



EMPOWERING COLLABORATION TO SHAPE ASEAN ECONOMIC SUSTAINABILITY



PROCEEDINGS
THE 46th OF FEDERATION OF ASEAN ECONOMIC ASSOCIATIONS
CONFERENCE

Yogyakarta, Indonesia: November 17-18, 2023



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PENGURUS PUSAT IKATAN SARJANA EKONOMI INDONESIA

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Jl. Daksa IV/9. Kebayoran Baru, Jakarta Selatan 12110
Email: isei.pusat@gmail.com
Website: <https://isei.or.id/>

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TABLE OF CONTENT

WELCOME REMARKS	ix
M. Edhie Purnawan, PhD – Chairman of International Affairs of Indonesian Economic Association & Board of Supervisors Financial Service Authority	ix
KEYNOTE SPEECH	xii
Perry Warjiyo, PhD – Chairman of Indonesian Economic Association & Governor of Bank Indonesia	xii
Gita Wirjawan, PhD – Former Minister of Trade Republic of Indonesia & Visiting Scholar at Stanford University	xiv
CLOSING REMARKS	xvi
Yoga Affandi, PhD – Secretary General of Indonesian Economic Association	xvi
EXECUTIVE SUMMARY OF PLENARY SESSION	xviii
Dwikorita Karnawati (Chair of Meteorological, Climatological, And Geophysical Agency/BMKG)	xviii
Pahala Nugraha Mansury (Vice Minister of Foreign Affairs of Republic of Indonesia)	xviii
Amri Bukhairi Bakhtiar (Assistant Director/Head of Enterprise and Stakeholder Engagement Division, ASEAN Secretariat)	xix
Dennis Botman (Senior Resident Representative International Monetary Fund/ IMF)	xix
FAEA 46 th Declaration	xxi

ABSTRACT IN PARALLEL SESSIONS

MONETARY, BANKING, AND DIGITALIZATION 1

TRILEMMA AND CENTRAL BANKING IN THE ASEAN-4: THE IMPACT OF SHIFTING GLOBAL RISK PERCEPTION AND UNCONVENTIONAL MONETARY POLICY 2

Felipe M. Medalla & Laura B. Fermo

REDEFINING REGIONAL DEVELOPMENT: THE CASE FOR AN ASEAN DEVELOPMENT BANK 3

Brice Tseen Fu Lee & Juan Pablo Sims

MONETARY POLICY CONTAGION AND SPILLOVER IN SOUTHEAST ASIAN ECONOMIES: GLOBAL OR REGIONAL DRIVEN? 4

Panky T. Febiyansah

DIGITAL ECONOMY OF VIETNAM IN THE CONTEXT OF ASEAN ECONOMIC COOPERATION 5

Bui Quang Tuan & Nguyen Quang Thai

THE DIGITAL TRANSFORMATION OF THE SINGAPORE ECONOMY 6

Toh Mun Heng

CAMBODIA'S SME DIGITAL TECHNOLOGY ADOPTION AND PERFORMANCE 7

Oum Sothea & Cheng Sayuth

TRADE AND FOREIGN INVESTMENT 8

TRADE OPENNESS STUDIES IN ASEAN-5 AND IT'S EFFECT ON UNEMPLOYMENT 9

Muhammad Rizki Karim Amrulloh

FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH: CASE OF DEVELOPING COUNTRIES IN ASEAN 10

Nguyen Thi Cam Phuong & Cheng Savuth

IMPACT OF REGULATORY BARRIERS ON INWARD FDI IN THE ASEAN-5: AN AUGMENTED GRAVITY MODEL APPROACH 11

Rutcher M. Lacaza

<i>VIETNAM TRADE WITH ASEAN SINCE 1995 TO PRESENT</i>	12
Pham Bich Ngoc	
<i>EXPORT SURVIVAL FROM THAILAND AFTER THE COVID-19 PANDEMIC</i>	13
Alongkorn Tanasritunyakul	
<i>FDI IN ASEAN: EXPLORING DEMAND AND LABOR TAX IN MANUFACTURING INDUSTRY?</i>	14
Ely Nurhayati, Nur Komaria, Annisa Utami Kusuma Negara	
<hr/>	
ECONOMIC GROWTH, ENERGY EFFICIENCY, AND SUSTAINABILITY	15
<i>ASEAN MATTERS EPICENTRUM OF EV ECOSYSTEM: AN ANALYSIS OF MULTIREGIONAL INPUT-OUTPUT</i>	16
Jonathan Ersten Herawan, Yuvensius Sri Susilo, Mario Rosario Wisnu Aji	
<i>THE CRITICAL ROLE OF ENERGY INTENSITY IN DECARBONIZING ASEAN: INTEGRATING GROWTH AND EMISSIONS REDUCTIONS</i>	17
Eka Sudarmaji, Setia Damayanti, Ismiati Narip	
<i>ANALYSIS OF DYNAMIC RELATIONSHIPS BETWEEN POPULATION, CARBON EMISSIONS, ELECTRICITY CONSUMPTION, AND ECONOMIC GROWTH IN ASEAN-6</i>	18
Khrisna Daniswara, Syamsurijal Tan, Yohanes Vyn Amzar	
<i>PRELIMINARY DECARBONISATION PATHWAYS FOR SINGAPORE</i>	19
Euston Quah, Chia Wai Mun, Chua Yeow Hwee, Zach Lee, Tan Jun Rui	
<i>EXAMINING THE IMPACT OF NEOBANKING ON ECONOMIC GROWTH IN ASEAN</i>	21
Yin Yin Koay & Chee Wooi Hooy	
<hr/>	
DEMOGRAPHY, SHARIAH ECONOMY, AND SDG's	22
<i>HOUSEHOLD'S PREFERENCES FOR RENEWABLE ENERGY TECHNOLOGIES: AN ATTRIBUTE-BASED CHOICE EXPERIMENT SURVEY IN METRO MANILA, PHILIPPINES</i>	23
Rosalina Palanca- Tan	
<i>THE IMPACT OF DEMOGRAPHIC CONDITIONS ON THE IMPLEMENTATION OF EMPLOYMENT SOCIAL SECURITY IN ASEAN</i>	24
Andri Ronaldo Pasaribu & Lahvem Alginda	

<i>INDONESIA INTRA-TRADE OF HALAL FOOD PRODUCTS WITH ASEAN</i>	25
Anggito Abimanyu, Handry Imansyah, Indriayu Afriana, Raef Abdullah Al Tamimi	
<i>THE COLLECTIVE IMPACT OF INFORMAL ECONOMY AND FINANCIAL DEVELOPMENTS ON SUSTAINABLE DEVELOPMENT: EVIDENCE FROM ASEAN</i>	26
Ismail Aremu Muhammad & Sulaiman Musa	
<i>HOW BEHAVIOURAL CHANGE INTERVENTIONS RESEARCH ACCELERATE THE ACHIEVEMENT OF SUSTAINABLE DEVELOPMENT GOALS IN ASEAN: A BIBLIOMETRIC ANALYSIS</i>	27
Lury Sofyan Yahya, Muhammad Fadeel Aribowo, Dimas Budi Prasetyo	
<i>ACQUISITION OF MICROFINANCE INSTITUTIONS BY COMMERCIAL INVESTORS: EXAMINING IT'S IMPACT ON LENDING BEHAVIOUR</i>	28
Daiju Aiba	
<i>COVID-19 IMPACT ON EMPLOYMENT AND HEALTHCARE ACCESS OF MIGRANT WORKERS IN THAILAND</i>	29
Nuttanan Wichitaksorn, Alongkorn Chaladsook, Thanarat Chotikasathian, Pathompora Pupunja, Amanee Hamu	
<hr/>	
BUSINESS CYCLE, INDUSTRY, AND LABOR	30
<i>FINANCIAL CYCLE VS BUSINESS CYCLE: COMPARATIVE ANALYSIS OF CRISIS DEPTH AND THE EFFECTIVENESS OF MONETARY POLICY RESPONSE TO THE ASIS AND GLOBAL FINANCIAL CRISIS IN FIVE ASEAN COUNTRIES</i>	31
Nunung Trihadmini	
<i>ELDERLY OR YOUTHFUL: DOES AGE DEPENDENCY RATIO MATTERS FOR INFLATION OF ASEAN COUNTRIES?</i>	32
Teguh Santoso & Aurelia Puteria Arfitaa	
<i>TRANSPARENCY AND BUDGET SAVING IN PUBLIC PROCUREMENT: EVIDENCE FROM THAILAND INFRASTRUCTURE TRANSPARENCY (COST) INITIATIVE</i>	33
Tippatrai Saelawong, Torplus Yomnak, Thanee Chaiwat, Siwat Poopunpanich, Charoen Sutuktis	
<i>NO TEACHERS LEFT BEHIND: TOWARDS AN IMPROVED FINANCIAL EDUCATION</i>	35
Maire Caroline T. Magante	

<i>NEXUS BETWEEN ESG PRACTICE AND FIRM PERFORMANCE IN MALAYSIA: ARE THERE ANY STYLISED FACTS?</i>	36
Lau Wee Yeap	
<i>THE IMPACT OF MIGRATION IN THE PHILIPPINES: WHAT ABOUT THOSE LEFT BEHIND</i>	37
Neil Fidelle G. Lomibao	
<hr/>	
GREEN ECONOMY AND ESG	38
<i>GREEN FINANCE CRISIS IN ASEAN: INTERMEDIARY BANKING SYSTEM IN INDONESIA</i>	39
Edwin Basmar, Lamijo Zamroni Salim, Carl M. Campbell III, Erlin Basmar	
<i>ESG FINANCE DEVELOPMENT IN ASEAN: A POTENTIAL POLICY TOWARDS GREEN ECONOMY TRANSITION</i>	40
Ecky Imamul Muttaqin	
<i>THE DYNAMICS OF ECONOMIC GROWTH IN ASEAN 3: BIOECONOMIC PERSPECTIVE</i>	41
M. Abd. Nasir, Adhitya Wardhono, Sultan Ananta, Ciplis Gema Qori'ah	
<i>THE CONTOURS OF A BLUE ECONOMY STRATEGY IN ASEAN</i>	42
Dipindher S. Randhawa	
<i>ESG PERFORMANCE, STATE OWNERSHIP AND FIRM VALUATION: PERSPECTIVES FROM SINGAPORE COMPANIES</i>	
Tan Siew Gek Gayle	
PHOTO SESSION	44
MEDIA SUPPORT	xxii



