

# 2019 WORLD BANK - ASIA COMPETITIVENESS INSTITUTE ANNUAL CONFERENCE ON “URBANIZATION DRIVE AND QUALITY ADJUSTED LABOUR CONTRIBUTIONS TO GDP”

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JOINTLY ORGANIZED BY  
THE WORLD BANK GROUP, WITH  
ASIA COMPETITIVENESS INSTITUTE  
AT LEE KUAN YEW SCHOOL OF PUBLIC POLICY,  
NATIONAL UNIVERSITY OF SINGAPORE

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Lee Kuan Yew School of Public Policy,  
National University of Singapore

*2019 Annual Conference Proceeding*

Edited by Zhang Xuyao, Tracy Cai Jiao and Dewi Jelina Ayu



*In 2020, ACI was ranked 11<sup>th</sup> globally, 2<sup>nd</sup> in Asia, and 1<sup>st</sup> in Singapore amongst 94 think tanks worldwide under the “Best University Affiliated Think Tank” category by the Think Tanks and Civil Societies Program at the University of Pennsylvania, USA.*

## About ACI

The Asia Competitiveness Institute (ACI) was established in August 2006 as a Research Centre at the Lee Kuan Yew School of Public Policy (LKYSPP), National University of Singapore (NUS). It aims to build the intellectual leadership and network for understanding and developing competitiveness in the Asia region. ACI seeks to contribute to the enhancement of inclusive growth, living standards, and institutional governance through competitiveness research on sub-national economies in Asia. It identifies mitigating issues and challenges for potential public policy interventions through close collaboration with regional governments, business corporations, policy think-tanks, and academics. ACI's three key research pillars include (I) Sub-national economies level competitiveness analysis and city-level liveability analysis; (II) Firm-level competitiveness analysis in 16 Asia economies; and (III) Singapore's long-term growth strategies and public policy analysis.

ACI's value propositions may be encapsulated in its acronym:

**A**nalytical inputs to initiate policies for policy-makers and business leaders in Asia

**C**apacity building to enable others through improvement in productivity and efficiency

**I**ntellectual leadership to create pragmatic models of competitiveness and inclusive growth

The institute's core research competencies can also be encapsulated in this acronym describing our evidence-based assessments conducted on public policies for **A**SEAN in the context of the rise of **C**hina and **I**ndia.

## Vision and Mission

- ACI's over-arching vision is to build up its research credibility with policy impact, contributing as a professional, world-class think-tank.
- ACI's mission is to establish our niche as a leading policy think-tank by identifying competitiveness trends, opportunities, and challenges, as well as promoting competition and synergizing complementarities amongst Asian economies and business corporations.
- ACI endeavours to articulate sound recommendations, entice discourse, and shape agenda in the arena of public policy amongst Asian governments.
- ACI undertakes evidence-based analysis of public policy issues and decisions, in order to provide assessment of their effectiveness as well as economic and societal impact.

## Research Initiatives and Collaborations

- I. Identify trends of competitiveness and policy analysis on trade and investment of ASEAN, within the regional context of competition and complementarities with China and India.
- II. Identify competitive strengths and conduct policy analysis on Singapore within the context of regional economies with international benchmarking.
- III. We are regularly releasing three indices on liveability ranking including 64 Global Cities, 100 Greater China Cities, and 17 Shandong Cities.
- IV. We have established an Ease of Doing Business (EDB) Index on Attractiveness to Investors, Business Friendliness, and Competitive Policies for 21 sub-national economies of India and 33 sub-national economies of Indonesia.
- V. We have signed Memoranda of Understanding (MoU) with The World Bank (2015), Enterprise Singapore formally known as SPRING Singapore (2014) and European Central Bank (2014). The MoU between The World Bank and National University of Singapore, coordinated through ACI, was signed in 2016.
- VI. We have signed MoUs with various institutions in Greater China economies, including Institute of Economics at Shanghai Academy of Social Sciences (2019), Institute of World Economics at Shanghai Academy of Social Sciences (2016), Shandong Academy of Social Sciences (2015), Chongqing Municipal People's Government (2015), China Institute for Reform and Development, Haikou (2015), Counsellors' Office of the People's Government of Guangdong Province (LOI, 2014), and Chung-Hua Institution for Economic Research, Taiwan (2015).

