

Statement from ERIA Governing Board Meeting

October 5, 2009

1. On October 5th, 2009, the Economic Research Institute for ASEAN and East Asia (ERIA) Governing Board held their 2nd meeting at the ASEAN Secretariat.
2. ERIA Governing Board Members recognized that East Asia today is a source of dynamism for the world economy and is expected to play a role as “Engine of Growth” open to the world especially in the aftermath of the current world economic and financial crisis, and thus the economic development in this region is the key to achieve the prosperity of the people in the world.
3. ERIA Governing Board Members were convinced of the importance of tackling common challenges in the region ranging from economic to socio-cultural, such as economic growth, agriculture, environment, energy, disaster management and trade, in order to deepen economic integration, narrow development gaps and achieve sustainable development.
4. ERIA Governing Board Members reiterated their common resolve to realize an East Asia community as a long-term goal that would contribute to the maintenance of regional and global peace and security, prosperity and progress.
5. ERIA Governing Board Members also expressed their expectation for ERIA to contribute to community building in East Asia as the intellectual focal point of the region and, in particular, to support ASEAN’s role as the driver of regional integration by providing high quality research and practical policy recommendations.
6. ERIA Governing Board Members recalled the Joint Statement of the East Asia Summit on the Global Economic and Financial Crisis where the Leaders requested ERIA to provide policy recommendation to stimulate

economic growth in the region, deepen regional integration and strengthen partnership in East Asia.

7. Based on the above observation, the Governing Board of ERIA is resolved that ERIA is committed to provide necessary intellectual support, convening the best knowledge in the region and communicating with the policy makers and academia and various stakeholders. The Board also recommends that the Leaders of the East Asian Nations take appropriate and coordinated measures against the impact of the global financial and economic crisis, expand demand, and strengthen the region's growth potential focusing on the following pillars.

Expanding domestic demand in East Asia

8. As the recent experience of East Asian countries indicates, strong domestic demand enables stable growth. In this connection, expanding domestic demand in East Asian requires, a) reducing poverty, b) expand and deepen middle class, c) stronger social protection measures and d) restructure domestic growth and development so as to reduce regional reliance on export to the rest of the world.
9. Expanding and deepening the middle class in the region requires substantial increase of rural incomes, expansion of remunerative jobs in the urban areas, improving human capital and raising aggregate investments especially in lagging developing countries. The growth of the middle class will also benefit from the institution and/or strengthening of social protection measures and safety nets appropriate to the various levels of development of East Asian countries.
10. To help East Asian countries apply policies to fulfill the above mentioned cause, ERIA will undertake a number of initiatives, including i) sharing good practices on social safety net in various countries, ii) studying appropriate measures to expand remunerative jobs and raise the mobility of people engaged in informal sector to better paying and potentially faster growing industries, by considering issues such as human resource development and small and medium size enterprises development, iii) developing comparative statistics that can allow in-depth analysis of the dynamics of change of the region's poor and middle class as well as

consumers and businesses, including consumption pattern, employment patterns and human capital formation in each country.

Maximizing Industrial Development in East Asia

11. Better infrastructure, more streamlined processes, and lower cost of doing business will help maximize the industrial development potential of the region. East Asian countries are encouraged to cooperate with each other to provide better business environment and to deepen internal and inter-country transport and logistics linkages in the region, especially through the improvement of soft- and hard-infrastructures.
12. ERIA will soon prepare the “Comprehensive Development Master Plan in Asia” in cooperation with ADB and ASEAN Secretariat, which will provide common basis for concerted actions to be considered among the countries in the region. Among these are i) evaluation of effective infrastructure projects that will deepen and expand the production networks and maximize growth in the region, ii) mobilization of public and private savings to infrastructure development in the region and iii) development of regulatory regime and assurance scheme, in consultation with the business community, that will encourage greater public-private sector partnerships in the region.

Contribution to the regional economic integration

13. The ASEAN countries are in the process of establishing an ASEAN Economic Community by the year 2015, which is making ASEAN countries and the region as a whole more attractive for business activities and investment. ASEAN countries are becoming more integrated with one another and with the rest of East Asia in large part in line with the regional production network. Further trade and investment liberalization, in tandem with domestic policy reforms and institutional strengthening, can be expected to strengthen the regional connectivity and at the same time ensures greater net benefits of deeper regional economic integration to more people in each member country. In this connection, East Asian countries should accelerate the discussion by government senior officials on the frameworks, pace, and implementation details of regional trade and investment liberalization.

14. ERIA, in tandem with its network of research institutions in the region, will help ASEAN and East Asian countries in managing the regional integration process through well thought out, balanced, and rigorous monitoring and analyses of the ASEAN integration process and its impacts, promoting stakeholders interests. ERIA will also continue its Capacity Building efforts, utilizing various educational resources, especially among the new ASEAN members, to narrow the development gaps in the region.

Stimulating innovation in the region

15. East Asian countries are encouraged to pursue innovations utilizing their varying potentialities, expanding and deepening their production networks being at the heart of innovation. That potentiality for innovation cannot be limited to specific fields, but may include areas such as sustainable energy including green technology, health care and education, which are critical for the robust, sustainable and inclusive growth in the region.

Resisting protectionism

16. East Asia countries shall work towards maintaining free and open markets to encourage trade and investment flow for the restoration of market confidence so as to accelerate economic recovery and engender robust and sustained growth. Such a position would serve as an anti-protectionism strategy. ERIA will identify impediments to cross-border business transactions and will advocate pro-business environment for ease of doing business in East Asia.

17. In order to achieve the above mentioned objectives, ERIA is determined to play a significant role in coordinating among relevant agencies and knowledge institutions both multilateral such as ADB, World Bank, OECD, APEC, UN agencies (e.g., UNCTAD, UNESCAP) as well as those in each of the EAS member countries in the government and non-government sectors and provide support for collective and coordinated plans of action.