Welcome Remarks

Chairman of International Affairs of Indonesian
Economic Association & Board of Supervisors Financial
Service Authority

Assalamualaikum Wr. Wb

Good morning, welcome, and thank you for your presence at the 46th FAEA Conference in Indonesia. I feel honored and proud to open this event as the Chairman of PP ISEI International Affairs. This event is a very valuable opportunity to strengthen cooperation and exchange ideas among economists from ASEAN member countries, including Vietnam, and Cambodia. I would like to express my appreciation and gratitude to the Chairpersons of the Economic Associations from seven countries who are here, namely:

1. Dr. Wisarn Puppavesa, Honorary Secretary General of Economic Society of Thailand-EST.
2. Dr. Agham C. Cuevas (Vice President of Philippines Economic Society-PES, Dean College of Economics and Management, University of the Philippines Los Baños)
3. Dr. Leng Soklong (Secretary General of Cambodian Economic Association-CEA)
4. Professor Datuk Dr. Norma Mansor (President of Malaysian Economic Association-MEA)
5. Dr. Vikram Khanna (Vice President of Economic Society of Singapore-ESS)
6. Professor BUI Quang Tuan (Vietnam Economic Association-VEA & Director General Vietnam Institute of Economics, Vietnam Academy of Social Sciences)
7. Dr. Perry Warjiyo, Chairman of the Central Board of the Indonesian Economists Association who is also the Governor of Bank Indonesia, who is currently not here but will be coming soon in front of you, due to the simultaneous launch of the QRIS cross border countries implementation with MAS (Monetary Authority of Singapore) and he sent his greetings of success and friendships to all of us.
8. The honorable Professor Dwikorita Karnawati, Head of BMKG,
9. The honorable Vice Minister of Foreign Affairs of the Republic of Indonesia, Mr. Pahala Nugraha Mansyuri,
10. The honorable Head of IMF Representative Office for Indonesia, Senior Representative, Jakarta Office, Dr. Dennis Botman,
11. Dr. Amri Bukhari Bahtiar, Head of Enterprises and Stakeholders Engagement, ASEAN Secretariat, and
12. Sinuhun Sri Sultan HB X or his representative, and last but not least of course,
13. The honorable, beloved, and proud Dr. Gita Irawan Wirjawan Djojogugito, former Minister of Trade who is currently a Visiting Scholar at Stanford University and with me on the Advisory Board of the Chamber of Commerce, Republic of Indonesia, as well as,
14. Dearest PP ISEI, and ISEI Cabang colleagues from Sabang to Merauke, attending physically and virtually.

Here I want to thank you for your contribution and dedication to the economic analysis on the progress and welfare of the people in this ASEAN, Vietnam and Cambodian region. I am confident that with your expertise, experience, and vision, we can jointly face the challenges and seize the opportunities that exist in this era of globalization and digitalization. The theme of this FAEA conference is **“Empowering Collaboration to Shape ASEAN Economic Sustainability”**. This theme is very relevant and important, considering that the ASEAN region is one of the most dynamic, diverse, and potential regions in the world.

However, this region also faces various challenges, such as development imbalances, geopolitical uncertainties, climate change, and the Covid-19 pandemic. We recognize the importance of collaboration between ASEAN countries and other partners to create sustainable, resilient and inclusive economic growth amidst global challenges such as pandemic, climate change, geoeconomic and geopolitical competitions. We support efforts to strengthen our nations through ASEAN economic integration with the implementation of the ASEAN Comprehensive Work Plan (ACWP) 2021-2025 and other initiatives, such as the Regional Comprehensive Economic Partnership (RCEP), ASEAN Single Window (ASW), and ASEAN Economic Community Blueprint 2025.

Therefore, we need to synergize and collaborate to create a sustainable economy, which can produce high, inclusive, and green growth. I agree with the global economy adage that: “sustainability is the new mantra for policymakers, businesses, and investors”.

By applying the principles of sustainability, we can improve the quality of life, health, and environment in this region. I hope that this conference can be a productive and inspiring forum to share knowledge, experience, and solutions related to economic issues related to sustainability in the ASEAN region. I also hope that this conference can produce constructive and implementable recommendations to enhance cooperation and coordination among economists, governments, private sectors, and civil society in this region.

I believe that with the spirit of brotherhood, solidarity, and professionalism, we can jointly create a better future for all people in this region. I also do not forget to thank all the committees of PP ISEI and ISE branches throughout Indonesia and especially the Jogja branch who have worked hard and professionally to make this event a success. I appreciate your dedication and cooperation. I also thank the Alana Hotel and Convention Center for providing satisfactory facilities and services.

I hope we can all enjoy this conference comfortably and safely. May the 46th FAEA Conference in Indonesia, which is located in Jogja, be comfortable and memorable in the hearts of all participants from seven countries that I love.

Finally, I wish you all a successful conference. May this event run smoothly and successfully, and bring benefits and blessings to us all. May we also pray for world peace which is currently

grieving and experiencing severe problems. May it end soon and humanity be upheld by all nations. By saying Bismillahirrahmanirrahim, I officially open the 46th FAEA Conference in Indonesia.

Thank you.

Wassalamualaikum Wr. Wb.

Indonesia~Yogyakarta: November 17, 2023

Muhammad Edhie Purnawan, PhD

Chairman of International Affairs of Indonesian Economic Association &
Board of Supervisors Financial Service Authority



Keynote Speech

Chairman of Indonesian Economic Association &
Governor of Bank Indonesia

The global economy continues to enter and transition into a new era where the fragmentation of global geopolitics is reflected in the reverberations of geo-economic fragmentation, as evidenced by slowing economic growth and the emergence of rivalry and multipolarism between the United States and China. While the domestic economy of the United States is expected to remain strong, China's domestic economy will slow down. However, for ASEAN, it will continue to shine amid the darkness of the global economy and remain the epicentrum of growth.

The rise in oil prices will add complexity to the dynamics of the global economy amid the still high inflation trends in advanced countries, which will also impact the increase in The Fed Fund Rate that is expected to be “higher for a longer” period to address the financing of US Treasury bonds. The strengthening of the value of the US dollar is reflected in the increase in the US dollar index, which will create global pressure on emerging countries, leading to the trend that “cash is king” and resulting in capital outflows from developing countries. ASEAN must collaborate in the face of these various turbulences, as individual countries can not navigate these challenges alone. This will be the central topic and theme of the 46th Federation of ASEAN Economic Association (The 46th FAEA) today.

The ASEAN region needs to adopt policy mix of fiscal and monetary policies to address various multidimensional issues, as it has been proven to protect and enhance the economic resilience of ASEAN in dealing with the repercussions of global economic challenges. Fiscal and monetary policies are key to macroeconomic and monetary stability to safeguard the economy and prevent global spillovers. Achievements in macroprudential policies are also necessary to maintain the momentum of stability and economic growth.

Financial integration within ASEAN is crucial for calculating global fluctuations' impact. Accelerating digitization within the framework of financial technology services is more important than the presence of conventional or physical banks. Regional payment connectivity must also be integrated through digitization, including cross-border QR payments and local currency settlements.

Local currency transactions among ASEAN countries also serve as tools for diversification away from using the US dollar, which will enhance the economic resilience within the region. Progress in financial inclusion is needed for SMEs, tourism, and retail, which constitute the backbone of the ASEAN growth epicenter. This can be achieved by promoting digitization and advancing payment transactions while providing facilities to entrepreneurs.

Indonesia~Yogyakarta: November 17, 2023

Perry Warjiyo, PhD

Chairman of Indonesian Economic Association &
Governor of Bank Indonesia



Keynote Speech

Former Minister of Trade Republic of Indonesia
Visiting Scholar at Stanford University

The current multipolarism is a tangible manifestation of the changing global geopolitical order in recent decades. The world, initially unipolar and dominated by the United States, is now being shaken by several emerging powers such as Brazil, Russia, India, China, and South Africa, collectively known as BRICS. Future players like Mexico, Indonesia, Turkey, and Nigeria are poised to contribute to global revisionism. This multipolarism adds complexity to global issues, as multilateral institutions are perceived as inefficient and ineffective.

Policy makers are confronted with various realities and must be prepared to face the new realities in the global economic order, which have led to public distrust in multilateralism and globalization over the past few decades. The diverse Southeast Asian region, encompassing different ethnicities, races, forms of government, and economic structures, must play a role in various multilateral collaborations.

Amidst the multipolar challenges, Southeast Asia stands out as one of the most peaceful and stable regions globally, creating a prerequisite for sustainable development and economic growth trajectories. However, Southeast Asia faces concrete issues that need urgent attention, such as improving fiscal space and limited monetary policies due to suboptimal tax revenue and tax ratios.

Financial deepening, with weak indicators such as the ratio of banking assets to GDP, the amount of money in circulation, and the ratio of money in circulation to GDP below 100%, is noteworthy. To become a developed region, Southeast Asia needs to accelerate beyond the 100% mark. Addressing Foreign Direct Investment disparities is crucial, as capital inflows into Singapore dominate the Southeast Asian region.

Although Southeast Asia has a significant trade volume, intra-regional trade remains small and should be increased simultaneously with the rise in per capita GDP of member countries. This is characterized by several factors: 1) insufficient investment in infrastructure and the lack of proactiveness in allocating funds for infrastructure by Southeast Asian countries; 2) insufficient investment in education and the lack of linearity between fiscal space growth and investment budgets in education; 3) the continued weakness of meritocracy in governance, with embedded loyalty and patronage culture; and 4) the lack of competitiveness and a competitive culture in Southeast Asian society.

Another issue for Southeast Asia is the existing delta/gap created due to technological disruption in financial services, education, agriculture, energy, health, and other sectors. However, if Southeast Asian countries can capitalize on this momentum, it is not impossible for the region to experience growth rates above the current 5% baseline. The progress of Artificial Intelligence (AI) will be beneficial if driven by advances in educating the population, promoting increased economic activities in the Southeast Asian region.

Southeast Asia must be capturing the various propositions mentioned above to ensure that the region itself, not just the US and China, emerges victorious in facing the challenges. If Southeast Asian countries can leverage these opportunities, it is not inconceivable to overhaul the economic growth trajectory to reach 7-8%.