- VII. We have signed MoUs with seven Chief Ministers' Offices in Uttarakhand (2019), Andhra Pradesh (2018, 2017 & 2015), Bihar (2015), Chhattisgarh (2015), Madhya Pradesh (2015), Odisha (2015), and Punjab (2015).
- VIII. We have signed a MoU with Committee for Acceleration of Priority Infrastructure Delivery at Coordinating Ministry for Economic Affairs, Indonesia (2016), Indonesia Investment Coordinating Board (2014), Indonesian Agency for Agricultural Research and Development at Ministry of Agriculture (2014), Indonesian President's Delivery Unit for Developing Monitoring and Oversight (2013), and Employer's Association of Indonesia (2013).
- IX. We have signed MoUs with Asian think-tanks and institutions, including Institute of Economic Growth, India (2018), Vietnam Chamber of Commerce and Industry, Vietnam (2016), Centre for Strategic and International Studies, Indonesia (2015), Institute of Strategic & International Studies, Malaysia (2015), Philippine Institute for Development Studies, the Philippines (2015), Thailand Development Research Institute, Thailand (2015), and Central Institute for Economic Management, Vietnam (2015).

## About ACI's Research Pillars

ACI has consciously engaged in economic research that has significant relevance to Singapore and the Asian region. Over the years, ACI has focused on our expertise in quantitative competitiveness analysis and simulation, spinning off volumes of research output in the applications of our methodology and regional insight. At this stage, ACI has identified three core research pillars that will guide and define its research efforts moving forward. The three research pillars are as follows:

### Pillar I. Sub-national Economies Competitiveness Analysis

ACI engages in systematic and methodical competitiveness analyses of the sub-national economies by using an evidence-based, empirical approach involving a comprehensive list of relevant indicators, which are categorised under multiple layers called the 'environments'. A number of our projects, including competitiveness analyses of Greater China, ASEAN-10, India, and Indonesia, as well as other thematic research projects, were conducted by adopting this common methodology, with potential variations in the specific environments and indicators. ACI's competitiveness analysis of Asian economies goes beyond the usual ranking to offer constructive policy recommendations on how individual member states can improve their rankings vis-à-vis their sub-national or regional peers through the application of the 'what-if' simulation, which provides the projected improvements of each state's ranking whereby the bottom one-fifth of its indicators are enhanced.

### Pillar II. Micro-based Firm Level Competitiveness Analysis

Micro-based firm level competitiveness analysis is ACI's second research pillar that has been developed in view of the intrinsic importance of firm-level competitiveness in terms of productivity, efficiency, and governance. In the context of globalisation, mobility of economic activities, and blurring of borders, an understanding of the determinants and dynamics of firm-level competitiveness is paramount, in order for policy makers to adjust and prepare their industries for an increasingly competitive economic landscape. To this end, ACI has partnered with the European Central Bank to carry out research in this area, possessing a solid foundation in firm-level productivity research in the form of European Competitiveness Network database and methodology. ACI envisaged the expansion of Competitiveness Research Network (CompNet) into Asia, thereby pioneering the Asia's CompNet in encompassing 16 economies in Asia.

### Pillar III. Singapore's Long-term Economic Growth Strategies and Public Policies Analysis

The third and imminent research pillar focuses on Singapore's long-term economic growth strategies in the context of changing circumstances, future trends, and emerging opportunities for Singapore in the decades ahead. In particular, ACI will take on the task of critically examining Singapore's public policy strengths and areas of improvement by assessing policy successes of the past, identifying new issues to address and the current policy gaps, through a systematic and evidence-based research inquiry using quantitative methodology and empirical data, leveraging on our network of policy experts.

