. This paper presents the required roles of organisations to enable Thailand to achieve the SDGs towards enhancing the resilience of agricultural food value chains. It also highlights the policy implications.

Managing Stranded Assets and Protecting Food Value Chains from Natural Disasters

ERIA Discussion Paper 2017-01

By Vangimalla R. Reddy and Venkatachalam Anbumozhi

Stranded assets are those that have suffered unanticipated or premature write-downs, lost value, or turned into liabilities due to external shocks. Environmental risk factors – such as natural disasters, climate change, and water scarcity – which can cause asset stranding of agriculture are poorly understood in the context of food value chains (FVCs). The value at risk globally is significant in agriculture due to overexposure to stranded assets throughout financial and economic systems. This paper discusses the issue of stranded assets and the environmental risks involved with the FVCs. It also provides an overview of disasters and climate change as contributors to agricultural asset stranding along the FVCs. The paper presents the impacts of disasters triggered by natural hazards on the economic losses of the agricultural value chain and the loss of value-added growth with further discussion on the principles of effective disaster risk reduction in the FVCs. Disasters, when combined with climate change, pose challenges by creating fluctuations in yields, supply shortfalls, and subsequent global trading patterns, and substantially affect the FVCs. Finally, the paper presents strategies for building resilient FVCs in partnership with communities.

Peat Policy and Its Implications for Value Chains of Indonesian Palm Oil

ERIA Discussion Paper 2017-02

By Budi Indra Setiawan and Falatehan Faroby

The Government of Indonesia issued By Law No. 57 (Peat Policy) in 2016 to protect and manage the peat ecosystem. This study found that this policy, aimed at preventing environmental degradation, will reduce planting areas and impact the production of palm oil and its derivative products, amongst others. It will severely affect the country's economic development and threaten farmers' welfare. Therefore, the government and practitioners should make policy choices that are conducive for sustainable development of oil palm plantation in the peatlands, i.e. promote intensification programmes to increase productivity and manage sustainable production.



Competitiveness



Assessing the Competitive Advantage of Public Policy Support for Supply Chain Resilience

ERIA Discussion Paper 2017-04

By Eiji Yamaji

This paper deals with the supply chain resilience of agricultural products in Japan. It first explains the food flow of Japan. Japanese farmers and fishers produce and sell their products, for a total of 9.4 trillion Japanese yen (¥). At the same time, Japan imports raw products and processed food. The fresh products move through the market to the 'eating out' sector, the processing sector, and consumers. During this process, the value of agricultural products increases, and consumers pay ¥73.5 trillion. Food flow sometimes suffers because of natural disasters. In April 2016, a strong earthquake hit the Kumamoto area, severely affecting the production and supply of watermelons. To increase the resilience of the agricultural supply chain, the sixth industrialisation should be effective and well established. Japan's sixth industry contains 60,000 businesses; most of them are food processing and direct shop businesses. Farmers, farmers' groups, farmers' companies, municipalities, cooperatives, and producers' groups operate direct shops. They sell mostly vegetables, fruits, and processed food.

The paper portrays Direct Shop K located at the urban fringe of Chiba prefecture. Since its establishment in 2004, the shop has become very popular in the region. However, it had to overcome two crises: the effect of the radioactive fallout from the Fukushima nuclear power plant accident and contamination by residual agricultural chemicals. The manager played a large role in the recovery, but Japan's agricultural policy also provided direct and indirect support nationally and locally. Public policy supports the resilience of the agricultural supply chain through measures such as agricultural land use planning, agricultural improvement projects, rapid reconstruction following damage, and improvement of agricultural resources.



Energy

Addressing Energy Efficiency in the Transport Sector through Traffic Improvement

ERIA Research Project Report 2016-04

Edited by Ichiro Kutani

The study summarises Viet Nam's existing policies on improving the energy efficiency of its transport sector. The results show that Viet Nam has basically implemented the same type of policies as that of Japan and Thailand. However, since the mechanism for implementation is key, stakeholders take their own initiative autonomously rather than simply follow what government policies impose.