Indonesia~Yogyakarta: November 17, 2023

Gita Wirjawan, PhD

Former Minister of Trade Republic of Indonesia &
Visiting Scholar at Stanford University



Closing Remarks

General Secretary of Indonesian Economic Association

Bismillahirrahmanirrahim

Honorable speakers and head of delegates:

1. Dr. Muhammad Edhie Purnawan, Chairman of International Affairs of the Indonesian Economic Association
2. Associate Professor Bui Quang Tuan, Ph.D, Director General Vietnam Institute of Economics
3. Dr. Wisarn Pupphaseva, Honorary Secretary General of Economic Society of Thailand
4. Dr. Agham Cuevas, Vice President of Philippines Economic Society
5. Dr. Leng Soklong, Secretary General of Cambodia Economic Association
6. Professor Datok Norma Mansor, President of Malaysian Economic Association
7. Mr. Vikram Khanna, Vice President of Economic Society of Singapore
8. Distinguished guest and participant of the 46th Conference of Federation of ASEAN Economic Association (FAEA)

Assalamualaikum Wr. Wb.

Greetings of virtue to all of you, first of all let us extend our praise and gratitude to Allah SWT, the God Almighty that today we already participate on this remarkable event The 46th Conference of Federation of ASEAN Economic Association. I would like to extend and appreciation to resource person and also to delegates that came from various countries and institutions together in this beautiful and nostalgic city of Yogyakarta. Its my honor to deliver a closing remark in this evening as we proudly inform that we have received 120 papers submission from domestic and international participants in the Call for Paper session with the 35 papers among them has the opportunity to be presented in this remarkable event, all of them bringing the important team of empowering collaboration to shape ASEAN economic sustainability on behalf of Indonesian Economic Association.

I would like to express my sincere gratitude to all distinguished speakers this morning and that have shared with us their share insightful expertise on the plenary sessions. We have learned various policy perspective on the strategy to overcome the challenges affecting globalization, trade, environment, and cooperation among nations in Southeast Asia.

Distinguished speakers, ladies and gentleman as the chair of ASEAN in 2023 Indonesia bring the theme “ASEAN Matters: Epicentrum of Growth” this theme has an essential meaning that Indonesia eager to make ASEAN a region that has pivotal role for the regional and the world an ASEAN that matters that is deeply relevant for it’s people the Indo-Pasific region and to the world. Indonesia along with ASEAN member countries take collective action in strengthening collaboration and cooperation through 3 (three) priorities economic deliverables (PED) is recovery building, digital economy, dan sustainability.

The 46th Conference of Federation of ASEAN Economic Association (FAEA) is becoming one pertinent platform to strengthening the collaboration and cooperation between ASEAN countries. The participants of this events are the prominent Economist in the region coming from academic, business sector, government official also other fields, together we have exchange views approaches methods to support strong and sustainable ASEAN economic development based on extensive discussion during the event the 46th FAEA has agreed upon the ASEAN FAEA Declaration with regard to the importants collaboration between among ASEAN countries. I would like to emphasize 3 important points that need be focused in order to achieve ASEAN economic sustainability: 1) Resilience against the shocks; 2) Finding new sources of growth through green and blue economy, digitalization, also inclusive economic through MSME's; 3) International cooperation on international public and private finance, technology transfers, education, and capacity building.

Through The 46th FAEA, delegates and participants have identified areas of collaboration in research and development among ASEAN economist of mutula interest and benefit. This event also enhanced the synergy and collaboration among ASEAN economic assoocations. Distinguished speakers, ladies and gentleman as we get closer to the end of this event, I would to congratulate the next host of The 47th FAEA Conference in 2024 hopefully the next FAEA conference in Thailand will continue to bring collaboration of ASEAN countries and promoting ASEAN as epicentrum of growth.

I wish this conference has improved our knowledge and will play important roles in the future of ASEAN economic community as well as give the beneficial insights to the ASEAN economic associations. The continue collaboration and cooperation between ASEAN countries especially through the collaboration in research and development under ASEAN economic associations is undoubtedly important to create sustainable ASEAN economic development.

Before I end my speech, let me read the inspiring quote *“In the realm of research, synergi emerges as the silent architect waving collaboration into the fabric of innovation where collective colorful insight harmonize to unlock new dimension of knowledge”*. On behalf of Indonesian economic association, I would like to thank all the delegates, participants, and the committee who organized this conference.

Finally, with the bless of God almighty, Allah SWT, I would conclude my remark and I wish you have a good rest and a pleasant stay in Yogyakarta. I wish you a delightful dinner tonight and have a safe trip back home. Stay safe and stay healthy.

Thank you very much.
Wassalamualaikum Wr. Wb

Indonesia~Yogyakarta: November 17, 2023

Yoga Affandi, PhD
Secretary General of Indonesian Economic Association



Executive Summary of Plenary Session “Empowering Collaboration to Shape ASEAN Economic Sustainability”

Prof. Dwikorita Karnawati, PhD (Chair of Meteorological, Climatological, and Geophysical Agency). Various climate change events have occurred several times in global history, where in 1980 there was also a temperature increase accompanied by rapid progress in the industrialization era. Current climate change is also happening globally, as seen in the Asia-Pacific region, which has experienced extremely hot weather in the last 8 years, in 2022, and an increasing trend in sea level rise approaching 4.18 mm per year, with a rise of 1 degree Celsius, which will have socio-economic impacts, such as the sinking of islands in the next 20-30 years. Extreme weather events also occur and consistently break records in 2023, including the prediction that 2023 will be the hottest year surpassing 2016. Future trends will lead us into global water hotspots, approaching in the last 20 years. Food security will also become a crucial issue, closely related to weather or climate, where many regions in yellow, orange, and red on the map are vulnerable to food security issues. Economists and climate experts have different approaches to modeling and analysis. Climate experts use observations from satellites and the ground to validate their models, while economists analyze based on numerical models. Modeling development in the planning stages is also carried out as a mitigation step for the development of climate conditions and various impacts that may arise. However, currently, experts assess that various climate/weather trends cannot be predicted due to sharp differences.

Pahala Nugraha Mansury (Vice Minister of Foreign Affairs of Republic of Indonesia). The current primary focus of ASEAN is to continue advancing and maintaining peace in the Southeast Asian region, and this has been a success for ASEAN in recent years by ensuring this. Ensuring that ASEAN remains relevant and strengthening the institutional structure of ASEAN should be a collective goal for the future in Southeast Asian countries. These various stages are seen as basic requirements to achieve the Sustainable Development Goals (SDGs) by preparing and focusing on infrastructure that can make it happen. The transformation of economic structures, intersecting with energy transformation, will be closely related not only to capital and transformation but also needs to be complemented with innovation and fair transition mechanisms. The energy transition agenda is crucial for the world but must be achieved in a just manner and within the framework of multilateralism. The desire of developing countries to move towards progress, becoming developed nations and entering the era of industrialization, while advanced nations have already gone through the stages of

industrialization and have achieved progress, requires a joint agenda in formulating energy transition mechanisms, especially those to be undertaken by developing countries, to be supported by developed nations. Indonesia, currently holding the leadership of ASEAN, focuses on four main pillars to strengthen ASEAN: 1) Strengthening ASEAN's long-term vision to ensure sustainable economic growth targets, 2) Strengthening institutions, 3) Ensuring ASEAN becomes a positive catalyst in driving sustainable development and ensuring ASEAN as a growth center in the Indo-Pacific region, and 4) Ensuring inclusive connectivity with digitization and resilience in infrastructure development.

Amri Bukhairi Bakhtiar (Assistant Director/Head of Enterprise and Stakeholder Engagement Division, ASEAN Secretariat). The ASEAN Comprehensive Recovery Framework (ACRF), a multi-pillar, multisectoral strategy, has proven successful in bringing about the recovery of the Southeast Asian region. It is evident that total trade has not only recovered but has surpassed pre-pandemic levels, with a significant influx of Foreign Direct Investment (FDI), making ASEAN a primary recipient of investments among developing nations. Economic growth figures in 2022 have exceeded market consensus. ASEAN is on the right track to sustain its economic well-being this year, with expectations of continued progress into 2024, focusing on the economic integration of ASEAN member countries. A fair and open trade system forms the basis for ASEAN to conclude negotiations on the Comprehensive Regional Economic Partnership (RCEP) and free trade agreements with partner countries such as Australia, New Zealand, as well as negotiations on food and drug administration (FDA) with China and Canada. ASEAN is also concentrating on finalising a circular economic framework and carbon neutrality strategy, to be implemented with a focus on protecting industries and SMEs during the environmentally friendly transition. This aims to ensure eco-labeling of products, allowing ASEAN businesses not just to be consumers but active participants in the sustainable product trend, thus gaining access to new opportunities. The digital economic framework will play a crucial role in ASEAN's relations with other countries or regions. The immense potential of the digital economy in the ASEAN region should be harnessed as an opportunity, both economically and within the large ASEAN market, with expectations of completion during Malaysia's leadership in ASEAN. To ensure that the benefits of these developments are felt by the ASEAN population, it is crucial to prioritise inclusivity and integration in economic activities, especially for vulnerable groups. This includes a focus on businesses, particularly SMEs, which constitute 97% of the ASEAN business landscape.

Dennis Botman (Senior Resident Representative International Monetary Fund). Historically, Asia has been the engine of global economic growth. Last year we estimated regional economic growth to be around 3.9%, then corrected to 4.6% due to the recovery in the Chinese economy and experiencing stronger growth in Japan and India. In 2024, it is estimated that the Asian regional economy will experience a slowdown and can be expected to experience the lowest economic growth in the last 20 years. In the case of Indonesia, it is estimated that economic growth will remain solid in the range of 5% which is growing well globally due to domestic demand and measurable macro financial policies so that there is a lot of stability in the Indonesian economy. The output growth rate is above the inflation rate which creates an imbalance, good banking sector capitalization, and Indonesia's policy space which still has good fiscal space because the deficit is below the target and is still accommodative, and foreign exchange reserves are trending very high in various conditions. This is in accordance with the keynote speech delivered by Mr. Perry. In the future, there

are several risks to the global economy in the future, namely first, Asia's contribution, which is 2/3 of the global economy, currently tends to slow down, which means that many Asian and ASEAN countries have not yet returned to the pre-COVID-19 economy. This is in stark contrast to what happened in the United States where the US is already above the zero line, in other words the US has recovered all the output lost since the pandemic. The ASEAN region, which was growing very quickly before the COVID-19 pandemic, also means that the lost output is also as large as this growth. The second risk is a slowdown in the Chinese economy in the midst of rebalancing the growth engine, a deepening decline in the property sector which will impact commodity exporters with close ties to China. Additionally, China has an aging population and slowing productivity growth which will further hamper growth in the medium term. The third problem is that today's faster world economy in the United States and Japan is not enough to offset headwinds from China. The supporting strength of the US economy is in the services sector compared to goods and US policies therefore also created various policies that are used to support this such as the Inflation Reduction Act and the Chips and Science Act which redirect demand to domestic sources, these two factors did not have a good impact on Asian exports. Geopolitical risks and the risk of fragmentation can exacerbate these problems, harming exports and technology transfer, potentially causing instability in food and commodity prices which in turn can trigger another round of inflation, especially in developing and low-income countries in Asia. The "higher for longer" interest rate trend will have an impact on the exchange rate for capital flows. This can create pressure on sectors whose financial balance sheets are vulnerable to rising interest rates. Furthermore, the climate crisis also poses a challenge as the current larger gap for green investments climate change endangers macroeconomic and financial stability while climate action offers opportunities for green growth and jobs in the Asia Pacific region.