## Founding Patron and International Advisory Panel

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### Founding Patron

**Mr George Yeo**

Visiting Scholar, Lee Kuan Yew School of Public Policy, National University of Singapore & Former Minister of Foreign Affairs, Singapore

### International Advisory Panel

#### Co-Chairs:

**Professor Michael Porter (2006-2010)**

Bishop William Lawrence University Professor

**Ms Marjorie Yang (2006-2012)**

Chairman, Esquel Group

#### Members:

**Professor Kishore Mahbubani**

Former Dean, Lee Kuan Yew School of Public Policy, National University of Singapore

**Dr Kuntoro Mangkusubroto**

Former Head, President's Delivery Unit for Developing Monitoring and Oversight (UKP4), Indonesia

**Mr Narayana Murthy**

Former Chairman, Infosys Technologies Limited

**Mr Philip Yeo**

Former Chairman, Enterprise Singapore

**Mr Gabriel Lim**

Permanent Secretary, Ministry of Trade and Industry

**Ms Yong Ying-I**

Permanent Secretary, Public Service Division

**Professor Chan Kam Leung Alan**

Former Dean, College of Humanities, Arts and Social Sciences, Nanyang Technological University

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## Asia Competitiveness Institute

#### Co-Directors:

**Associate Professor Tan Khee Giap (2011 till now)**

**Professor Tan Kong Yam (2011 till now)**

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## **Executive Summary of 2019 World Bank - Asia Competitiveness Institute Annual Conference on “Urbanization Drive and Quality Adjusted Labour Contributions to GDP”**

As indications of economic potential, factor inputs, i.e. labour and capital, are always of interests to economists and policymakers. However, the traditional computation of labour productivity, i.e. output over input, is at macro-level and greatly influenced by the country’s gross domestic product (GDP) performance. It fails to capture the heterogeneity of different type of workers at micro-level. Thus, the quality adjusted labour productivity does take the following the following factors into consideration: gender, age, education, class and industries.

In this context, the Asia Competitiveness Institute (ACI) at the Lee Kuan Yew School of Public Policy (LKYSPP), National University of Singapore (NUS) and the World Bank Group had jointly co-hosted the 2019 Annual World Bank Group - ACI Competitiveness Conference on “Urbanization Drive and Quality Adjusted Labour Contributions to GDP” at the Oei Tiong Ham Building, National University of Singapore, on 18-19 November 2019. Among those in attendance were senior government officials from the Asian region, policy think tanks, industry captains, academic scholars, senior members from international agencies and diplomatic community. The conference provided the ACI research team with a platform to discuss their latest empirical findings with policy implications. The program of the conference includes plenary and topical sessions, coupled with keynote addresses by high-level participants from the public and private sector.

The conference began with Welcome Remarks from Associate Professor Tan Khee Giap, Co-Director, ACI-LKYSPP, NUS, and **Ms Jyoti Shukla**, Director, Singapore Infrastructure and Urban Development Hub, The World Bank Group. In her Welcome Remarks, Ms Shukla recounted the importance of Asia as the centre of gravity for global economic growth. She also noted the recent growth slowdown with corresponding easing in poverty reduction within East Asia.

After the Welcome Remarks, the **Guest of Honour, Dr Bambang Brodjonegoro**, Minister for National Development Planning Agency, Republic of Indonesia, witnessed the official launch of six books by the ACI-LKYSPP.

Following the book launch, the Guest of Honour, Dr Bambang Brodjonegoro, Minister for National Development Planning Agency, Republic of Indonesia, gave the Opening Remarks on the subject of “Special Economic Zones (SEZs) to Promote Economic Growth, Employment Creation and Balanced Regional Development in Indonesia”. Dr Bambang highlighted the role of SEZs as an area of innovation not only in the Jakarta area, but more importantly all over Indonesia. Dr Bambang then proceeded to describe the role of SEZs to mitigate problems faced by investors, such as unfair tax treatments and potential conflicts between the central and local governments. He further stressed that SEZs would allow Indonesia to increase its status as an industrialized country and benefit from Industrial Revolution 4.0.