This quantitative case study for Da Nang City evaluates the effects of implementation of long-term traffic plans. It shows that a planned bypass highway will reduce oil consumption by 30% by 2030. Assuming an increasing modal shift from motorbikes to automobiles, a 10-year delay in the development of the public transport system will increase oil consumption by 5% by 2030. It appears that the existing blueprint of the future traffic system is effective in reducing oil consumption and, hence, should be implemented immediately. The study reveals many remaining challenges of Viet Nam's transport sector. To address these challenges, it recommends that the country makes active use of information and communications technology and encourages the development of technologies and creation of new services as an innovative approach to make the transport sector more energy efficient. A list of detailed policy actions, based on intensive consultation with Viet Nam and international experts, was developed to address these challenges.

Creating Better Social Acceptance for Electric Power Infrastructure

ERIA Research Project Report 2016-05

Edited by Tomoko Murakami

This study comprehensively evaluates issues related to public acceptance of coal-fired power plants in Thailand and thus derives policy implications on how to mitigate public protests and prevent movements that oppose coal power plants. In general, its implications can be extended to achieving better public acceptance of any electric power infrastructure. For this purpose, the researchers conducted an intensive survey of the energy system and case studies of coal-fired power plants in Thailand. The research revealed five major factors behind the strong opposition to the construction of coal power plants in the country, especially in the southern part. It also thoroughly reviewed the accumulated experience and knowledge of advanced European countries and of international organisations regarding social acceptance and public involvement issues. This study highlights several policy recommendations.

Formulating Policy Options for Promoting Natural Gas Utilization in the East Asia Summit Region, Volume I: Demand-Side Analysis

ERIA Research Project Report 2016-07a

Edited by The Institute of Energy Economics, Japan

There is an increasing interest in understanding the demand potential of natural gas and its implication in the East Asia Summit region. This ERIA study was proposed by Japan at the 10th East Asia Summit Energy Ministers Meeting in 2016. Comprising two volumes, this report focuses on ASEAN and India markets. It aims at understanding future natural gas demand and estimating the size of the market on the demand side, and correspondingly deriving the necessary infrastructure investment on the supply side. The study then presents the challenges and policy options from both sides.

This volume, dedicated to demand-side analysis, asserts that various policies are needed to maximise demand potential. These include clear policy indications for promoting use of natural gas, enhancing economic competitiveness of natural gas, providing support to developing supply infrastructure, and institutional and capacity building.

Formulating Policy Options for Promoting Natural Gas Utilisation in the East Asia Summit Region, Volume II: Supply-Side Analysis

ERIA Research Project Report 2016-07b

Edited by Tetsuji Uemura and Keitaro Ishigami

There is an increasing interest in understanding the demand potential of natural gas and its implication in the East Asia Summit region. This ERIA study was proposed by Japan at the 10th East Asia Summit Energy Ministers Meeting in 2016. Comprising two volumes, the report focuses on the ASEAN and Indian markets. It aims at understanding the future demand of natural gas, estimating the size of the market on the demand side, and correspondingly deriving the necessary investment in infrastructure on the supply side. From both sides, the challenges and policy options are presented.

This volume, dedicated to supply-side analysis, tries to identify the most suitable and feasible supply chain solutions based on demand size, main users of natural gas, technical constraints, geographical constraints, and available existing transport infrastructure. The estimated investment for additional natural gas supply chain by 2030 is US\$81 billion altogether.

Improving Emission Regulation for Coal-Fired Power Plants in ASEAN

ERIA Research Project Report 2016-02

Edited by Mitsuru Motokura, Jongkyun Lee, Ichiro Kutani, and Han Phoumin

Coal, the most abundant and reliable energy resource, will continue to be the dominant energy source for the East Asia Summit region. The coal use patterns in the region reflect a robust increase of electricity consumption and power to steer economic growth. With such a fast-growing electricity demand, emerging Asia, particularly ASEAN, will likely build coal-fired power plants (CPPs) with less capital cost. These low-efficiency CPPs will harm the environment because of air pollution, and carbon dioxide (CO₂) and greenhouse gas emissions. In response, world leaders have seriously taken actions to mitigate climate change. Each country pledged to implement Nationally Determined Contributions to track the abatement of climate change.

