



Policy Design Department

Policy Department

In 2022, the Policy Design Department (PDD) continued to intensify its work on regional economic integration through policy research and advice that supported medium- and long-term development and economic integration of the ASEAN and East Asia region. Despite the uncertainties created by the COVID-19 pandemic, the PDD held extensive engagements with ASEAN Member States (AMS) and senior officials on various economic and social issues. These engagements included support to the Government of Cambodia's chairmanship of ASEAN in 2022, such as developing research and policy assessment papers on the ASEAN Trade in Goods Agreement (ATIGA) and key ASEAN trade facilitation initiatives for the ATIGA Trade Negotiating Committee and relevant bodies; capacity building on the ASEAN Trade in Services Agreement (ATISA) to ASEAN sectoral bodies and the ASEAN Secretariat; and strengthening the inter-regional network by supporting the EAS process.

In addition, the PDD had a productive collaboration with multilateral organisations and other stakeholders, such as by providing country-specific support in the case of Viet Nam's industrial development competitiveness and strengthening regional collaboration and policy dialogue with Asia-Pacific Economic Cooperation (APEC), the OECD, and the United Nations Conference on Trade and Development (UNCTAD). The PDD was able to meet the demand for support from governments, multilateral organisations and development partners, and other stakeholders because of its intensive cooperation and collaboration with other departments and units in ERIA such as the Research Department, Energy Unit, Communication, Publications, and Outreach Department; and

Capacity Building Department. The PDD hopes to continue this collaboration within and outside ERIA to produce high-quality policy research and advice that can help address the economic and regional challenges in the region.

1. PDD's Support on Priority Economic Deliverables for the Cambodian ASEAN Chairmanship 2022

(i) Support on the AEC's Priority Economic Deliverables

- a. **Work Programme to Support Implementation of the Framework for Circular Economy for the AEC.** The PDD coordinated the drafting of the Work Programme to Support the Implementation of the ASEAN Framework on Circular Economy, focusing on the agriculture, energy, and transport sectors. The work programme was adopted at the 54th ASEAN Economic Ministers' Meeting on 13–15 September 2022 in Siem Reap, Cambodia.
- b. **Launch of ATIGA Upgrade Negotiations.** ERIA supported the ATIGA upgrade negotiations by conducting a research study and gap analysis which examined and analysed the text of the ATIGA and other ASEAN documents and compared them with provisions in other major free trade agreements (FTAs) to recommend incorporating new elements of FTAs into the ATIGA. The research study and gap analysis papers were presented to the ATIGA Trade Negotiating Committee on 8 December 2022 and the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) on 16 February 2023 for consideration. ERIA anticipates receiving additional requests for support from ASEAN on the upgrade negotiations.

- c. **Development of the Work Plan for the Implementation of the ASEAN Framework for Equitable Economic Development.** This work plan adopted widely accepted dimensions, indicators, and thresholds of well-being that align with the desired characteristics of the AEC and ASCC blueprints and is benchmarked against targets set in global accords such as the Sustainable Development Goals (SDGs). ERIA's work – CADP 3.0 – contributed to the Priority Economic Deliverables, as it advocates the simultaneous achievement of deepening economic integration and the correction of disparities by using the power of the production networks and existing economic disparities as a source of further economic development. CADP 3.0 was launched and published on 17 September 2022 at the 10th EAS Economic Ministers' Meeting (EMM) in Siem Reap, Cambodia. This was followed by a workshop, held on 9 November 2022 in Phnom Penh, Cambodia.
- d. **Framework on Sustainable Tourism Development in ASEAN in the Post-COVID-19 Era.** This framework analysed the impact of COVID-19 on sustainable tourism and developed an operational framework and key performance indicators for advancing the sustainability of the ASEAN tourism sector. The framework was endorsed by the 26th Meeting of ASEAN Tourism Ministers on 4 February 2023 in Yogyakarta, Indonesia.
- e. **Comprehensive study on implementation of the Mutual Recognition Arrangements on Tourism Professionals.** This study reviewed the objectives of the Mutual Recognition Arrangements on Tourism Professionals and provided ASEAN policymakers and regulators with a better understanding of the challenges related to the mobility of

ASEAN tourism professionals and recommendations to overcome those challenges – particularly in relation to the implementation of Mode 4 (movement of natural persons) under ASEAN FTAs. The study was endorsed by the 26th Meeting of ASEAN Tourism Ministers on 4 February 2023 in Yogyakarta, Indonesia.