The Minister’s Opening Remarks was followed by a plenary session on the annual update to competitiveness rankings and simulation studies on the ASEAN economies as well as the quality-adjusted labour productivity in five selected ASEAN economies.

The Conference Luncheon Talk was delivered by **Tan Sri Rastam Mohd Isa**, Chairman and Chief Executive, Institute of Strategic and International Studies, Malaysia, on the theme of “APEC Beyond 2020: Challenges and Opportunities for a New Vision and Mission”. Tan Sri Rastam emphasised the APEC’s successes including the promotion of regional economic integration and trade, promotion of measures and means to facilitate ease of doing business and committing to a sustainable future for inclusive growth in the region.

He also addressed challenges and opportunities for a new vision and mission for APEC beyond 2020. Tan Sri Rastam stressed the role of Malaysia in leading and steering APEC towards a new phase in the post-Bogor Goals era.

The rest of the conference for the day consisted of plenary sessions on the competitiveness rankings, quality-adjust labour productivity analyses on subnational economies of China, Indonesia, and India.

The second day of the conference began with Welcome Remarks by Professor Tan Kong Yam, Co-Director, ACI-LKYSPP, NUS who briefly introduced to participants the keynote speakers of the day.

After the Welcome Remarks, the first Keynote Address was delivered by **Dr Bambang Wijanarko**, Deputy Director for Development and Management Controlling, Secretariat of the National Council for Special Economic Zone (SEZ), Coordinating Ministry for Economic Affairs, Republic of Indonesia, who spoke on “Planning and Execution of Successful SEZs Development Strategies for Indonesia”. Dr Bambang’s discussion revolved around the economic challenges faced by countries in Asia and offered some inputs and ongoing strategies from Indonesia. He articulated the critical role of SEZs in Indonesia’s development strategy.

The second Keynote Address was given by **Dr Ir H Isran Noor M. Si**, Governor, Province of East Kalimantan, Indonesia, on the topic of “Potential Development to East Kalimantan given the Relocation of the Indonesian New Capital”. Dr Isran Noor stated the achievements and challenges in East Kalimantan’s development. He elaborated the huge impacts on the future development direction by the announcement of East Kalimantan province of which the new capital of the Republic of Indonesia is going to be located.

The third Keynote Address was delivered by **Dr H. Irianto Lambrie**, Governor, Province of North Kalimantan, Indonesia, on “Potential Development to North Kalimantan given the Relocation of the Indonesian New Capital”. Dr Irianto addressed the relocation of Indonesia’s capital and its effect on the neighbouring provinces. He also shared insights on main development strategies and related issues in North Kalimantan.

Following Dr Irianto’s Keynote Address, **Dr Nurdin Basirun**, Governor, Province of Riau Islands, Indonesia, delivered the fourth Keynote Address on “Investment Window of Opportunity during US-China Trade Friction for Batam, Bintan and Karimun”. Dr Nurdin discussed the investment benefits from the current trade friction between China and the United States of America. He also admitted difficulties to take advantage on the current trade friction a small sub-national economy.

The fifth Keynote Addresses were given by **Ms Jyoti Shukla**, Director, Singapore Infrastructure and Urban Development Hub, The World Bank Group, and **Dr Mark Roberts**, Senior Urban Economist, Urban, DRM, Resilience and Land Global Practice, The World Bank Group, on “Time to ACT: Realizing Indonesia’s Urban Potential”. Ms Shukla stressed that urbanisation has brought both prosperity and negative externalities to Indonesia. Dr Roberts proposed three policy principles to tip the balance, so that Indonesia could realise the full potential of urbanisation.