Stringent environmental regulations that are effectively enforced will help investors select better technologies. Ultra-supercritical technology for CPPs, considered clean coal technology, uses coal more efficiently and cleanly compared to traditional coal power plants that use sub-critical technology. This study, therefore, compares emissions regulations and systems of CPPs in ASEAN and advanced countries. It suggests that minimising the emission of air pollutants in ASEAN countries is a precondition for the future use of CPPs. Thus, the level of public acceptance to use coal cleanly is expected to rise. ASEAN then should raise the current emission standards of air pollutants from CPPs to the level equivalent to that of OECD countries. In this case, clean coal technology will be selected automatically, enabling ASEAN to head towards the common environmental standard for coal-fired power generation.

Institutional Policy and Economic Impacts of Energy Subsidies Removal in East Asia

ERIA Research Project Report 2015-23

Edited by Han Phoumin and Shigeru Kimura

This study explores the impact of energy subsidies and presents policy recommendations to gradually phase out energy subsidies in the East Asia Summit (EAS) region. According to ERIA and the International Energy Agency (2013), fossil fuel subsidies amounted to about US\$51 billion in Southeast Asia for 2012 alone. These subsidies encourage wasteful use of energy, burden government budgets, defer investment in energy infrastructure and efficient technology, and further undermine renewable energy uptake. While some ASEAN countries have taken action to remove energy subsidies, such action, often politically sensitive, must be accompanied by careful strategy and steps.

However, most energy subsidies are often blanket subsidies that benefit the rich rather than the poor. Blanket energy subsidies stimulate consumption and can result in increased energy demand. Thus, inefficient subsidies can lead to fiscal pressure, harmful emissions, and potentially undermine sustainable green growth in EAS countries.

Reduced energy subsidies will encourage more energy-efficient consumption, leading to a positive impact on international energy prices and energy security, and will make renewable energy and technologies more competitive. It further benefits the environment and society due to reduced local pollution and lesser greenhouse gas emissions.

Multilateral Joint Study on the Liquefied Natural Gas Market

ERIA Research Project Report 2016-06

Edited by Ken Koyama, Yoshikazu Kobayashi, Ichiro Kutani, and Yanfei Li

The increased use of liquefied natural gas (LNG) is expected to solve many energy and environmental problems of the East Asia Summit region by ensuring a stable energy supply at an affordable price. This is especially true considering its abundant and geographically diversified resource base, as well as reducing carbon emissions by replacing more of the carbon-intensive energy. The LNG market in the region, however, has not expanded as much as expected in the early 2010s. This report thus proposes recommendations to policymakers and LNG producers and consumers on how they can use natural gas more in Asia.

The expanded use of LNG in Asia will depend on two conditions: its competitiveness against other energy sources and sufficient investment in every part of the value chain. The report summarises ‘who does what’ to fulfil these two conditions.

Technical Improvement Report on Energy Outlook and Energy Saving Potential in East Asia

ERIA Research Project Report 2016-08

Edited by Shigeru Kimura and Han Phoumin

This technical report on the Energy Outlook and Saving Potential of East Asia Summit (EAS) countries aims to seriously look into how to improve data used in modelling energy demand in ASEAN countries. In the past, the outlook greatly relied on the energy data of the International Energy Agency. However, years of capacity building

on energy outlook modelling in ASEAN, supported by ERIA, encouraged the working group to assess the quality of the national energy data, combined with the energy database of the Asia-Pacific Economic Cooperation, to be used for energy demand modelling in selected ASEAN countries. To support COP 21, the working group also set a scenario of keeping carbon dioxide (CO₂) emissions frozen at the 2013 level until 2040. In this case, some EAS countries may find it challenging to determine the best energy mix while keeping CO₂ levels unchanged during this period. Upscaling renewable energy, together with implementation of energy efficiency programmes, remain the key energy policy objectives towards creating a low-carbon economy in EAS countries.