- f. **Policy Study on 'ASEAN's Memorandum of Understanding on the Non-Tariff Measures (NTMs) on Essential Goods: Impact Assessment requested by AMS'.** Initial results were presented to the 25th ASEAN Trade Facilitation Joint Consultative Committee (ATF-JCC) on 12 January 2023.

(ii) Support on ASCC Community Priority Deliverables

- a. A research study was conducted to support the ASEAN Declaration on Fostering ASEAN Identity Through the Safeguarding of Traditional Sports and Games in the Modern World. The draft final report of the study has been completed and is being reviewed by AMS.
- b. Two workshops were organised in Phnom Penh, Cambodia: (i) on the Preservation of ASEAN Traditional Sports and Games, 8–9 August 2022; and (ii) on the State of Sports and Recreation Zones Development in ASEAN, 10–11 August 2022. The outcomes of the workshops were used as inputs to the ASEAN Declaration on Leveraging the Role of Sports in ASEAN Community-Building and Achieving the SDGs and the ASEAN Declaration on Fostering ASEAN Identity Through the Safeguarding of Traditional Sports and Games in the Modern World. Both declarations were issued at the 40th and 41st ASEAN Summits in Cambodia on 11 November 2022.

(iii) Support to ASEAN Sectoral Bodies and the ASEAN Secretariat

- a. Implementation Plan for the Framework for Circular Economy for the AEC.** This plan included conducting a baseline study on the implementation of the circular economy in each AMS, focused on selected priority sectors in ASEAN (e.g. agriculture, energy, and transport). The study also identified suitable initiatives under the circular economy implementation plan. The implementation plan was adopted at the 54th ASEAN Economic Ministers Meeting on 13–15 September 2022 in Siem Reap, Cambodia.
- b. Preparation of the Non-Conforming Measures Lists under the ATISA.** The PDD, in collaboration with the Capacity Building Department, supported AMS senior economic officials from the respective line ministries of Lao PDR, Malaysia, Singapore, and Thailand in preparing their lists of non-conforming measures to meet their commitments under the ATISA. The Non-Conforming Measures Lists were presented to AMS during the 100th–102nd Coordinating Committee on Services (CCS) Meeting.
- c. Making the ATISA 4.0: Reinvigoration of Services Supply.** ERIA developed specialised programmes together with the 4IR Institute, Universiti Kebangsaan Malaysia (UKM), by integrating new Fourth Industrial Revolution (4IR) technologies and best practices in the provision of services; and organised technical workshops to support ASEAN professionals (new, young, and existing) from 2022 to 2024. ERIA and the 4IR Institute, UKM – supported by Singapore’s Ministry of Trade and the private sector – conducted the First 4IR Capacity Building Workshop for Engineers and Architects with more than 5 years’ experience from 19 to 23 September 2022 in Jakarta, Indonesia.
- d. ASEAN’s Work on Good Regulatory Practice.** The PDD has worked closely with the ASEAN Secretariat, with the support of the OECD, in addressing the unimplemented initiatives under the ASEAN Work Plan on Good Regulatory Practice (GRP), 2016–2025. Activities involved preparing the ASEAN Handbook on GRP; identifying possible pilot projects on GRP in strategic sectors in ASEAN (e.g. the electric vehicle (EV) and battery industry); and providing capacity building to promote GRP and build buy-in across institutions, sectors, and AMS. The ASEAN Handbook on GRP was completed in November 2022.
- e. Study on the Supply and Demand of Professional Services in ASEAN.** The study analysed the supply and demand of professional services (i.e. accountants, architects, dentists, doctors, engineers, nurses, and surveyors) in ASEAN, and how to enhance the level of interaction and mobility of ASEAN professional services due to the evolving services trade landscape. The findings of the study were presented at the ASEAN CCS, Business Sector Working Group, and Health Sector Working Group during the 101st and 102nd CCS meetings.
- f. Follow-Up Study on the ASEAN Seamless Trade Facilitation Indicators and Trade Transactions Cost (ASTFI-TTC II).** This was a follow-up study to the ASEAN Seamless Trade Facilitation Indicators (ASTFI) baseline report (ASTFI-TTC 2018) to highlight the implementation of key trade facilitation initiatives and understand the improvement in the trade facilitation environment and trade transactions costs in ASEAN in 2020. The study included the calculation of the updated Trade Transactions Cost (TTC) to measure the reduction in TTC in ASEAN from 2018–2020.

