Preface

Many countries are still struggling with the coronavirus disease (COVID-19) pandemic, which has brought various negative impacts upon the Association of Southeast Asian Nations (ASEAN) and East Asia economy, including trade disruptions; a decline in foreign direct investment; and scarring effects on poverty, education, and women. Alongside these, the pandemic has also revealed some positive aspects. International production networks in the East Asia region have been resilient to the pandemic, with *Factory Asia* continuing to produce and export throughout the pandemic, in contrast to other major production network regions such as North America and Europe. Furthermore, COVID-19 has accelerated the uptake of digitalisation, especially in the field of information and communication technology (ICT). This increasing deployment of ICT has created a positive impact on economic growth. Moving forward to the post-COVID-19 phase, maintaining the competitiveness of international production networks and leveraging the increased momentum of digitalisation are the keys to the region's development.

Based on that understanding, in 2022, the Economic Research Institute for ASEAN and East Asia (ERIA) has compiled the Comprehensive Asia Development Plan (CADP) 3.0, which is a key deliverable for the ASEAN and East Asia Summit. Nearly 7 years have passed since the previous plan, CADP 2.0, was published in 2015. While the basic concept of the CADP still applies – enhancing connectivity within the region – CADP 3.0 explicitly considers the above-mentioned urgent challenges and discusses economic development and social problem-solving in the region from the comprehensive perspectives of integration, innovation, inclusiveness, and sustainability. CADP 3.0 has 18 original chapters, discussing various topics related to the above four perspectives and digitalisation.

For the readers of the book, I have three points to emphasise. First, ASEAN and East Asia are at a historical turning point where industrial and economic structures are undergoing major changes, such as the rapid progress of digitalisation, the integration of manufacturing and services, and the promotion of a circular economy. COVID-19 has expedited the deployment of digital technologies in our daily activities. The integration of manufacturing and services is transforming the industrial structure (e.g. from manufacturing gasoline automobiles to providing Mobility as a Service (MaaS) that uses electric vehicles and autonomous driving). The principle of the circular economy will require turning current supply chains that span multiple countries into circular ones in which everything – from product planning and design to parts, assembly, and consumption – is unified under the common concept of recycling.

The Comprehensive Asia Development Plan 3.0 (CADP 3.0):
Towards an Integrated, Innovative, Inclusive, and Sustainable Economy

iii

Second, it is urgent to create a completely digital society by building a digital single market in which all businesses, governments, and public institutions in the region use common data – aiming for a fully digitalised supply chain. To do so, it is essential to build a common ASEAN and East Asia data infrastructure (platform) and realise a society in which everything is connected through mutual compatibility (interoperability) of systems amongst ASEAN and East Asia countries. Of course, it is also necessary to promote unified cybersecurity measures within the region that support the digital society at the same time.

Third, more practical policy planning will be required when moving to the concrete implementation phase in the near future. In doing so, it is essential to widely reflect the voices of private businesses, which are key players in realising a fully digitalised circular economy.

I hope that, based on the directions outlined in CADP 3.0, more ambitious and realistic policies will be formed, new social and economic foundations will be constructed, and a completely digitalised society will be achieved, and that ASEAN and East Asia will continue to lead the global economy.

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iv

The Comprehensive Asia Development Plan 3.0 (CADP 3.0):
Towards an Integrated, Innovative, Inclusive, and Sustainable Economy

Acknowledgements

The Comprehensive Asia Development Plan (CADP) 3.0 is the third version of the development framework for the ASEAN and East Asia economy, compiled by the Economic Research Institute for ASEAN and East Asia (ERIA). CADP 3.0 advocates for the simultaneous achievement of deepening economic integration, narrowing disparities, and sustainable development by using the power of the production networks and harnessing existing economic disparities as a source of further economic development. The CADP was firstly published in 2010 and submitted to the East Asia Summit. As a flagship ERIA project, the CADP has been updated based on changes in the development stages of the region, technological changes, and geopolitical circumstances.

Since around 2015, when the second version of the CADP was published, the wave of digital technologies such as artificial intelligence (AI) and robotics has dramatically impacted the ways of doing business and people's lives worldwide, including the ASEAN and East Asia region. In addition, the coronavirus disease (COVID-19) pandemic has had a significant impact on the ASEAN and East Asia region while further accelerating the digitalisation trend. Based on the digitalisation trend and pandemic experience, CADP 3.0 discusses economic development and social problem-solving in the ASEAN and East Asia region from the comprehensive perspectives of integration, innovation, inclusiveness, and sustainability.

CADP 3.0 was prepared by the ERIA CADP research team, which is composed of almost all the ERIA experts. Professor Fukunari Kimura, Chief Economist; Dr Keita Oikawa, Economist; and Dr Masahito Ambashi, Research Fellow performed the editorial role for CADP 3.0. The other members of the ERIA CADP research team are Mr Mohd Yazid Abdul Majid, Dr Venkatachalam Anbumozhi, Mr Salvador Buban, Dr Lurong Chen, Dr Ha Thi Thanh Doan, Mr Takuya Fujita, Mr Ikumo Isono, Mr Fusanori Iwasaki, Mr Shigeru Kimura, Mr Michikazu Kojima, Mr Masanori Kozono, Mr Satoru Kumagai, Dr Dionisius A. Narjoko, Dr Han Phoumin, Ms Anita Prakash, Dr Alloysius Joko Purwanto, Dr Intan Murnira Ramli, Dr Rashesh Shrestha, Mr Hiroshi Suzuki, Dr Shandre Mugan Thangavelu, Mr Keisuke Ueda, Dr Yasushi Ueki, Dr Vanessa Yong, and Dr Fauziah Zen. Professor Hidetoshi Nishimura, President of ERIA; Professor Jun Arima, Senior Policy Fellow for Energy and Environment of ERIA; and Dr Lili Yan Ing, Lead Advisor (Southeast Asia Region) of ERIA provided valuable inputs to CADP 3.0.

The Comprehensive Asia Development Plan 3.0 (CADP 3.0):
Towards an Integrated, Innovative, Inclusive, and Sustainable Economy

v

vi

The Comprehensive Asia Development Plan 3.0 (CADP 3.0):
Towards an Integrated, Innovative, Inclusive, and Sustainable Economy

Table of Contents

The Comprehensive Asia Development Plan 3.0 (CADP 3.0):
Towards an Integrated, Innovative, Inclusive, and Sustainable Economy

vii

PART 3 Inclusiveness

PART 4 Sustainability

List of Figures and Tables

Figures

The Comprehensive Asia Development Plan 3.0 (CADP 3.0):
Towards an Integrated, Innovative, Inclusive, and Sustainable Economy

ix

x

The Comprehensive Asia Development Plan 3.0 (CADP 3.0):
Towards an Integrated, Innovative, Inclusive, and Sustainable Economy

The Comprehensive Asia Development Plan 3.0 (CADP 3.0):
Towards an Integrated, Innovative, Inclusive, and Sustainable Economy

xi

xii

The Comprehensive Asia Development Plan 3.0 (CADP 3.0):
Towards an Integrated, Innovative, Inclusive, and Sustainable Economy

Tables

The Comprehensive Asia Development Plan 3.0 (CADP 3.0):
Towards an Integrated, Innovative, Inclusive, and Sustainable Economy

xiii

xiv

The Comprehensive Asia Development Plan 3.0 (CADP 3.0):
Towards an Integrated, Innovative, Inclusive, and Sustainable Economy