The expanded use of LNG in Asia will depend on two conditions: its competitiveness against other energy sources and sufficient investment in every part of the value chain. The report summarises 'who does what' to fulfil these two conditions.

Remaking Energy Policies for Global Sustainability: The Case of Flying Geese Model and Path Dependencies in East Asia

ERIA Discussion Paper 2017-08

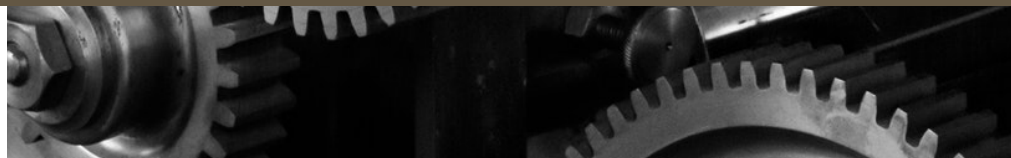
By Venkatachalam Anbumozhi and Xianbin Yao

East Asia's path of economic integration started at the end of World War II through catch-up industrialisation. It started in Japan, and supported by diffusion of technologies through learning and easier relocation of industries within the region, energy-intensive industrialisation expanded into countries with fewer development operations. Aided by official development assistance and foreign direct investment, the emergence of production networks across Southeast and East Asia permitted second- and third-tier economies to catch up with advanced economies in technology, technical skill development, and narrowing of development gaps. The pattern of East Asia's catch-up has been extensively studied, with the 'Flying Geese' model being the well-known paradigm. This process of catch-up also leads to increased emissions and air, water, and soil pollution, and to movement of emission intensity and pollution to second- and third-tier economies. From the perspective of the energy-development nexus, does it mean that East Asia's growth pattern remains unable to break away from the historical path dependency in energy-intensive industrialisation observed elsewhere?

This and the following questions are pursued in the paper: What factors lead to the emergent and subsequent dispersal of the 'flying geese'? What were the main characteristics of integrated environmental and energy policy formulation during the dispersal, and what lessons could be learned from those experiences for a sustainable future? To the authors' knowledge, this paper is the first such direct attempt to understand the link between the Flying Geese model and energy policies in East Asian economic development. Using historical data on trade and energy consumption, the authors demonstrate that East Asian governments have proactively addressed energy intensity concerns and have further intensified the policy. They also draw lessons learned from the model for its potential application in solving global sustainability challenges.



Industry and Manufacturing



2016 Progress Survey Report of Infrastructure Projects in CADP 2.0

ERIA Research Project Report 2016-01

Edited by Nobuyuki Mori, Yoshiki Nishida, and Takafumi Fujisawa

ERIA submitted the Comprehensive Asia Development Plan 2.0 (CADP 2.0) to the East Asia Summit in 2015. CADP 2.0 updates the infrastructure projects from the first CADP, reformulates the conceptual framework for connectivity and innovation, and discusses the quality of infrastructure projects. It lists 761 East Asian infrastructure projects, surveyed in 2015–2016, which cover a wide range of sectors such as roads and bridges, railroads, ports, and electric power.

This study presents the progress of those infrastructure projects and summarises the trends and prospects obtained from the survey. The results reflect to some extent the political and economic situation in each country and the influence of its policies.

'Unbundlings' and Development Strategies in ASEAN: Old Issues and New Challenges

ERIA Discussion Paper 2017-14

By Lili Yan Ing and Olivier Cadot

This paper extends the conceptual framework of 'unbundlings' proposed by Baldwin (2016) and tries to provide a starting point for reorganising development strategies of ASEAN Member States (AMS). The AMS have largely been successful in utilising the mechanics of the second unbundling with a reduction in communication costs; however, a lot of room still exists for exploiting its benefits. In addition, a new wave of the third unbundling, which comes with reduced face-to-face costs, has already arrived in ASEAN, and AMS must start incorporating it into their development strategies.