After the final Keynote Addresses, there were plenary sessions on 2019 ACI-Shanghai Academy of Social Sciences Greater China Liveable Cities Index and Annual Indices for Expatriates and Ordinary Residents on Cost of Living, Wages and Purchasing Power for World’s Major 105 Cities.

The plenary sessions were followed by a Conference Luncheon Talk presented by **Dr Luky Eko Wuryanto**, Vice President and Chief Administration Officer, Asian Infrastructure Investment Bank, on “Sustainable Cities and Shift in Production Value Chains”. Dr Luky stressed the importance of sustainable development for cities. He noted that new technology advancement and economic activities applying disruptive technology are significantly influenced or inspired by increasing consciousness toward



sustainability. Dr Luky discussed the shifts affecting value-chains. In particular, the regional concentration has put more pressure on cities within a region to connect physically to cope with population growth, social and economic demands.

Following Dr Luky's luncheon talk, **Professor Tan Kong Yam**, Co-Director of ACI-LKYSPP, NUS, brought the conference to a close by delivering the Closing Remarks on the way forward for future research agenda. Professor Tan commended the Keynote Speakers for their meaningful contributions to the conference and the importance of the collaboration with Shanghai Academy of Social Sciences.

# **Conference Welcome Remarks I**

**Associate Professor Tan Khee Giap  
Co-Director, ACI-LKYSPP, NUS**

Good morning, Dr Bambang Brodjonegoro, our Guest of Honour for today. Dr Bambang is not only Indonesia's Minister for Research and Technology, but he is also the Chairman of Indonesia's National Agency for Research and Innovation. We are very honour indeed to have Dr Bambang here today notwithstanding his busy schedules.

The support from the World Bank Group has been tremendous for the past few years. Despite their busy commitments, the World Bank Group team is able to help us to source for distinguish speakers and discussants which no doubt will enrich the conference further. In particular, we would like to express our deep appreciation to Madam Jyoti Shukla, Director of Singapore Infrastructure and Urban Development Hub, The World Bank Group, who has given her consistent supports all these years to ACI that is Asia Competitiveness Institute at Lee Kuan Yew School of Public Policy, National University of Singapore. Thank you Madam!

This year's ACI competitiveness conference, we have three governors from East Kalimantan, North Kalimantan and Riau Islands, and Tan Sri Rastam Mohd Isa, who is the Chairman and Chief Executive of Institute of Strategic and International Studies, Malaysia. Tan Sri Rastam will deliver an important luncheon talk today as Malaysia will host APEC in 2020. Dr Luky Eko Wuryanto, who is the Vice President and Chief Administration Officer of Asian Infrastructure Investment Bank, will also deliver a luncheon talk tomorrow at our conference.

Today we also have distinguished representatives from 34 provinces of Indonesia, including the provincial members from Employers' Association of Indonesia (APINDO), academics from 34 local universities and senior government officials from the 34 Indonesian provinces. Most welcome to all!

Last night, during the welcome dinner, we found something pleasant which we did not plan nor expect. Dean of Shandong Academy of Social Sciences was seated next to the governor of Riau Islands. We were told by the governor of Riau Islands, he actually signed a MOU yesterday with the governor of Shandong for them to invest in Riau Islands to create 22,000 jobs and USD15 million of investment. I believe the Dean of Shandong Academy of Social Sciences will do more research to make sure that more investment would come to Indonesia, especially to Riau Islands, as to how to create more jobs and bring about the economic prosperity to the various parts of Indonesia. Hopefully in the following two days, all parties concerned would discover more significant areas of cooperation.

I am also glad to announce that we have a few senior representatives from Shanghai Academy of Social Sciences. Asia Competitiveness Institute has signed a MOU with Shanghai Academy of Social Sciences. We shall be part of China's urbanization drive, which will be the next phase of development. The various representatives we have today reflect the core objectives of ACI is to help to promote the regional economic development and integration.

