

**Statement from 6th ERIA Governing Board Meeting
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Resilient Economies in ASEAN and East Asia

Despite an unsettled world economic environment, Southeast Asia and East Asia experienced robust growth last year. With growth in China and expected recovery in Japan by the introduction of expansionary measures, along with strong domestic demand, the economic prospects of the region remain positive this year, especially for developing CLM (Cambodia, Lao PDR, Myanmar) countries and even larger economies.

Deepening Regional Economic Integration

The year 2013 is obviously a critical year for ASEAN and East Asian economic integration. Given the current regional and global economic landscape, ASEAN should enhance its competitiveness by expanding trade, facilitating investment, and promoting service and investment liberalization.

ASEAN Member States are moving towards ASEAN Economic Community (AEC), which is aimed to be realized at the end of 2015, thereby creating a landmark achievement and a historic milestone. ASEAN has achieved much in trade and investment liberalization and facilitation and made progress in service liberalization through consultation, cooperation and consensus in order to maximize the benefits of integration in ASEAN for ordinary people.

In addition, after establishing five ASEAN+1 FTAs with its dialogue partners, ASEAN proposed in 2011 the Regional Comprehensive Economic Partnership (RCEP) with Australia, China, India, Japan, Korea and New Zealand. In 2012, ASEAN along with six dialogue partners agreed to launch the RCEP negotiations in 2013. The RCEP promises to be a high quality FTA, aiming to substantially reduce tariff and non-tariff barriers, liberalize investment and services, and deepen cooperation among others.

AEC and RCEP are interlinked in promoting deeper regional integration in East Asia. Market led integration has been also promoted by closer cooperation among the members of EAS. Given the slowdown of demands in advanced economies since 2008, regional trade in goods and services has increased, partly thanks to free trade agreements (FTAs). AEC and RCEP are important for continued robust growth of ASEAN and East Asia. Hence, the common 2015 target date for completion of RCEP negotiations as well as realization of AEC.

Regional Integration in ASEAN and East Asia

Trans Pacific Partnership (TPP) negotiations and China-Japan-Korea (CJK) FTA negotiations are progressing. Our region, ASEAN and East Asia, should not stop pursuing to achieve deep and wide regional economic integration. Once we stop, we shall lose our momentum, competitiveness, attractiveness, resiliency, and prosperity.

The region's Leaders and market practitioners must remain watchful of the still uncertain global economic conditions and the danger of rising protectionism. For the Leaders, nurturing growth in the region as well as making it inclusive is important. Inclusive growth should be the watchword for all economic development and cooperation in the region.

Enhancing Connectivity for Continuous Growth

In order for the East Asian Summit (EAS) region to continue to grow, the production networks require greater connectivity between producers and markets. Moreover, production fragmentation requires efficient links to supply chain networks. Tariffs have declined appreciably in the ASEAN and in its trade with FTA partners in East Asia. The focus of trade is shifting from tariffs to the reduction in trade costs such as transportation and behind the border costs. Infrastructural and institutional connectivities have become important to reduce the cost of logistics and cross border procedures. Connectivity, in tandem with the Initiative on ASEAN Integration (IAI), is particularly important for CLMV countries, thereby narrowing development gaps within the region. ASEAN's connectivity with its neighbours in the East Asia Summit region is crucial for ASEAN for promoting efficient exchange of goods and services and remaining competitive as a production hub of the world.

ERIA's Contribution to the Regional Cooperation and Community Building

ERIA has steadily undertaken many policy studies to deepen economic integration, to narrow development gaps and to realize sustainable development in ASEAN and East Asia in the last five years after its establishment. ERIA's practical and effective policy recommendations have been well appreciated by each member country, which ERIA should be proud of.

ERIA should continue to work for the realization of the ASEAN Economic Community (AEC) by 2015. ERIA should provide a framework for the action agenda for moving AEC and ASEAN forward beyond 2015. ERIA should also establish a monitoring mechanism for realizing ASEAN Community in 2015, which is based on objective data analyses and involving various stakeholders' inputs to secure steady progress.

Improved regulatory governance is a key to effectively manage facilitation and liberalization of trade, services and investment in the region. ERIA should work on the third phase of the AEC Scorecard concentrating on regulatory improvements and coherence. ERIA should also make effort to analyze major challenges ASEAN and East Asia may face beyond 2015 and contribute to the region by addressing various challenges such as environmental issues and social security issues.

There are fears and opposition against in some countries and some sectors on economic integration through the AEC. Addressing such fears and opposition would require communication, on the benefits and adjustment challenges of regional economic integration. ERIA should make efforts in disseminating the results of its research projects on the benefits and adjustment challenges of AEC, social protection and safety net measures, and others in each Member Country.

ERIA should contribute to the empowerment of SMEs utilizing the result of SME Policy Index project as this is vital for inclusive growth. Study of policy measures, including intellectual property rights (IPRs), SME access to the regional and global supply chains, risk based guarantee systems for SMEs should be conducted to foster innovations and economic growth in all countries.

Improvement of connectivity is critical for inclusive development as well. ERIA should continue to work on connectivity issues in the region, which will impact the quality of cross border physical, institutional and people-to-people connectivities. Furthermore, ERIA should identify measures to keep resiliency of supply chain network against natural disasters.

In order to facilitate the RCEP negotiations, ERIA should contribute through its analytical research and modeling and provide the basis for a high quality economic partnership. Furthermore, ERIA should continue to work on social security measures in ASEAN and East Asia and contribute to inclusive agenda of growth. ERIA should also focus on sustainable growth by exploring ways to cope with increasing energy consumption in East Asia.

ERIA should support leaders in each member state in formulating effective region-wide policies and initiatives to address above mentioned issues through dialogues with the Economic Ministers. In addition, ERIA should strengthen communication with policy makers in each Member State on more intensive and frequent basis, so that ERIA's works and policy recommendations can be useful for the improvement and implementation of their policies.