Current Status and Traits of the Auto Parts Industry in Viet Nam

ERIA Discussion Paper 2017-06

By Hideo Kobayashi

This study aims to clarify the current situation and traits of Viet Nam's automobile industry by showing the status of its automobile and auto parts industry. The paper first describes the automobile industry in Viet Nam. Then it highlights the vulnerability of the auto parts industry, which is the biggest feature and an issue to be addressed in the future, as it ultimately determines the competitiveness of the auto industry.

The study reveals that the number of analytical studies dedicated to the auto industry in Viet Nam is extremely small. Besides, most of these have been conducted only in the context of the ASEAN automobile industry in general. Amongst these are studies by Tetsuya Kobayashi (2013) and Yingshan Jin (2016), which are basically intended to paint the actual picture of the automobile industry in Viet Nam. This report focuses on the auto parts industry in Viet Nam to get closer to its core. It should be noted that many auto parts suppliers in Viet Nam started operations as motorcycle parts suppliers; and some of them transformed from motorcycle to auto parts suppliers.

Viet Nam's Automotive Supplier Industry: Development Prospects under Conditions for Free Trade and Global Production Networks

ERIA Discussion Paper 2017-05

By Martin Schröder

Despite the inflow of foreign direct investment in the 1990s, automobile production in Viet Nam has not progressed beyond assembly. Due to the forthcoming trade liberalisation in ASEAN, these assembly operations are endangered by closure as carmakers consider importing from more developed automobile manufacturing countries in the region. This paper analyses the current state of the automotive industry in Viet Nam and seeks to formulate policy recommendations based on the findings.



Trade and Investment



Ad Valorem Equivalents of Non-tariff Measures in ASEAN

ERIA Discussion Paper 2017-09

By Lili Yan Ing and Olivier Cadot

This paper aims to measure the ad valorem tariff equivalents (AVEs) of non-tariff measures (NTMs). It proposes a new alternative that relies on the estimation of bilateral trade flows on two-way panels at the HS 2-digit level with importer, exporter, and product fixed effects and interaction terms between NTM variables and a full vector of country-specific characters. Results show AVEs for technical barriers to trade measures on manufactured products for ASEAN countries and the whole sample are 4.5% and 5%, respectively. The AVEs for sanitary and phytosanitary measures on agricultural and food products for ASEAN countries and the whole sample are 6.5% and 6.7%, respectively. It should be noted that AVEs can mean very different things depending on whether they are intended to correct market failure. This depends on the technical capabilities of domestic regulatory agencies.

Developing Asia in the Era of Cross-Border E-Commerce

ERIA Discussion Paper 2017-11

By Lurong Chen

Cross-border e-commerce has been a major development trend of international trade and globalisation. In the next 5–10 years, the top three fastest-growing markets in the world will all be in Asia – India, Indonesia, and Malaysia. Connectivity is the cornerstone of e-commerce development. E-commerce supporting connectivity aims to ease free information flow, logistics, free cash flow, and seamless links between the virtual and physical parts of the e-commerce network. Accordingly, policy efforts include increasing the supply of public goods to improve connectivity infrastructure in both the physical world and cyberspace; establishing rules and regulations to ensure the dynamics of and competition in the online marketplace; improving connectivity-derived services to generate more value added; prioritising the smartphone economy and Internet financial innovation; and collaboration in the region-wide e-commerce supporting environment.