From the rest of the sessions in the conference, you will find out that we identify seven mature European cities which are facing problems of declining purchasing power. It coincides that these seven cities are the ones with social rioting, including Amsterdam, Athens, Brussels, Dublin, Lisbon, London, Paris and Rome. We think the right of people will have a stake in economy, like what is happening in Hong Kong. It would be very exciting to have an intensive discussion on this later.

For those who have never come to Singapore or who came to Singapore many years ago, please take a fresh look at Singapore. Not only now we have Gardens by the Bay, we now also have a garden in the air at the Changi airport called the Jewel. I am sure you will like it. As usual, we look forward to your active participation. Thank you!

## Conference Welcome Remarks 2



**Ms Jyoti Shukla**

**Director, Singapore Infrastructure and Urban Development Hub, The World Bank Group**

Good morning.

It has been about two years since I have been coming for this conference and the conference is getting more interesting and exciting. Congratulations to the Asia Competitiveness Institute (ACI)!

On behalf of the World Bank Group, it is really an honour and pleasure to be a partner with ACI and to work on these important issues together.

For today's conference, I would like to take this opportunity, together with Professor Tan to welcome and appreciate the presence of His Excellency Pak Bambang for gracing the occasion. It is particularly welcome as he has a new portfolio which also focuses on innovation, a really important thematic issue for East Asia for going forward.

Let me also welcome the Governor from Riau Islands and other important luminaries, and most importantly the researchers who are here today.

As we have been talking in the past, globally, the growth in and how East Asia does from a development perspective is really important, because as we well know, a large percentage of the global population now lives in East Asia, as well as it is the centre of gravity for global economic growth. What East Asia does and what Asia does will have an important impact globally.

And for that, the evidence based work of researchers here in National University of Singapore and Asia Competitiveness Institute, and very vibrant discussion of such conferences are really important. It is particularly important as you start off these two days for me to emphasize a little bit on the trends emerging from the economic update that the World Bank just released. The economic update that just came out in

October 2019 is more sobering than when we met here in April 2019. In just about six months, we see more headwinds emerging globally as well as for East Asia. The most recent economic update projects that regional growth will decline from 6.3% in 2018 to 5.8% in 2019, and 5.7% in 2020. That is an almost 10% decline, a fairly sobering prospect and that is what really makes it very important that we come together to reflect on the basic fundamentals of competitiveness and the building blocks of economic growth - whether it is good sound economic policy, and whether we have a sound regulatory environment for business and innovation.

This is really where I hope your deliberations for the next two days take you. In this particular context, it is also important to realize that economic growth is not just a number. The World Bank Group also estimates that as growth moderates, the pace of poverty reduction will slow down. In 2019, it is estimated that the poverty rate in developing East Asia and Pacific, using the upper middle income country poverty threshold, which is USD5.5 per day, has been revised upward to 24%, compared to 23% in April 2019. This translates, unfortunately, to 6.6 million additional people in developing East Asia and Pacific predicted to remain below the UMIC poverty threshold. As Professor Tan mentioned in his opening remarks, we are also in a period where not only is there a slowing down of global growth, but also growing social unrest.

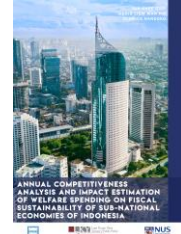
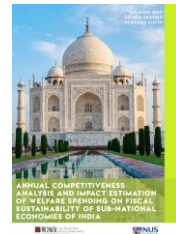
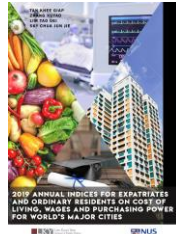
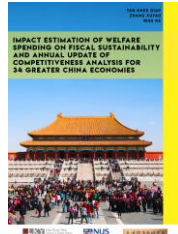
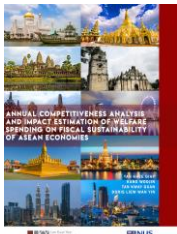
The good news is that on either extreme of population quintiles, we have seen income growth and declines in extreme poverty. Especially in East Asia, the share of income of bottom 40% has been increasing. But at the same time, what we see in the upper most quintiles, especially the top 2% and 5% an even greater growth in the share of income. So what does it mean for the middle income quintiles? The middle quintiles see their shares of income growth declining. And that is one of the major sources of considerable unrest that we see globally. In that context, it is really important for this community of economists to go back to the fundamentals and to continue to re-examine the fundamentals of inclusive economic growth, which is the base and foundation for prosperity in this region going forward.

