



10TH OECD-AMRO-ADB/ADBI-ERIA

Asian Regional Roundtable on Macroeconomic and Structural Policies

DRAFT AGENDA

Date: 15-16 June 2022

Background

The OECD-AMRO-ADB/ADBI-ERIA Asian Regional Roundtable convenes leading experts to discuss issues at the fore of recent economic developments in the region. It serves as a platform for knowledge sharing between the OECD, AMRO, ADB/ADBI, ERIA and emerging Asia's policy makers, as well as academics and the private sector, started from 2012. Previous roundtables were held in Singapore, Manila, Tokyo, Jakarta, and most recently virtually due to the COVID-19 pandemic. Recent topics have included US spillovers to Asian economies, financial reform and financial inclusion, digital transformation, supporting a green and inclusive recovery, and challenges to macroprudential and monetary policy.

This year's roundtable will take place over two days virtually, on 15-16 June 2022. The first day's sessions will tackle issues relating to climate change and how to respond to it, including enhancing the use of catastrophe bonds (OECD), and unlocking private investment in renewable energy (ADBI). ADB's session is on mobilizing taxes and how it can help address climate change and other pressing development issues. The second day's sessions are on international linkages and will cover supply chain resilience and digital connectivity in ASEAN (ERIA), and the measurement and policy implications of financial spillovers (AMRO).

DAY ONE, 15 June (all times are in Philippine Standard time)

14:00 – 14:05 Opening remarks

Joseph Ernest Zveglich, Jr., Deputy Chief Economist, Asian Development Bank (ADB)

14:05 – 14:50 [OECD] Session 1: Enhancing the use of bond instruments for catastrophic events in ASEAN: Catastrophe bonds (CAT) for country and regional pooled risks

Countries in ASEAN are highly exposed to natural hazards. Tackling this challenge requires a comprehensive strategy for disaster-risk management that also includes a broadening of financing sources to deal with the financial consequences of catastrophic events. In this regard, bond instruments are considered one of the most promising financial tools.

Developing catastrophe bonds (CAT) in ASEAN presents several advantages to both issuers and investors, and recourse to this financial instrument has become more widespread in recent years. Issuance by government and by developing countries remains, however, limited. In ASEAN, the Philippines is currently leading in the CAT bond market. The Philippines together with Indonesia are presenting several enabling factors for the further development of the CAT bond market, such as comprehensive regulatory frameworks for risk management and an advanced modelling capacity.

Key questions to be discussed will include:

- What kind of policies are needed in Emerging Asia for the region to effectively manage catastrophe risk?
- Are catastrophe bonds a feasible financing solution for ASEAN countries?
- Is there scope for regional co-operation in financing catastrophe risk?

Moderator: Prasiwi Ibrahim, Deputy Head of Asia Desk, OECD Development Centre

Keynote Presentation:

- Kensuke Molnar-Tanaka, Head of Asia Desk, OECD Development Centre
- Alexander Braun, Associate Professor and Director of Institute of Insurance Economics University of St. Gallen
- Olivier Mahul, Global Lead and Program Manager, Disaster Risk Financing and Insurance Program, World Bank

14:50 – 15:35 [ADBI] Session 2: Financing green energy: Unlocking private investment in renewable energy

Mobilizing private sector investment in low-carbon infrastructure is a core component of green energy transition and working toward the achievement of the Sustainable Development Goals and objectives on energy security and climate. Since the COVID-19 pandemic has considerably limited the fiscal policy space available for public investment, it is ever more important to understand which sources of private investment and which policies are effective in mobilizing private investment. Investment in low-carbon energy transition reached a record high of \$531 billion in 2020 globally, with recent data indicating that global investment in renewable power greatly exceeds that in fossil fuel power. This is partly related to the falling cost of renewable energy technologies. Developments in Asia are particularly important at the global level, with the region accounting for half of all investment in low-carbon energy transition and renewable energy. Moreover, recent energy security concerns and global commodity market disruptions due to the Ukraine war may lead to an accelerated impetus on energy transition toward renewables.

In this session, drawing on recent empirical work by ADBI staff, the drivers of private investment in renewable energy are assessed by source of financing, namely asset finance, corporate R&D, public markets, and venture capital and private equity. In particular, controlling for macroeconomic and financial market conditions, the role of public policies on renewable energy (public investment in R&D, feed-in-tariffs, and tax incentives) in leveraging private investment is examined for a sample of Asian and other economies.

Key questions to be discussed will include:

- What are the barriers to private investment in renewable energy, particularly in Asian economies?
- How can policy makers mitigate risks to investment in renewable energy in the region?
- What measures can policy makers adopt to maximize private investment in energy technologies at different stages of maturity?