FAEA 46th Declaration

We, the leaders and participants of the 46th Federation of ASEAN Economic Associations (FAEA) conference held in Yogyakarta, Indonesia, on 17-18 November 2023, hereby declare the following:

1. FAEA highly appreciates the organization of this conference by PP ISEI (Indonesian Economic Association) as a member of FAEA, with the theme “Empowering Collaboration to Shape ASEAN Economic Sustainability”.
2. FAEA recognizes the importance of collaboration among ASEAN economies and other partners to create sustainable, resilient, and inclusive economic growth amidst global challenges such as the pandemic, climate change, geo-economic and geo-political competition.
3. FAEA supports the involvement of private sector initiatives, universities, research organizations, associations, and government institutions to promote the advancement of sustainable economic practices.
4. FAEA encourages the enhancement of ASEAN connectivity through the development of physical, digital, and institutional infrastructure, and also supports the initiative of Regional Payment Connectivity (RPC), Local Currency Transaction (LCT) and the use of information and communication technology (ICT) to expand access, opportunities, and cross-border payments that are faster, cheaper, transparent, and inclusive for ASEAN communities, including small and medium enterprises (SMEs) and informal sector, as well as exchange of researchers and educators.
5. FAEA supports the effort to strengthen ASEAN economic integration through the implementation of the ASEAN Comprehensive Work Plan (ACWP) 2021-2025 and other initiatives, such as the Regional Comprehensive Economic Partnership (RCEP), ASEAN Single Window (ASW), and ASEAN Economic Community Blueprint 2025.
6. FAEA sees the importance of digital integration as one of the critical factors to drive ASEAN economies to compete more effectively, reduce the digital gap, and create a more inclusive ASEAN region.
7. FAEA encourages the sustainable production of quality food and the trade of goods across ASEAN countries that have been negatively affected by the climate crisis. Therefore, FAEA is committed to promote and advocate policies towards the environment and food security.
8. FAEA encourages economists and economic associations to conduct policy studies and the implementation of prudent economic policies to mitigate the turbulence that originates from outside the ASEAN region.

9. FAEA encourages the exploration of ideas and cooperation on complementary economic activities that affect Micro, Small, and Medium Enterprises (MSME's), the global supply chain, the digital transformation, and the broader use of renewable energy sources.
10. FAEA encourages deepening people to people relationships across ASEAN to establish stronger understanding towards the creation of trust-based collaboration.
11. FAEA decided that in 2024 the 47th Federation of ASEAN Economic Association Conference will be held in Thailand.

November 17, 2023

Yogyakarta, Republic of Indonesia

Indonesian Economic Association
Economic Society of Thailand
Malaysian Economic Association
Cambodian Economic Association
Economic Society of Singapore
Philippines Economic Society
Vietnam Economic Association



MONETARY, BANKING AND
DIGITALIZATION



Trilemma and Central Banking in the ASEAN-4: The Impact of Shifting Global Risk Perception and Unconventional Monetary Policy

Felipe M. Medalla

Bangko Sentral ng Pilipinas

Laura B. Fermo

BSP Research Academy

lfermo@bsp.gov.ph

Abstract

Emerging economies in Asia have become more vulnerable in the face of volatile capital flows and the reality of Trilemma constraints. The impact of the shifting perception of global risk, given the near-zero interest rates along with unconventional monetary policies (UMPs) in advanced economies after the global financial crisis, brought on important challenges to monetary policymaking in the ASEAN-4 countries. The extent of the unintended effects is usually viewed as merely modest in many research studies. But the real extent of their pervasive effects and the challenges these central banks faced in order to respond appropriately are far greater than what most researchers outside of these economies have imagined. This study provides a closer look into this policy view. In this paper, we provide empirical evidence that the policy rate gap measure in four emerging Southeast Asian countries—the Philippines, Indonesia, Malaysia, and Thailand—depict Markov-type regime-switching policies of the central banks, mainly reflecting adjustments in monetary policies adapting to the magnitude of capital flows and driven by the risk-on and risk-off periods of global investor perception, within what we denote as an integrated central banking approach. Indicators of global risk perception and, more recently, UMP-driven indicators of capital flows—including the shadow short rate, country risk premia, the EMBI+ Global indicators, the HSBC's Risk-On, Risk-Off Index, and foreign ownership of local currency denominated assets—were found as the drivers of the time-varying transition probability switching in between regimes.

Keywords: ASEAN-4, Integrated Central Banking, Policy Rate Gap, Trilemma, Regime-Switching Regression, Markov-type, Time-varying Transition Probabilities, Unintended Effects, Unconventional Monetary Policies, Global Risk



Redefining Regional Development: The Case for an ASEAN Development Bank

Brice Tseen Fu Lee

Fudan University, School of International Relations and Public Affair &
Universidad Del Desarrollo, Faculty of Government
briceleetseenfu@gmail.com

Juan Pablo Sims

Universidad Del Desarrollo, Faculty of Government &
Fudan University, School of International Relations and Public Affair
jsims@udd.cl

Abstract

The Association of Southeast Asian Nations (ASEAN) has emerged as a dynamic economic block, representing a diverse tapestry of nations with varying developmental stages. While the Asian Development Bank (ADB) has historically played a pivotal role in the broader Asian region's development, concerns about its representation and broader mandate have underscored the need for a more ASEAN-centric institution. This research delves into the rationale, challenges, and potential benefits of establishing an ASEAN Development Bank (ASDB). Drawing from case studies of other regional development banks and analyzing the unique socio-economic landscape of ASEAN, the study highlights the transformative potential of the ASDB. The research underscores the bank's potential role in fostering regional integration, attracting foreign direct investment, and addressing region-specific challenges with tailored solutions. The study also identifies potential governance structures and emphasizes the importance of a robust capital structure, systematic decision-making, and collaborative relationships for the ASDB's success. In conclusion, the establishment of the ASDB could mark a seminal moment in ASEAN's developmental narrative, offering a platform to assert regional autonomy, solidify intra-regional ties, and address developmental disparities.

Keywords: ASEAN, Development Bank, Regional Integration, Foreign Direct Investment, Governance, Capital Structure, Decision-Making, Collaborative Relationships.



Monetary Policy Contagion and Spill over in Southeast Asian Economies: Global or Regional Driven?

Panky T. Febiyansah

The Nasional Research and Innovation
Agency of Indonesia
panky.tri.febiyansah@brin.go.id

Abstract

This paper deals with the monetary policy rate spillover from the US and Indonesia as a representative of global and regional perspectives to Vietnam, Philippines, and Singapore. The estimation follows a two-countries monetary model with an error correction approach. The findings show that those three countries experience a monetary contagion of policy rates through global and regional spillovers. Even though Indonesia has a spillover effect from the US, Indonesia has a pass-through into three Southeast Asian economies. As a result, the complexity of monetary policy contagion delivers the monetary policy of three countries tends to be less and less independent in responses to US and Indonesian policy rates.

Keywords: Monetary Policy Rate, Contagion, Spill over, Error Correction Approach.



Digital Economy of Vietnam in the Context of ASEAN Economic Cooperation

Bui Quang Tuan

Vietnam Academy of Social Sciences
bqt313@gmail.com

Nguyen Quang Thai

Vietnam Economic Association
Thai.nguyenquang@gmail.com

Abstract

ASEAN is set to become one of the fastest growing regional digital economies. ASEAN's digital economy is predicted to be one of the most dynamic regions in the world, peaking at about 1 trillion USD by 2030. An interesting question is whether there is a gap of development among the ASEAN members associated with the gap of digital economy within ASEAN. Has the least developed member of the ASEAN have sluggish development of digital economy as it is often thought that the low development level may hinder the change and cause a slow change of the economy in the direction towards the digital economy? To answer the question, a study of digital economy development of the ASEAN region in general and of the member economies in particular is necessary. This paper uses secondary data and information for analysis of development of digital economy of a member of ASEAN - Vietnam. The sources of data mainly are from statistical data of General statistics office of Vietnam and from various ministries of Vietnam. The paper applies qualitative approach to update policies of development of digital economy in Vietnam, analyses the current situation of and challenges and opportunities for development of digital economy in Vietnam. Based on this the paper discusses the main directions and solutions to develop digital economy in the context of strengthening economic cooperation of ASEAN in the coming time.



The Digital Transformation of the Singapore Economy

Toh Mun Heng

National University of Singapore

Abstract

The digital economy of ASEAN is estimated to have a potential value of S\$2.7 trillion (US\$2 trillion). The experience of Singapore as a forerunner in digitalization will be a useful reference for learning and adaptation by other member countries in ASEAN. In this paper, we trace the evolution of Singapore's journey in digital transformation of the economy. The aim to transform into a smart nation has evolved with the drive towards ubiquitous digitalization of the economy to launch the economy into a new phase of growth. Digitalization can be as simple as adopting some information and communication technologies (ICT), but can be as complex, and sometimes confusing, to include many new aspects like AI, machine learning, big data, IOT, 5G, blockchain and analytics. Indeed, Singapore started the journey with encouraging greater use of ICT in industries and computerization drive in the civil services to increase labour productivity and service quality. We attempt to trace and record the effectiveness of the digitalization drive as Singapore aspires to be a Global-Asia node for technology, innovation and enterprise.

Keywords: Smart Nation; Digital Transformation; E-Commerce; Artificial Intelligence (AI); Automation; SME; Industry 4.0; Global Value Chain; IoT, 5G, Singapore.