Looking around the room, I think there could be no better audience and no better participants to engage productively in the discussion. We have a very inclusive and robust group of serious economists and country clients. It is particularly encouraging that based on the discussions in this for a in the past, real projects have gone forward.

With that, let me join Professor Tan and Asia Competitiveness Institute in welcoming you to this conference. We are looking forward to the productive discussions for the next two days.

Thank you.

## Launch of Six Books by Asia Competitiveness Institute



### List of publications launched, from left to right:

- "Annual Competitiveness Analysis and Impact Estimation of Welfare Spending on Fiscal Sustainability of ASEAN Economies"**  
 Authors: Dr Tan Khee Giap, Ms Kang Woojin, Mr Tan Kway Guan & Ms Doris Liew Wan Yin
- "Impact Estimation of Welfare Spending on Fiscal Sustainability and Annual Update of Competitiveness Analysis for 34 Greater China Economies"**  
 Authors: Dr Tan Khee Giap, Dr Zhang Xuyao & Mr Mao Ke
- "2019 Annual Indices for Expatriates and Ordinary Residents on Cost of Living, Wages and Purchasing Power for World's Major Cities"**  
 Authors: Dr Tan Khee Giap, Dr Zhang Xuyao, Mr Lim Tao Oei & Mr Sky Chua Jun Jie
- "Greater China Liveable Cities Index: Ranking Analysis, Simulation and Policy Evaluation"**  
 Authors: Dr Tan Khee Giap, Dr Shen Kaiyan, Dr Wang Hongxia, Dr Zhang Xuyao & Mr Mao Ke
- "Annual Competitiveness Analysis and Impact Estimation of Welfare Spending on Fiscal Sustainability of Sub-National Economies of India"**  
 Authors: Dr Tan Khee Giap, Ms Jigyasa Sharma & Ms Sumedha Gupta
- "Annual Competitiveness Analysis and Impact Estimation of Welfare Spending on Fiscal Sustainability of Sub-National Economies of Indonesia"**  
 Authors: Dr Tan Khee Giap, Ms Doris Liew Wan Yin & Ms Clarice Handoko



## Conference Opening Remarks

### **“Special Economic Zones to Promote Economic Growth, Employment Creation and Balanced Regional Development in Indonesia”**



**Dr Bambang Brodjonegoro**  
**Minister for Research and Technology,**  
**Chairman of National Agency for Research and Innovation, Republic of Indonesia**  
[Speech adapted for ACI book publication]

The topic of today's discussion will be about SEZs and the role of SEZs as an area of innovation not only in the Jakarta, but more importantly all over Indonesia. Indonesia realized that technology itself will not be enough to make Indonesia more competitive. If Indonesia wants to be developed economy, there has to be a special agency dealing with innovation, and that will be the National Agency for Research and Innovation.

The idea of innovation will be very important because we have very big ambitions and aspirations. The idea stems from PricewaterhouseCooper (PwC), a consultancy firm. PwC predicts that 30 years from now, in 2050, Indonesia will be the top five biggest economy in the world. This is a good predicament, but the next question is how we can realize that kind of potential. From our current situations, Indonesia have the foundation to be a developed economy. The experience of Japan, South Korea, China, and neighboring countries like Malaysia, Thailand and Singapore, shows that demographic bonus is a unique feature of East Asian economy. For East Asian countries that attempt to elevate their economy, demographic bonus plays a part for these countries to become a developed economy.