- What are the implications of the Ukraine war on demand for renewable energy?

Moderator: Riznaldi Akbar, Senior Economist, CBT, ADBI

Keynote presentation: (i) John Beirne, Vice-Chair of Research Department, ADBI;
(ii) Dina Azhgaliyeva, Research Fellow, ADBI

15:35 – 15:45 – Short Break

15:45 – 16:30 [ADB] Session 3: Mobilizing Taxes for Development

Achieving the Sustainable Development Goals requires vast public spending in developing Asia. Adding urgency to fiscal resource mobilization is the need to restore fiscal sustainability in the wake of the COVID 19 pandemic. While more efficient public spending can free up additional fiscal resources and promote inclusive development, revenue mobilization remains essential to augment fiscal space across the region.

This session takes stock of taxation in developing Asia and explores the potential for the region's economies to increase tax revenue along various dimensions. These include improvements to VAT, rationalizing exemptions, strengthening personal income and property taxes, appropriate taxation of the fast-growing digital economy, and the use of environmental and health taxes can both raise revenue and contribute directly to meeting SDGs. The session will also discuss the challenges in implementing reforms, and what can be learned from past episodes.

Key questions to be discussed will include:

- How does developing Asia compare with other regions in the extent and nature of revenue mobilization?
- What scope is there for mobilizing additional revenues in developing Asia through various means?
- What lessons can be drawn from successful reform episodes?

Moderator: Donghyun Park, Advisor, Asian Development Bank

Keynote presentation: Yothin Jinjarak, Senior Economist, Asian Development Bank

Discussant: Charlotte Justine Diokno-Sicat, Ph.D., Research Fellow, Philippine Institute for Development Studies

DAY TWO, 16 June (all times are in Philippine Standard time)

14:30 – 15:15 [ERIA] Session 4: Supply Chain Resilience and Digital Connectivity in the Recovery and Rebuilding in ASEAN

The ASEAN economies endured negative supply and demand shocks during the pandemic but were resilient enough to withstand them to a large extent. ASEAN is expected to use this resilience in the recovery strategy for growth and structural change in international production networks and investments. In the recovery phase, ASEAN will need strengthening of its supply chains as well as greater participation in the supply chains of the digital economy. Improved digital connectivity in future will positively affect not only e-commerce but also overall economic performance, and therefore has deep implications for ASEAN's development. This is because the development of information technology (IT) and communications technology (CT) not only has the potential to enhance existing globalisation through international trade and global value chains (GVCs), but also leads to ASEAN's greater participation in the ICT-led international division of labour or "the third unbundling."

Key questions to be discussed will include:

- ASEAN has remained resilient in protecting its supply chain networks and consequently, its trade with its important partners. How will ASEAN strengthen its supply chains' performance in the recovery phase and maintain its trade openness to the world?
- How can ASEAN move towards a digital society in which digital connectivity is the enabler of its participation in the new supply chains that are based on the information and communication technology (ICT)?

Moderator: Anita Prakash, Senior Policy Advisor, ERIA

Keynote Presentation:

- Keita Oikawa, Senior Economist, ERIA, "ASEAN's supply chain resilience and growth strategies in the recovery phase"
- Lurong Chen, Senior Economist, ERIA, "Digital connectivity for ASEAN's greater participation in the new productions networks and supply chains"

15:15 – 16:00 [AMRO] Session 5: A Financial Spillovers Index—Cross-country Evidence and Policy Implications

Globalization has greatly increased financial spillovers across asset markets. These financial spillovers appear to rise dramatically during crises. During this session, AMRO will present its paper which aims to analyse the dynamics of spillovers into the ASEAN+3 region and other emerging markets at the regional and country levels. It intends to use a time-varying parameter vector autoregressive (TVP-VAR) framework to measure spillovers. These spillover metrics will then be associated with capital flows into and across countries and regions. The session will also present policy implications and conclusions drawn from the analysis.

Key questions to be discussed include:

- What are the characteristics of global spillovers across asset markets? Do these financial spillovers increase during crises?
- What are the dynamics of financial spillovers into the ASEAN+3 region and other emerging markets? Do these differ across regions and countries?
- What metrics can be used to measure these spillovers? Are these metrics associated with capital flows into and across countries and regions?
- What policy implications and conclusions can we draw from the analysis?

Moderator: Prashant Pande, Senior Financial Sector Expert, AMRO

Keynote presentations:

- Trung Thanh Vu, Associate Economist, Surveillance, AMRO
- Sanjay Kalra, Lead Economist (Group Head), Surveillance, AMRO

16:00 – 16:05 - Closing remarks

Koji Hachiyama, Chief Operating Officer, ERIA

[Note: The host institution for the 11th Roundtable will be ERIA]