The country reports and integrative chapter of the ASTFI II were finalised and presented at the 24th ATF-JCC Meeting held on 20 July 2022. The TTC II country reports and integrative chapter were presented at the 25th ATF-JCC Meeting on 13 January 2023 and are being considered by the respective AMS for finalisation.

g. Public Version (book) of the Follow-up Study on the ASTFI

II Based on the Official ASTFI II Report. This is a public version of the follow-up ASTFI II report that highlights the implementation and progress of key trade facilitation initiatives in ASEAN and monitors the trade facilitation progress compared with the ASTFI baseline study. The country reports and integrative chapter of this book are being finalised. Publication is expected by the second quarter of 2023.

h. Implementation of the Non-Tariff Measures Cost-Effectiveness Toolkit – Handbook for ASEAN.

This provides support to relevant AMS on the implementation of the Non-Tariff Measures (NTM) Toolkit, a framework to review and evaluate the cost-effectiveness of existing NTMs in ASEAN. The activities and tentative timeline related to the implementation of the NTM Toolkit has been identified and discussed with Indonesia's Ministry of Trade.

(iii) Support to the EAS EMM 2022 and Senior Economic Officials' Meeting Consultations and Related Meetings.

ERIA developed a discussion paper on regional economic integration and development, based on its policy-based research and potential initiatives in support of the EAS process. This year's discussion paper considered the findings of CADP 3.0 related to economic development in

the EAS region from the comprehensive perspectives of integration, innovation, inclusiveness, and sustainability. The discussion paper was presented at the EAS EMM on 13 September 2022.

(iv) Participation in the Regional Comprehensive Economic Partnership Book Project.

The Regional Comprehensive Economic Partnership (RCEP) book was completed and presented at the side event of the 40th and 41st ASEAN Summits on 2–3 November 2022 in Cambodia. Two joint papers were completed: (i) 'The Story of RCEP: History, Negotiations, Structure, and Future Directions'; and (ii) 'RCEP Services Liberalisation: Key Features and Implications'.

2. Support for AMS

(i) Strengthening Viet Nam's Industrial Competitiveness.

ERIA was requested to provide support to the drafting process of Viet Nam's Law on Industrial Development. Discussions with the Ministry of Industry and Trade of Viet Nam are being held to identify specific support activities that ERIA could provide for the drafting process, which would span until 2025.

(ii) Viet Nam Industrial Development Workshop Co-Organised by ERIA and The Central Institute for Economic Management (CIEM) Viet Nam.

Held in December 2022, this workshop targeted the development of industry in Viet Nam and stipulated the policymaking and international cooperation agenda necessary to develop it. The workshop consisted of a brief introduction to the challenges facing industrial development in Viet Nam for achieving an advanced economy in Asia, analyses of Viet Nam's industries, and the future direction of the policy implications.

3. Collaboration with other International Organisations

OECD Southeast Asia Ministerial Forum (17–18 October 2022). The Ministerial Forum focused on the resilience and sustainability of supply chains, with two sessions. The first session provided an opportunity for ministers and high-level participants from the OECD member countries and AMS to discuss the current challenges to businesses and governments in ASEAN and the OECD. The second session focused on how to improve the resilience of supply chains for a greener and digital future. The opening and closing speeches were live-streamed to the public, while ministerial discussions were held by invitation only.