Cambodia's SME Digital Technology Adoption and Performance

Oum Sothea

National University of Management

Cheng Savuth

Royal University of Phnom Penh

Abstract

The Covid-19 pandemics had disrupted and yielded significant impacts on the economy and SMEs in Cambodia. The adoption of digital technology and digital transformation can be one of the backbones and resilience buffers, not only for Cambodia but for many economies. This study investigated the determinants of digital technology adoption and how digital technology adoption affects firm operation, especially, supply chain management. The results from this study indicates that not all SMEs have to adopt the digital technology – depending on size, the types and sector orientation, absorptive capacities, and government support. The study also find that digital adoption can be beneficial for SMEs to enhance business operations, including effective marketing, sale, payment, and supply chain management. In this regard, the government should address major challenges to enhance SME digital technology adoption, such as training, information, finance, supporting regulations, and infrastructure.

Keywords: Digital Technology, SME's, COVID-19.



TRADE AND FOREIGN INVESTMENT



Trade Openness Studies In ASEAN-5 and It's Effect on Unemployment

Muhammad Rizki Karim Amrulloh
Indonesian International Islamic University
muhammad.rizki@student.uiii.ac.id

Abstract

The aim of this analysis is to examine the linkages among trade, population growth, interest rates, GDP growth, and unemployment rates in the five ASEAN nations of Indonesia, Malaysia, the Philippines, Singapore, and Thailand between the years 2002 and 2021. This paper is Unique because it simultaneously examines the ASEAN-5 (Founding nations of ASEAN). The source for this research was the World Bank. The Fix Effect panel data regression model is the most effective model for this research since it can be used to accomplish the goals of the study's descriptive statistical methods, according to the likelihood test. This test demonstrates that the Fix effect model's regression results indicate that the Trade, LnPop, and inflation variables have a significantly negative impact, while GDP growth and wage with unemployment in Asian nations while GDP growth has a positive but not significant. The study demonstrates the necessity of continuing free trade policies.

Keywords: ASEAN-5, Trade Openness, Macroeconomics, Economic Growth, Unemployment.



Foreign Direct Investment and Economic Growth: Case of Developing Countries in ASEAN

Nguyen Thi Cam Phuong
Kangwon National University
camphuong@tvu.edu.vn

Cheng Savuth
Royal University of Phnom Penh
Jyl003@kangwon.ac.kr

Abstract

This study aims to examine the relationship between foreign direct investment and the economic growth of ASEAN countries. This study also discovers the impacts of other factors such as labor force, trade openness, gross fixed capital formation, domestic credit, and pandemic on economic growth. We used panel data in the period 1998-2021 from nine ASEAN countries including Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Thailand, and Vietnam. The data was collected from the world development indicators of the World Bank and UNCTAD database. The estimation results from fixed effects models showed there is a consistency in terms of the impact of foreign direct investment on economic growth between the two outputs. This study found that foreign direct investment has a positive and significant effect on economic growth in the ASEAN region. Moreover, control factors also impact economic growth positively, except for covid-19 variable, which has a negative impact. In which, the labor force has the strongest impact, followed by the gross fixed capital formation, Covid-19, bank credit, and trade openness. Based on the results, we suggest some implications for ASEAN policymakers.

Keywords: FDI, Economic Growth, ASEAN Countries, Developing Countries



Impact of Regulatory Barriers on Inward FDI in the ASEAN-5: An Augmented Gravity Model Approach

Rutcher M. Lacaza

House of Representatives of the Philippines
rutcher.lacaza@cpbrd.congress.gov.ph

Abstract

As the world recovers from the COVID-19 pandemic, attracting foreign direct investments or FDI has emerged as an important source for sustaining economic recovery in many developing countries. However, regulatory restrictions pose a challenge, limiting countries' capacity to attract and benefit from FDI. This paper principally examines the impact of foreign restrictions on inward FDI in the ASEAN-5, namely, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam. Data on FDI are based on the top 20 FDI source countries. Using an augmented gravity model for the period 2010 to 2020, this paper shows that reforms aimed at liberalizing FDI equity restrictions as measured by the index, could potentially increase inward FDI. Moreover, host countries with greater geographical distance, higher corporate tax rates and inflation rates are likely to deter FDI due to increased costs for foreign investors. Larger market sizes, stronger perception that government corruption is controlled and greater quality of human capital also play significant roles in attracting FDI. By addressing regulatory barriers, particularly foreign equity restrictions and considering other factors deterring FDI, ASEAN-5 countries have the potential to substantially increase their level of inward FDI, unlock associated benefits, and accelerate their post-pandemic recovery.

Keywords: FDI, Regulatory Barriers, ASEAN-5, Gravity Model, PPML.



Vietnam Trade With ASEAN Since 1995 to Present

Pham Bich Ngoc

Vietnam Academy of Social Sciences

phamngocvktvn@gmail.com

Abstract

After more than 50 years of formation and development, ASEAN's position is increasingly affirmed as one of the most successful regional cooperation organizations and play an increasingly important role in regional and international relations. With a market of nearly 3,000 billion USD and a population of nearly 650 million people, ASEAN is currently collectively known as the 5th largest economy in the world and the 3rd largest in Asia. In 1995, Vietnam officially joined the ASEAN community and since then, ASEAN has increasingly occupied an important position in Vietnam's foreign economic relations. After 28 years of development, trade relations between Vietnam and ASEAN countries have continuously expanded and developed significantly in both breadth and depth. ASEAN has become one of Vietnam's important economic and trade partners. This article will present the results of analyzing the trade development process between Vietnam and ASEAN from 1995 to present. The research results are based on the analysis of statistical data of countries on trade scale, Vietnam's trade relations with each ASEAN member and trade structure. From there, the study evaluates the limitations, points out the causes affecting trade between Vietnam and ASEAN and recommends some solutions to promote sustainable development of trade relations between Vietnam and ASEAN in the coming time. This study uses statistical analysis and policy analysis methods. Data used for analysis are data from the International Monetary Fund (IMF), General Statistics Office of Vietnam (GSO) and General Department of Vietnam Customs (VC).

Keywords: ASEAN, Vietnam Trade, Statistical Analysis, Policy Analysis.



Export Survival for Thailand After The COVID-19 Pandemic

Alongkorn Tanasritunyakul
Thammasat University
alongkorn@econ.tu.ac.th

Abstract

This paper investigates trend and pattern of export survival in Thailand compared to its competitors in the region during the period of 2000-2020. We found that Thailand has high export survival for total merchandise and its product subcategories and has high level of export diversification. Moreover, the COVID-19 pandemic did not cause significantly export failure for the main exporting market of Thailand. In the econometrics results, economic size of bilateral partnerships, average exports, GPNs products, FTAs, and good business environment can reduce hazard rate of exports. Relating to policy implications, government should improve business environment, especially trade facilitation, for supporting higher export survival in Thailand. Also, doing export diversification is a choice of reducing export failures. However, the decision of doing export diversification should be done by exporters, not government, because government cannot bear the risk of export failure from doing export diversification.

Keywords: Export Survival, International Trade, COVID-19 Pandemic.



FDI in ASEAN: Exploring Demand and Labor Tax in Manufactur Industry?

Ely Nurhayati

Institute for Development of Economics and Finance &
YARSI University
ely.nurhayati@yarsi.ac.id

Nur Komaria

Institute for Development of Economics and Finance

Annisa Utami Kusuma Negara

Institute for Development of Economics and Finance

Abstract

This study investigates the relationship between Foreign Direct Investment (FDI) in the ASEAN manufacturing sector, taxes (specifically, labor taxes and contributions as a percentage of commercial profits), and market demand for manufactured products (proxied by export data) from 2015 to 2019. The tax data used covers all government-mandated taxes and contributions, spanning different levels of government (federal, state, or local) and impacting standardized businesses. These tax measures extend beyond the conventional definition of taxes in government national accounts and encompass labor contributions but exclude value-added taxes, which have minimal influence on business accounting profits. The tax data is sourced from the World Development Indicators. Our findings reveal a positive correlation between FDI inflows and both product exports and the tax burden on businesses. Specifically, FDI tends to be attracted to ASEAN countries with strong manufacturing product export markets and a relatively higher tax burden. This suggests that foreign investors may favor environments where market demand is robust, and tax structures support revenue generation. These findings have practical implications for policymakers and businesses aiming to attract FDI. They underscore the importance of nurturing export-oriented manufacturing sectors and crafting tax policies that strike a balance between revenue generation and attracting foreign investment.

Keywords: Demand, FDI, Tax, Manufacture Industry, Labor.



ECONOMIC GROWTH, ENERGY EFFICIENCY,
AND SUSTAINABILITY



ASEAN Matters, Epicentrum of EV Ecosystem: An Analysis of Multiregional Input-Output in the ASEAN+3 Cooperation

Jonathan Ersten Herawan

Universitas Atma Jaya Yogyakarta
erstenjonathan@gmail.com

Yuvensius Sri Susilo

Universitas Atma Jaya Yogyakarta
sri.susilo@uajy.ac.id

Mario Rosario Wisnu Aji

Universitas Atma Jaya Yogyakarta
mario.wisnu@uajy.ac.id

Abstract

This study analyzes the impact of the electric vehicle ecosystem agreed upon by ASEAN countries together with Japan, China and South Korea within the ASEAN+3 cooperation framework. In research using the 2022 Multiregional Input-Output table obtained from the Asian Development Bank (except Myanmar and Timor Leste) and the value of EV investment in ASEAN 2019-2022 obtained from the ASEAN Stats Data Portal and CEIC Data, analysis was carried out to see the share holders of trade transactions EV in ASEAN, impact output analysis, and also forward linkage and backward linkage analysis. The results of this research are that 49.5% of EV trade is dominated by ASEAN countries, there is a significant output impact in 35 sectors, and also backward linkage occurs in all ASEAN countries. However, in the FLER analysis, the results showed that only Indonesia, China, South Korea and Japan received added value from the existence of an EV ecosystem in ASEAN, so the recommendation of this research is the need for sustainability and strengthening the structure of the economic sector in ASEAN countries so that all countries can feel the impact. of the EV ecosystem and the need for synchronization of policies between countries to support ASEAN matters, the epicentrum of EV ecosystem in ASEAN+3 Cooperation Framework.

Keywords: Multiregional Input-Output, EV Ecosystem, ASEAN+3 Cooperation.