Disciplines on State-owned Enterprises under the Trans-Pacific Partnership Agreement: Overview and Assessment

ERIA Discussion Paper 2017-13

By Tsuyoshi Kawase and Masahito Ambashi

This paper analyses the disciplines of state-owned enterprises (SOEs) stipulated in Chapter 17 of the Trans-Pacific Partnership Agreement (TPP). The introduction of the extensive disciplines on SOEs was led by the concern that SOEs are likely to disturb fair international competition by the conduct of business activities that do not depend on economic rationality and are anticompetitive. A major provision of this chapter includes definitions and the scope of application, commercial considerations and non-discriminatory treatment, non-commercial assistance, and transparency. While Chapter 17 can be appreciated as the first comprehensive and detailed discipline on SOEs including that of the WTO-plus, it still has problems and remaining issues concerning the disciplines. Nevertheless, the very fact that the TPP includes specific rules for SOEs is appreciated as a first step towards disciplining them in the future.

Globalisation and Trade Liberalisation in Supporting GVCs Upgrade: The Case of the Republic of Korea

ERIA Discussion Paper 2017-07

By Lurong Chen

The Republic of Korea has achieved sustained economic growth by moving up the value chains. It took the Republic of Korea only 15 years to transform from an upper middle-income into a high-income country. This paper uses the Republic of Korea as a case study of on how a country can build core competitiveness in the high-tech industry and develop into a globally competitive and innovative economy by moving up the value chains. It shows the effectiveness of globalisation and trade liberalisation in supporting the country's domestic development strategy.

Servicification in Global Value Chains: The Case of Asian Countries

ERIA Discussion Paper 2017-12

By Shandre Mugan Thangavelu, Wang Wenxiao, and Sothea Oum

The paper discusses the degree of servicification (or the role of services as inputs in manufacturing) of 61 selected Asian countries in terms of global value chain (GVC) activities at the sectoral level using domestic and foreign services from 1995 to 2011. This paper categorises servicification activities into two types: (i) domestic

servicification using domestic services and (ii) foreign servicification using foreign value-added content in domestic exports. Servicification is confirmed in selected Asian countries, particularly in 16 East Asian countries associated with the negotiations on the Regional Comprehensive Economic Partnership. However, the selected Asian countries tend to have lower domestic servicification levels but higher foreign servicification levels compared to the overall sample of countries in the study. Countries with higher participation rates and lower positions in GVCs tend to have higher levels of foreign servicification across the sectors. In contrast, countries with higher participation rates and higher positions in GVCs tend to use more domestic services in manufacturing exports. The effect is larger for Asian countries compared to the developed countries in the sample.

The study also highlights the role of technical and institutional improvement as key factors in the development of services in the global production value chain.

The Risks for ASEAN of New Mega-agreements that Promote the Wrong Model of E-Commerce

ERIA Discussion Paper 2017-10

By Jane Kelsey

Digital technology offers exciting new opportunities and advances for ASEAN Member States, individually and as a region. The benefits have so far been captured by first movers, especially in the United States. ASEAN countries need time and flexibility to develop their own digital industrialisation strategies that can harness the potential gains and minimise the risks, and regulate accordingly. This paper explains how that opportunity would be foreclosed by a new normative framework on electronic commerce and cross-border services that is being systematically advanced by developed countries on behalf of their globally dominant digital industries. Starting with the Trans-Pacific Partnership Agreement, the template is being promoted through a network of mega-regional trade and investment agreements, including the Regional Comprehensive Economic Partnership and potentially the World Trade Organization. Instead of delivering a digital dividend to ASEAN countries, this model of e-commerce could impede their development, create negative fiscal and employment consequences, and leave them dependent on an oligopoly of private corporations that control the global digital infrastructure and mass data. ASEAN Member States will need to resist those proposals if they are to maintain their regulatory sovereignty and the policy space to capitalise on the 21st century digital revolution.

ASEAN: Regional Integration and Reforms

ERIA Policy Brief 2017-05

By Mari Pangestu and Lili Yan Ing

This brief explains the motivation behind ASEAN's integration into East Asia, the role ASEAN reforms play in the integration, and its future direction. If ASEAN members continue to improve trade facilitation and regulation transparency, regional integration can become a vehicle for multilateral integration, domestic reforms, and institution building.

