

Industrial Policies for Achieving Asia-Wide Sustainable Growth

By Naoyuki Haraoka

Asian economies are beginning to emerge from the disastrous economic decline caused by the Covid-19 pandemic, though the impact on their competitiveness remains. The key challenges for this region's economy are overcoming this lingering adverse impact and consolidating ways to achieve stable, inclusive and sustainable growth to realize its claim to be the locomotive engine of global economic growth. We need industrial policies and structural economic reforms to achieve this.

JEF and ERIA (Economic Research Institute for ASEAN) started a joint research project in 2022 to explore the path for such industrial policies for Asian economies. Digitalization, SMEs, and energy and the environment were specific issues examined in their research. These three areas are fundamental to achieving sustainable and robust growth. In 2023, similar efforts in research were made on the issues of the aging society and trade liberalization, considered to be key to achieving business friendly environments. These two are considered other key issues in achieving sustainable growth through industrial policies.

In this issue, *Japan SPOTLIGHT* highlights a few leading thinkers on the issues covered by this research project and introduces their articles and interviews. A Roundtable discussion among distinguished economists highlights the reality of Asian economies in the age of a disrupted world economy against the background of growing geopolitical risks represented by the war in Ukraine and the US-China struggle for hegemony. They offer their views on how industrial policies are needed to mitigate the risk of Asian countries' losing momentum in their growth and sustainable development.

Prof. Masahito Ambashi, a member of the JEF-ERIA research team, introduces the findings of the research in 2022 on the digital economy, SMEs, and energy and the environment.

Following his article, an interview with Dr. Arsenio Balisacan, a high-ranking Philippine government official and economist and secretary of the National Economic and Development Authority (NEDA) in the Philippines, who participated in the JEF-ERIA research in 2022, introduces the key role of competition policy with regard to raising SMEs encouraged to contribute to sustainable growth.

We then move on to the issues covered by the second stage of our joint research project – the aging society and trade liberalization. Prof. Sachin Chaturvedi, director-general of RIS (Research and Information System for Developing Countries) and our colleague at the Asia-Pacific Forum, JEF's international roundtable on trade and economic policy issues, talks about how trade liberalization is vital to encouraging international competitiveness. Dr. Morragotwong Phumplab of Thammasat University in Thailand, Professor Datuk Dr. Norma Mansor, emeritus professor at Malaya University, and Dr. Reiko Hayashi, vice-president of the Japanese National Institute of Population and Social Security Research, all distinguished demographers in Asia, each address the aging society as raising crucial challenges for their economies, as well as Asia-wide collaboration in finding solutions.

It should be noted, lastly, that this JEF-ERIA collaborative research is evidence-based. Thus the key findings are the result of quantitative analysis. Such data-based analysis has been well developed in Asia, even with the somewhat limited availability of data among regional nations.

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