The Critical Role of Energy Intensity in Decarbonizing ASEAN: Integrating Growth and Emissions Reductions

Eka Sudarmaji

University of Pancasila
esudarmaji@uni.pancasila.ac.id

Setia Damayanti

University of Pancasila

Ismiati Nasip

Bina Nusantara University

Abstract

This research analyzes drivers of CO₂ emissions across ASEAN countries from 1971-2017 to inform effective policies for sustainable decarbonized development. The goal is to identify critical factors influencing emissions growth and reductions to guide strategic climate mitigation planning. Data includes 3128 emissions, GDP, population, and energy consumption observations from 9 ASEAN nations. Results using the Kaya Index and Logarithmic Mean Divisia Index decomposition reveal GDP growth and population as primary drivers of increasing emissions, while energy efficiency dampens growth. Indonesia saw the highest emissions growth, driven by population and economic expansion. Thailand's phenomenal GDP growth of 3003.7% led to its emission increases. Singapore and the Philippines achieved notable reductions. Findings suggest integrated policies like clean energy, efficiency gains, infrastructure planning, and low-carbon economic reform are needed. Transitioning towards affordable clean energy systems with proactive leadership can enable ASEAN to sustain growth while mitigating climate risks. Further research should identify optimal policy mixes to maximize socio-economic progress and welfare while meeting urgent emission targets tailored to each nation. This study provides vital insights into key factors influencing ASEAN emissions and highlights pathways towards sustainable decarbonized development. The analysis of historical trends aims to inform strategic policymaking for decarbonization.

Keywords: Decarbonization, ASEAN Countries, Logarithmic Mean Divisia Index (LMDI), Energy Efficiency Optimization, Sustainability.



Analysis of Dynamic Relationships Between Population, Carbon Emissions, Electricity Consumption, and Economic Growth in ASEAN 6

Khrisna Daniswara

Jambi University

krisna.danis12@gmail.com

Syamsurijal Tan

Jambi University

tansyamsurijal@yahoo.com

Yohanes Vyn Amzar

Jambi University

yovaz@unja.ac.id

Abstract

This study aims to examine the dynamic relationship between population, carbon emissions, electricity consumption, and economic growth in 6 ASEAN countries (Singapore, Indonesia, Malaysia, Vietnam, the Philippines and Thailand) from 1990-2019. By using the Panel Vector Error Correction Model (PVECM), the results of this study show that the model with the dependent variable of economic growth (PE) has a long-run relationship. Then for the short run, the positive and significant short-run relationship is shown by the population variable (POP) on electricity consumption variables (EC). In the long term, the rate of population growth needs to be supported along with improving the quality of human resources, so that the existing population level can become a large capital for economic growth in ASEAN 6. Apart from that, socialization related to energy efficiency and diversification also needs to be pursued, so that it can help people save on energy use and help reduce pressure on electricity supplies, and with energy diversification it can prevent short-term and long-term negative impacts from electricity consumption which is indirectly generated through production of fossil-based fuels which leads to air pollution and climate change.

Keywords: ASEAN, Carbon Emission, Economic Growth, Population, Electricity Consumption.



Preliminary Decarbonisation Pathways for Singapore

Euston Quah

Economic Growth Centre
ecsquahe@ntu.edu.sg

Chia Wai Mun

Economic Growth Centre
aswmchia@ntu.edu.sg

Chua Yeow Hwee

Economic Growth Centre
yeowhwee.chua@ntu.edu.sg

Zach Lee

Economic Growth Centre
zachlee@ntu.edu.sg

Tan Jun Rui

Economic Growth Centre
junrui.tan@ntu.edu.sg

Abstract

Using the Low Emissions Analysis Platform (LEAP), we simulate the environmental and energy supply outcomes of a Business-as-Usual (BAU) scenario which considers Singapore's existing policies and targets to greening the power generation, industry, transport and residential sectors, as well as two highly ambitious (HA) scenarios which aim to hypothetically achieve even lower greenhouse gas emissions from the power generation sector with a more renewable energy portfolio in the future. We find that in the power generation sector, the BAU scenario can yield a reduction of 15.5 MtCO₂e by 2050 while in the two HA scenarios, emissions can be further reduced to 2.3-2.7 MtCO₂e by 2050. Moreover, more electricity can potentially be generated in the HA scenarios relative to the BAU scenarios, which corroborates the government's estimates that hydrogen and solar-generated electricity are able to meet 50% and 10% of Singapore's energy needs by 2050. However, total emissions abatement potential in the BAU and HA scenarios are insufficient to achieving the government's revised Nationally Determined Contributions (NDC) targets of 60 MtCO₂e by

2030 and net-zero emissions by 2050. We posit that more ambitious policies are needed not only for the power generation sector but also for the other transformation sectors and demand sectors.

Keywords: Low Emissions Analysis Platform (LEAP), Business as Usual Scenario, Renewable Energy



Examining the Impact of Neobanking on Economic Growth in ASEAN

Yin Yin Koay

Universiti Sains Malaysia
cwhooy@usm.my

Chee Wooi Hooy

Universiti Sains Malaysia

Abstract

Neobanking refers to newly established online banking platform that based on financial technology (fintech), they are basically fintech companies that offers banking services, with or without banking license. Neobanking first emerged in 2013, but since the outbreak of the Covid-19 Pandemic in 2020, Neobanks has gained immense popularity and become a disruptive force in banking globally, reaching out the unbanked and underbanked population. The value of transaction in the Neobanking market is projected to reach USD90.82 billion in 2023 (Statista 2023). ASEAN is a fertile ground for neobanking as half of the population in this region is unbanked and about a quarter of the population is underbanked (Twimbit, 2022). To date, there are already 22 Neobanks appear in ASEAN with transaction values exceeding USD10 billion in year 2022 in Indonesia, Malaysia, Singapore and Thailand individually (Statista 2023). With the steady growth observed, regulators in ASEAN countries have shown rising interest in this Fintech segment where Singapore, Indonesia, Malaysia and the Philippines have introduced their respective licensing regime, while others are in process formulating policies for digital banking establishment in their respective market. This paper first reviewed the landscape of neobanking in ASEAN and then establish a research hypothesis to examine whether Neobanking affects the economy growth of ASEAN-5, namely Indonesia, Malaysia, the Philippines, Singapore and Thailand. Our modelling is based on economic growth theory where Neobanking is regarded as kind of technology advancement in facilitating economic activities, on top of labor and capital productivity. Based on the panel regression on 2017-2022 data, our preliminary results show that Neobanking transaction value does contribute significantly to economic growth in ASEAN-5. Our empirical result provides further ground for regulator in ASEAN to formulate liberal policies to unfold the full potential of this fintech segment.

Keywords: Neobanking Transaction, ASEAN-5, Economic Activites.



DEMOGRAPHY, SHARIAH ECONOMY,
AND SDG's



Households' Preferences for Renewable Energy Technologies: An Attribute-based Choice Experiment Survey in Metro Manila, Philippines

Rosalina Palanca Tan

Ateneo de Manila University

rtan@ateneo.edu

Abstract

This paper presents the results of a household survey on preferences for renewable energy (RE) sources of electricity in Metro Manila. The survey included a choice experiment to measure willingness to pay (WTP) for an increase in the share of RE technologies, namely solar, wind, biomass and small-scale hydropower. The study found that on average, Metro Manila households are WTP an additional 19.3% of their electricity bill for an additional 20% share of RE in electric power capacity that is sourced from solar power. The corresponding WTP for the other RE technologies are substantially lower – 11.9% for biomass, 10.5% for wind, and 9.8% for small-scale hydro. The skewed preference for solar energy augurs well for the government's updated renewable energy plan which stipulates that the bulk of additional RE supply will be sourced from solar. The positive marginal WTP for the new and unconventional RE technologies likewise provide some demand-side evidence for the RE plan that is much less focused and dependent on geothermal and large-scale hydropower, the traditional RE sources in the Philippines. Finally, the higher WTP for biomass over wind and small-scale hydropower reveals some scope for intensifying support for waste-to-energy projects and increasing the share of biomass in the RE mix.

Keywords: Choice Experiment, Willingness to Pay, Renewable Energy, Solar, Wind, Biomass, Small-scale Hydropower, Climate Change Mitigation.



The Impact of Demographic Conditions On The Implementation of Employment Social Security in ASEAN

Andri Ronaldo Pasaribu

BPJS Ketenagakerjaan

andri.ronaldopasaribu@bpjsketenagakerjaan.go.id

Lahvem Alginda

BPJS Ketenagakerjaan

lahvem.alginda@bpjs.ketenagakerjaan.go.id

Abstract

Aging is central in the European Union (EU) policy debate, with all member states being concerned about the implications of growing shares of older people and declining shares of working-age populations for the sustainability of welfare and health systems. A similar condition could happen in ASEAN countries. All ASEAN countries experienced an increase in the population aged over 65 years. The most significant increases occurred in Singapore and Thailand. In 2000 the population in Singapore was 7.2% and in Thailand 9.1%, then in 2020 in Singapore it became 15.2% and in Thailand, it became 13%. On the other hand, the population under 19 years old experienced a decline in all ASEAN countries. The aim of this study is to see the impact of demographic aging on the implementation of employment social security in ASEAN countries. The research design used is a literature review with secondary data from various sources including scientific publications, books, reports, and other sources related to the research topic. It is found that currently, all ASEAN countries are experiencing a demographic bonus. This condition is one of the advantages for ASEAN countries to increase economic growth and reduce poverty rates. However, one of the challenges faced is how to utilize the demographic bonus to have a social security system, especially employment, that is strong and sustainable. The threat of an aging population which is predicted in the next 20 – 30 years is the biggest problem that ASEAN countries will face.

Keywords: Demographic, ASEAN, Social Security.



Indonesian Intra-Trade of Halal Food Products with ASEAN

Anggito Abimanyu

Universitas Gadjah Mada

anggito@ugm.ac.id

Handry Imansyah

Universitas Lambung Mangkurat

mhimansyah@ulm.ac.id

Indriayu Afriana

Badan Pengelola Keuangan Haji Republik Indonesia

indriayu@bpkh.go.id

Raeef Abdullah Al Tamimi

Universitas Gadjah Mada

raeefabdullah@ugm.ac.id

Abstract

The study highlights the economic factors that can increase intra-industry trade of halal products in ASEAN. Trade in halal food products among ASEAN countries is growing rapidly compared to the other regions. Focussing on Indonesia, the largest market for halal products in ASEAN after Malaysia. These findings argue that Indonesian halal food products for trade have a competitive advantage with ASEAN countries. However, the regression model with Panel Data shows an increase in industrial production; although this can further boost the supply of halal food products, these are more utilized for domestic needs. Regulation of halal food products has yet to make any significant impact on trade, but it has already been recognised as hindering the trading of Indonesian halal products in the ASEAN market. To increase intra-halal food trade within ASEAN, several steps must be implemented: First, governments must link industrial production activities with halal food trade, both within ASEAN and outside the region. Second, Indonesia must expand market diversification for halal food products in certain countries/regions or products. Third, industry must strengthen specialization of halal food products. Lastly, the government must reduce regulations regarding halal food products that hinder trade and ensure harmonization of regulations, especially halal certification between ASEAN countries.