E-Commerce as Asia's New Growth Engine

ERIA Policy Brief 2017-02

By Fukunari Kimura and Lurong Chen

The development of cross-border electronic commerce (e-commerce) is changing the world's economic landscape. To better grasp the opportunities of this global trend of growth, Asian countries will still need to make progress in areas such as connectivity, services, rules and regulations, and labour skills. In addition to market mechanism that will lead the transition, government policy can help the market maximise the advantage of the information revolution, and avoid potential market failure. Asian countries may consider policies on promoting e-commerce by enabling an e-commerce growth environment, improving connectivity, encouraging value-added services, accelerating rule-setting and regulatory harmonisation, promoting Internet financial innovation, and prioritising the development of the smartphone economy.

Facilitating ASEAN Trade in Goods

ERIA Policy Brief 2017-07

By Lili Yan Ing and Olivier Cadot

This brief presents three recommendations to move the trade facilitation agenda forward in ASEAN. These focus on rules of origin, transparency of non-tariff measures (NTMs), and NTM streamlining. Although the rules of origin of the ASEAN Trade in Goods Agreement have a relatively simple structure, these require supervision as recent research puts their ad valorem equivalent at about 3.40%. The transparency of NTMs rests on two pillars: accurate data, and open dissemination and dynamic disciplines. The move to streamline NTMs should not be viewed as a trade negotiation issue because NTMs are not purely trade policy instruments.

How Restrictive Are ASEAN's Rules of Origin?

ERIA Policy Brief 2017-04

By Olivier Cadot and Lili Yan Ing

ASEAN's rules of origin (ROO) have a simple and transparent structure, with a large chunk of trade flows subject to a 40% regional value content or a change of tariff classification. The econometric analysis of trade flows reveals that the average ad valorem equivalent (AVE) of ASEAN's ROO is 3.40% across all instruments and sectors. The trade-weighted average is 2.09%. This moderate estimate is in line with existing literature. However, some sectors, such as leather, textile and apparel, footwear, and automobile, have high AVEs. Some rules also appear more restrictive than others. In this regard, the Textile Rule seems to stand out as a relatively more trade-inhibiting rule than others.

Streamlining NTMs in ASEAN: The Way Forward

ERIA Policy Brief 2017-03

By Olivier Cadot, Ernawati Munadi, and Lili Yan Ing

Dealing with non-tariff measures (NTMs) as if dealing with a trade tool like tariffs is an improper approach, as NTMs could act as checks and balances for the quality of goods. To improve NTMs, efforts should be packaged as part of government regulation reform. Two main areas to work on are transparency through collective and uniform data collection, as well as setting up an institution for better coordination, and more objective evaluation of NTMs.

To Enhance E-Commerce Enabling Connectivity in Asia

ERIA Policy Brief 2017-01

By Fukunari Kimura and Lurong Chen

Cross-border e-commerce has been a major development trend of international trade and globalisation. In the next 5 to 10 years, the top three fastest-growing markets in the world will all be in Asia – India, Indonesia, and Malaysia. Connectivity is the cornerstone of e-commerce development. E-commerce supporting connectivity aims to ease free information flow, logistics, free cash flow, and seamless links between the virtual and physical parts of the e-commerce network. Accordingly, policy efforts include (i) increasing the supply of public goods to improve connectivity infrastructure in both the physical world and cyberspace, (ii) establishing rules and regulations to ensure the dynamics of and competition in the online marketplace, (iii) improving connectivity-driven services to generate more added value, (iv) prioritising the smartphone economy and Internet financial innovation, and (v) collaboration in the region-wide e-commerce-enabling environment.

Transparency in Non-tariff Measures: An International Comparison

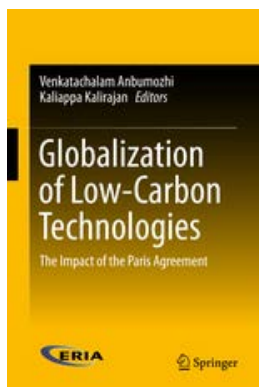
ERIA Policy Brief 2017-06

By Lili Yan Ing, Olivier Cadot, and Janine Walz

The growing literature on trade has proven that transparency positively affects trade and investment. This is particularly important in non-tariff measures, which are often criticised for their lack of transparency and their hidden protectionism. Through a combination of off-the-shelf data and an experiment, a new index of transparency shows that ASEAN members score well compared to other developing countries. Singapore ranks highest amongst ASEAN countries and is 12th in the world. Four other ASEAN countries – Indonesia, Lao PDR, Thailand, and Brunei Darussalam – are amongst the top 50 in the world.



Co-publications



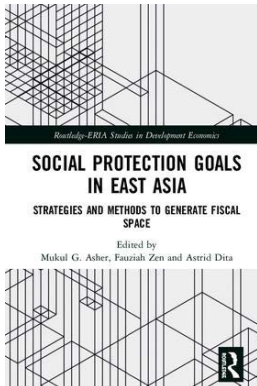
Globalization of Low-Carbon Technologies: The Impact of the Paris Agreement

Edited by Venkatachalam Anbumozhi and Kaliappa Kalirajan

This book explores the opportunities and barriers within the Intended Nationally Determined Contributions (INDC) framework of the Paris Agreement for the diffusion of low-carbon technology. Further, it proposes appropriate and feasible mechanisms required at the local, national, and regional levels to achieve the INDC targets.

The book employs both meta policy analysis and scenario building to examine whether the diffusion of low-carbon energy by 2030 is economically viable under the INDC framework and how international technology cooperation could accelerate investments on the scale required for achieving the INDC targets.

Further, this book provides new perspectives on market and non-market mechanisms for the globalisation of low-carbon technologies within the framework conditions of the Paris Agreement, which will be of significant value to senior policymakers, multi-disciplinary academics, and investing communities.



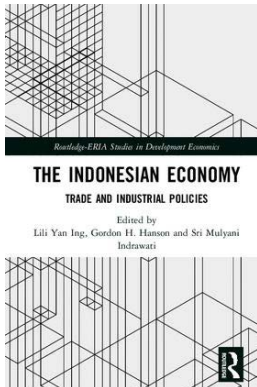
Social Protection Goals in East Asia: Strategies and Methods to Generate Fiscal Space

Edited by Mukul G. Asher, Fauziah Zen, and Astrid Dita

The book examines the conceptual, economic, and fiscal impact(s) of the Social Protection Floor initiative of the International Labour Organization (ILO) and other policy influencers by first critically examining the methodologies used by the international agencies to estimate the fiscal costs of designated minimum package(s) of social protection programmes. The book also briefly reviews the methodologies used and usefulness of the Social Protection Index of the Asian Development Bank.

Second, the book analyses strategies and specific initiatives used by selected East Asian countries (China, India, Indonesia, Philippines, Thailand, and Viet Nam), designed to progress towards the social protection goals underlying the Social Development Goals adopted by the United Nations in September 2015, and endorsed by the countries covered in this book.

Finally, the book provides a framework for generating fiscal space to fund the social protection programmes and initiatives. The country chapters use this framework in the context of each specific country to suggest generating fiscal space.



The Indonesian Economy: Trade and Industrial Policies

Edited by Lili Yan Ing, Gordon H. Hanson, and Sri Mulyani Indrawati

Against the backdrop of growing anti-globalisation sentiments and increasing fragmentation of the production process across countries, this book addresses how the Indonesian economy should respond and how Indonesia should shape its trade and industrial policies in this new world trade environment. The book introduces evaluation not on tariffs but on new trade instruments such as non-tariff measures — sanitary and phytosanitary, technical barriers to trade, export measures, and beyond border measures – and looks at industrial policies from a broader perspective such as investment, accessing inputs, labour, services, research, and innovation policies.