Keywords: Intra-Trade, Competitive Advantage, Halal Food Product, Indonesia, ASEAN



The Collective Impact of Informal Economy and Financial Development on Sustainable Development: Evidence from ASEAN

Ismail Aremu Muhammad
Universiti Brunei Darussalam
22h1903@ubd.edu.bn

Sulaiman Musa
Universiti Brunei Darussalam
21h8931@ubd.edu.bn

Abstract

The focus of the paper is on collective impact of informal economy and financial development on sustainable development in the countries of the ASEAN region. It employs a panel data technique on 10 countries in the ASEAN bloc from 1991 to 2020. The results were evaluated through the fixed effects, feasible GLS, and panel quantile regression methods. The findings revealed that informal economy has a positive impact on sustainable development while financial development has a negative impact on sustainable development. Furthermore, the interaction of informal economy and financial development yielded a negative impact on sustainable development. Other factors such as GDP per capita, trade openness and foreign direct investment also have positive impacts on sustainable development while natural resource rents have a negative impact. It was concluded that operations of the financial sector should developed to incorporate the needs of the informal sector in order for both to help bolster sustainable development in the region.

Keywords: Sustainable Development, ASEAN, Informal Economy, Financial Development.



How Behavioural Change Interventions Research Accelerate the Achievement of Sustainable Development Goal in ASEAN: A Bibliometric Analysis

Lury Sofyan Yahya

Kementerian Keuangan Republik Indonesia &
Nudgeplus
lury.sofyan@nudgeplus.net

Muhammad Fadeel Aribowo

Kementerian Keuangan Republik Indonesia
fadeel.aribowo@nudgeplus.net

Dimas Budi Prasetyo

Nudgeplus & Universitas Indonesia
dimas.prasetyo@nudgeplus.net

Abstract

The rapidly expanding use of behavioural science in the design of behaviour change interventions (i.e., nudging) is introducing a new approach to public policy design. However, this expansion may not have reached its full potential in terms of achieving the unmet Sustainable Development Goals (SDGs), particularly in developing countries. To address this issue, this paper conducts a bibliometric analysis of the existing literature on the implementation of behaviour change interventions in the SDGs area in ASEAN countries, one of the fastest-growing regions in the world. A total of 336 publications were collected from the Scopus and Web of Science databases. The current study uses the “Bibliometrix” package on R and VosViewer to analyse the data. The study then highlights the increasing trend in the use of behavioural science in behaviour change interventions over the last 30 years in the region. Notably, the most frequently discussed topic is health and well-being (the third SDG). Of concern is the fact that there is still limited collaboration between researchers and institutions in ASEAN countries. These findings provide an important basis for future research and interventions to further promote behaviour change interventions in the region.

Keywords: Behavioural Change Interventions, Nudge, Sustainable Development Goals, ASEAN, Bibliometric Analysis.



Acquisition of Microfinance Institutions by Commercial Investors: Examining Its Impacts on Lending Behavior

Daiju Aiba

National Bank of Cambodia, JICA Ogata Sadako
Research Institute for Peace and Development,
Waseda University
aiba.daiju@jica.go.jp

Abstract

The recent development of the microfinance sector attracted the large inflow of capital investment. In the meantime, there has been an increasing number of acquisition cases of microfinance institutions (MFIs) by domestic and foreign private investors, especially commercial banks. This study investigates the situation of acquisition of the Cambodian local MFIs, and examines the impact of the recent acquisition cases on lending behavior of the local MFIs. In the analysis, we employ unique data of Cambodian MFI lending at MFI-district-pair level, and we apply a difference-in-differences approach to estimate the impact of acquisition. As a result, we find that acquisition has contributed to increases in MFI's loan portfolio, while there was a shift in MFIs' credit allocation from rural areas to urban areas after the acquisition. Thus, changes in ownership and organizational structure through acquisition by commercial investors could more or less cause mission drift of MFIs. For the sustainability of social lending to the poor, government arrangement is needed to facilitate more investment from pro-social international investors.

Keywords: Microfinance Institutions, Financial Inclusion, SDG Investment, Capital Inflow, Cambodia



COVID-19 Impact on Employment and Healthcare Access of Migrant Workers in Thailand

Nuttanan Wichitakorn

Auckland University of Technology, New Zealand and
Visiting Research Advisor Thailand Development Research Institute
thanarat@tdri.or.th

Alongkorn Chaladsook

Thailand Development Research Institute

Thanarat Chotikasathian

Thailand Development Research Institute

Pathomporn Pupunja

Thailand Development Research Institute

Amanee Hamu

Thailand Development Research Institute

Abstract

This study examines the employment conditions and healthcare access of migrant workers in Thailand during the COVID-19 crisis. In the analysis, we used the data from a survey of 200 documented and undocumented migrant workers in Thailand. Most of them were originally from Cambodia, Laos, and Myanmar. These randomly selected samples responded to a questionnaire on their employment conditions, assistance from relevant agencies, and healthcare access. We found those who did not have access to healthcare were undocumented workers in the manufacturing sector. The Thai government only allows documented migrant workers and their dependents to purchase official health insurance. With a lot of required documents in practice, this generated unnecessarily hidden costs and burdens to them. We also found that migrant workers in the manufacturing sector received the least assistance and benefits compared to those in other sectors. Even those with fully legal status still struggled to have their healthcare access.

Keywords: Migrant Workers, Healthcare Access, Employment Condition, COVID-19.



BUSINESS CYCLE, INDUSTRY, AND LABOR



Financial Cycle vs Business Cycle: Comparative Analysis of Crisis Depth and the Effectiveness of Monetary Policy Responses to the Asian and Global Financial Crisis in Five ASEAN Countries

Nuning Trihadmini

Universitas Katolik Indonesia Atma Jaya
nuning.trihadmini@atmajaya.ac.id

Abstract

This study conducts a comparative analysis of the business and financial cycles during the global financial crisis and Asian crises in 5 ASEAN countries. Real GDP is a proxy for measuring business cycles, and a stock index for measuring financial cycles. The two cycles are estimated using the Hodric-Prescott Filter (HP Filter) to determine the optimal value, trend, and cycle. In addition, an analysis of monetary policy responses in both crises will also be carried out, using the Global VAR (GVAR) model. The research results show that there is a close relationship between the financial cycle and the business cycle. Most of the financial cycle occurs first, followed by the business cycle. The business cycle amplitude was deeper during the Asian crisis, while the GFC financial cycle was deeper. The financial recovery cycle was faster than the business cycle during the two crises, but the recovery process during the Asian crisis took longer. The duration of the financial cycle and business cycles was longer during the Asian crisis. Finally, with regard to monetary policy response, a tight money policy (TMP) is more effective in the medium-long term, while Quantitative Easing is more effective in the short term.

Keywords: Business Cycle, Financial Cycle, Asian Crisis, Global Financial Crisis, Monetary Policy Responses.



Elderly or Youthful: Does Age Dependency Ratio Matters for Inflation of ASEAN Countries

Teguh Santoso

Universitas Padjajaran
teguh.santoso@unpad.ac.id

Aurelia Puteria Arfitaa

Universitas Padjajaran
aurelia.putriarfita@gmail.com

Abstract

There has been a growing interest to understand inflation through demographic lens using a critical key indicator known as the dependency ratio. However, studies investigating this nexus in terms of ASEAN nations are limited, despite ASEAN undergoing a demographic transition. Therefore, this paper aims to investigate the relationship between age-population ratio and inflation rate across 8 ASEAN countries during 2000-2020. This research uses Feasible Generalized Least Squares (FGLS) estimation, as it is robust to groupwise heteroskedasticity, serial and cross-sectional correlations. The result reveal that population aging is deflationary. However, the elderly dependence successfully explains the price dynamic after controlled by monetary and macro variables. The analysis also sheds light on the impacts of the young dependency, which does not significantly impact the inflation rate when macro variables are taken into account. This research also underlines the importance of considering demographic dynamics in the future monetary policy decisions.

Keywords: Inflation, Deflation, Demographics, Population Aging, ASEAN Countries.



Transparency and Budget Saving in Public Procurement: Evidence from Thailand's Infrastructure Transparency Initiative (CoST) Initiative

Tippatrai Saelawong

Thailand Development Research Institute

Torplus Yomnak

The Knowledge Hub for Regional Anti-Corruption
And Good Governance Collaboration &
Chulalongkorn University

Thanee Chaiwat

The Knowledge Hub for Regional Anti-Corruption
And Good Governance Collaboration

Siwat Poopunpanich

The Knowledge Hub for Regional Anti-Corruption
And Good Governance Collaboration

Charoen Sutuktis

The Knowledge Hub for Regional Anti-Corruption
And Good Governance Collaboration

Abstract

The purpose of this study is to assess the impact of transparency interventions on the efficiency of public procurement operations. By scrutinizing the Infrastructure Transparency Initiative (CoST), an information disclosure benchmark established for public infrastructure in Thailand by the Public Procurement Law in 2017, Our study aims to explicate the ramifications for the efficacy of public infrastructure procurement policies at the national level. In this study, we utilize administrative data from Thailand's government construction procurement contracts, as disclosed in the database maintained by the Digital Government Development Agency and the Comptroller General's Department. We examine the relationship between budgetary savings and projects participating in the CoST process. Budgetary savings, both in absolute monetary terms and as a percentage, serve as the dependent variable for our models. The key intervention variable is determined by whether a public construction project has adopted the CoST information disclosure standard. To

ensure robustness and reliability in our findings, we employ a range of analytical methods: Multiple Linear Regression, Fixed Effect Model, and Propensity Score Matching with the Logit model. This diverse analytical approach ensures consistency in our results. The study conclusively demonstrates that adopting the CoST data disclosure can result in significant budget savings for the Thai government in construction procurement. The research findings underscore the positive correlation between enhanced budget savings and the implementation of CoST data disclosure standards. In monetary terms, with the introduction of CoST, budget savings increase by 9.6 million Baht. Even when factoring in additional control variables, this positive association continues, though at a reduced scale (around 3.3 million Baht). In percentage terms, budget savings consistently hover around the 5% threshold across various models. Employing the Propensity Score Matching method, the effects of the CoST intervention align closely with the linear regression results. The consistency of these findings is further reinforced when considering variables such as open bidding and the categorization of procuring agencies. This research provides empirical evidence and demonstrates the causal link between transparency intervention from information disclosure and budget efficiency in public infrastructure procurement. It also uses administrative and quasi-experimental data from Thailand, illustrating the feasibility of transparency intervention in developing countries.

Keywords: Transparency, Public Procurement, Public Infrastructure, Procurement Efficiency.



No Teachers Left Behind: Towards an Improved Financial Education

Maire Carroline T. Magante

Ateneo de Manila University
mmagante@ateneo.edu

Majah-Leah V. Ravago

Ateneo de Manila University
mravago@ateneo.edu

Faith Christian Q. Cacnio

Bangko Sentral ng Philippines
FCacnio@bsp.gov.ph

Cymon Kayle Lubangco

Ateneo de Manila University
clubangco@ateneo.edu

Marie Edelweiss G. Romarate

Bangko Sentral ng Philippines
romarateMG@bsp.gov.ph

Abstract

Healthy financial behavior among adults starts with gaining financial literacy at a young age. Teachers play a crucial role in shaping students' financial behavior and attitudes. With this, we take the case of the Philippines to evaluate and compare teachers' financial literacy with the average population using three primary survey data conducted in 2014, 2018, and 2022. We constructed an index which linked attitude, behavior and knowledge to teachers' financial literacy level. We identified the determinants of financial literacy then investigated whether teachers are more financially literate than the average population. Findings show that household's financial status, educational attainment of teachers, proportion of household members with tertiary education, and ownership of information assets increase financial literacy. Overall, teachers have higher financial literacy than the average population.

Keywords: Financial Literacy, Financial Education, Teachers, Finance Management.



Nexus Between ESG Practice and Firm Performance: Are There Any Stylized Facts?

Tien-Ming Yip
Universiti Malaya

Wee-Yeap Lau
Universiti Malaya
wylau@um.edu.my

Abstract

This study examines the relationship between firm performance and ESG practice for Malaysian public-listed companies. It evaluates whether the relationship varies with firms' market capitalization, total liabilities, and free cash flow. Using firm-level data from 72 companies covered in the FTSE4 Good Bursa Malaysia (F4GBM) index from 2014 to 2022, our results show that: First, ESG practice is positively and significantly associated with firm performance. However, the positive impact is conditional on the firm-specific variables. In particular, the positive impact of ESG is significant for firms with high market capitalization. Second, the positive impact of ESG diminishes as firms accumulate higher liabilities. Third, the positive impact of ESG prevails if firms attain a high level of free cash flow. Our results suggest that firms must increase their market capitalization, reduce total liabilities, and improve their free cash flow to benefit from ESG practices.

Keywords: Environmental, Social and Governance (ESG), Tobin Q, Corporate Finance Performance



The Impact of Migration in the Philippines: What About Those Left Behind?

Neil Fidelle G. Lomibao

BSP Research Academy

LomibaoNG@bsp.gov.ph

Abstract

More than half of the Philippine population has experienced moving either within the country or abroad. While most have seen the benefits of migration, particularly the increase of household income through remittances, not much emphasis has been given on those they left behind. Using a Difference-in-Differences (DiD) approach in the 2018 National Migration Survey (NMS), this paper finds that migration has a negative impact on the percentage of school-aged household members studying from 2013-2018. Interestingly, further investigation shows that the negative impact of migration is more pronounced in households with a female migrant than those with a male migrant.

Keywords: Migration, Remittances, Non-Migrants.



GREEN ECONOMY AND ESG



Green Finance Crisis in ASEAN: Intermediary Banking System in Indonesia

Edwin Basmar

Badan Riset dan Inovasi Nasional
e2nbm@yahoo.com

Lamijo

Badan Riset dan Inovasi Nasional

Zamroni Salim

Badan Riset dan Inovasi Nasional

Carl M. Campbell III

Nothern Illinois University

Erlin Basmar

STIW Ottow & Geissler

Abstract

This study investigates banking intermediary sensitivity to the green finance crisis through macroeconomic indicators in Indonesia, based on Bank Indonesia data with a modification of the Ed Waves Index model. The findings show that the green finance crisis in Indonesia occurred due to financial instability (p-value 0.055) caused by the influence of pressure on Green Loans (p-value 0.654) through internal pressure turbulence (inflation p-value 0.0696) and external pressure turbulence (investment p-value 0.057 and import p-value 0.753) and pressure on Green Funds (p-value 0.360) through internal pressure turbulence (inflation p-value 0.141) and external pressure turbulence (export p-value 0.071 and investment p-value 0.388). The results of research can be used as a benchmark in anticipating a green finance crisis for stakeholders in Indonesia as particular and in ASEAN as general.

Keywords: Green Financial, Financial Crisis, Intermediary Banking, ASEAN, Financial System.



ESG Finance Development In ASEAN: A Potential Policy Towards Green Economy Transition

Ecky Imamul Muttaqin

Universitas Islam International Indonesia

ecky.muttaqin@uiii.ac.id

Abstract

The aim of this study is to explore green economy progress in ASEAN countries. The study applies two main models to examine ESG Finance development for transitioning towards green economy. The first model tries to examine the development of green innovation and patents, trade in environmental goods. We apply this model in three different ESG indicators mirroring ESG indicator, consisting of CO2 carbon emissions, human development index, and control of corruption. The second model proposes an approach to what extent financial market development moderates a better environmental quality. This study applies an econometric model using panel data analysis in Stata. The data is taken from a statistic dataset of World Development Indicator of World Bank, IMF, UNDP, and OECD dataset. The study provides a set of research findings, green innovation and patents, green trade, and green energy have different contributions on the progress of ESG Finance indicators. Overall, manufactures in green patents, trade, and energy clearly stimulate an improvement in environmental quality. Whereas social and governance account may not directly be elevated by these green manufactural advancements. It has also different impacts in which banking development is moderating the progress to strengthen, weaken, or even alter the proposed model. Therefore, the empirical results promote a different approach on how far green economy progress can also be stimulated by moderating it through financial market development in domestic bank loans.

Keywords: ESG Indicator, Green Innovation and Patents, Green Trade, Green Electricity, ASEAN Countries, Banking.



The Dynamics of Economic Growth in ASEAN 3: Bioeconomic Perspective

M. Abd. Nasir

University of Jember
abd.nasir@unej.ac.id

Adhitya Wardhono

University of Jember

Sultan Ananta

University of Jember

Ciplis Gema Qori'ah

University of Jember

Abstract

This research was conducted in three Association of South East Asian Nations (ASEAN) countries, namely Indonesia, Malaysia and Thailand, which have implemented a strategy of bioeconomic concepts in 2001-2021. The purpose of this research is to see the contribution of ASEAN 3 bioeconomy to economic growth by using the panel data regression method. The results with Panel Least Square show that agriculture, value added of manufacturing, and consumption of renewable energy have a significant value on the economic growth of ASEAN 3. On the other hand, there are three variables that are not significant to economic growth in ASEAN 3, namely fisheries, forestry, and Foreign Direct Investment (FDI).

Keywords: Bioeconomy; Economic Growth; ASEAN 3



The Contours of a Blue Economy Strategy In ASEAN

Dipindher S. Randhawa

Nanyang Technological University

isdipinder@ntu.edu.sg

Abstract

Oceans cover over 70% of the earth's surface, they are a major and growing source of food security, energy generation, biotechnology, and provide the largest carbon sink on the planet, with a potential that is expected to grow rapidly in the decades ahead. Over the course of history, the seas have shaped trade, culture and migrations across ASEAN. Nearly 625 million people in ASEAN draw upon the marine economy for their livelihoods, tourism is among the largest employers and revenue generators in the region, harvesting marine resources contributes to food security, export earnings. The region is home to a vast range of corals, marine life, and with considerable potential in emerging areas. Yet, oceans have been among the most neglected and abused parts of the planet, with mass dumping of organic and inorganic waste, overfishing to the point where fishing stocks are rapidly depleted to the point of extinction for many species. This paper addresses the distinct challenges faced by ASEAN as it endeavours to tap marine resources sustainably. What are the soft infrastructure demands and governance challenges that such an approach would entail. It suggests an approach that aligns regional and national approaches with measurable outcomes offering the most viable option towards achieving a Blue Economy. Governance of the oceans has been ad hoc, beyond the United Nations Convention on the Law of the Seas (UNCLOS) and some sectoral and national strategies, little attention paid regulation and norms governing use of the seas. Any attempts at addressing the challenges confronting the seas requires a cross-border approach with close collaboration. The Blue Economy entails sustainable use of ocean resources, encompasses traditional activities such as ports, fishing, coastal tourism, aquaculture to frontier technologies including power generation, carbon sequestration, to seabed mining, marine biotechnology for current and future generations.

Keywords: ASEAN, Blue Economy, Oceans



ESG Performance, State Ownership and Firm Valuation: Perspectives from Singapore Companies

Gayle Tan

Singapore University of Social Sciences
gayletan002@suss.ed.sg

Youngho Chang

Singapore University of Social Sciences
yhchang@suss.edu.sg

Abstract

This study examines how ESG performance and state ownership affects firm valuation in Singapore and determines if the effects of ESG on firm valuation are more pronounced in state-owned companies. The data comprises 51 companies listed on the Singapore Stock Exchange with complete ESG and financial information during the five-year period from 2018 to 2022. This study finds that only social practices positively and statistically significantly affect stock prices. Overall ESG values, and the other two dimensions of ESG appear not to be statistically significant. State ownership appears to positively and significantly affect stock price. The finding suggests that the Singapore government's substantial influence over corporate practices could accentuate the difference in market perception of ESG efforts between SOEs and companies. The study provides useful and practical implications to policymakers, managers and investors, which affect firm financial and operational performance.

Keywords: Sustainability, Responsible Business Practices, State Owned enterprises (SOE), Stock Price, Panel Regression Model.



PHOTO SESSION



Opening MC by Rachmat Idris



Opening Remarks by Muhammad Edhie Purnawan





Plenary Session



Ambassador's Welcoming Speech



Parallel Session

Gala Dinner



Handing Over and Declaration



Closing Remarks by Yoga Affandi

Closing Remarks by Yoga Affandi

Official Meeting



Njeron Beteng City Tour



MEDIA SUPPORT

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