Some examples of this phenomenon occur in Japan and South Korea. So do so countries manage to take advantage of their demographic bonus before they reached the stage of aging population?. Unfortunately, in 2010, Indonesia has begun to have the demographic bonus which will end around 2040. So Indonesia still have 20 years to develop the potential of demographic bonus and accelerate ourselves to become part of the developed economy. Countries experienced high economic growth during demographic bonus, but the

growth has slowdown once they are faced with an aging population. An example would be Japan. Japan experienced the demographic bonus in the 1980s up to earlier 1990s. Japan's economic growth is so high that they became the second biggest economy in the world, behind only US. However, when Japan's population is aging population, their growth slows down. Japan's economic growth at times reaches zero percent, in which the country attempts to create inflation. Whereas in South East Asia, especially in Indonesia, we are trying to make inflation as low as possible. Currently, Indonesia's annual inflation is around 3 percent, which is higher than our ASEAN's counterparts like Singapore, Phillipines, Thailand and Malaysia. In Japan, it is difficult to have inflation instead of deflation as consumption decreases amid an aging population. Therefore, we need to take advantage of this demographic bonus. If Indonesia has not yet achieved the status of a developed economy by 2040, Indonesia may fall into the middle income's trap. This is the reason why utilizing demographic bonus is important. To become the top 5 economy by 2050, Indonesia will need to accelerate its economic growth. Currently, Indonesia is the 16th largest economy in the world, with GDP of over US\$1 trillion.

By 2030, Indonesia needs to become the top 10 economy in the world in terms of nominal GDP. This is the first stage of how to leverage our economy to be in the top 10. Other than the size of economy, income per capita is also important for Indonesia to avoid the middle income's trap. Currently, Indonesia's income per capita using Gross national Income (GNI) per capita is around US\$3.800 to US\$4.000.

In order to be developed economy, I believe we need to reach over US\$13,000 per capita. In order to do so, we have to anticipate the future which is the Fourth Industrial Revolution (Industrial Revolution 4.0). Is Indonesia ready to be in the part of industry 4.0? According to one survey, Indonesia is considered a potential entrance and potential country to be part of industrial revolution 4.0. However, Indonesia is currently facing pre-mature industrialization. A trend that needs to be reversed. In 1990s, the contribution of manufacturing to GDP was almost 30 percent, but there was financial crisis in 1998 which had badly affected Indonesia's industrialization process. Currently, contribution of manufacturing to GDP is less than 20 percent.

The Ministry of Industry and BAPPENAS, have outlined several priorities for Indonesia to be more competitive in industrial revolution 4.0. The roadmap of industrial revolution 4.0 will prioritize the growth and development of five top-priority sectors (or five top manufacturing products). One of the sectors is foods and beverages (F&B). The F&B sector produces the highest output and generate most numbers of employment. The industry also produces one of the highly exported products. F&B firms from Indonesia have also invested in countries outside of Indonesia. For example, Indonesia's F&B companies have built factories in several countries in Middle-East, Africa and Europe. Other priority sectors are the chemicals and pharmaceuticals industry, textile and apparels, electronics and automotives industries.

These five industries are selected as they have high impact and great feasibility. The F&B and textiles industries have a large presence in Indonesia. Although Indonesia does not have a single brand in automotive, but there are several product developments in automotive made almost 100 percent by Indonesian. Automotive vehicles such as Toyota, Daihatsu and Mitsubishi are produced and designed in Indonesia. Besides that, another reason that these five industries are chosen is because of domestic demand.

Moving on to the topic of SEZ, why we are trying to promote SEZ in Indonesia? There are many reasons with references from China's success. The emergence of China as one of largest and most competitive economy in the world started from its SEZ. Just across Hongkong, Shenzhen is the beginning for the emergence of China as a major industry power in the world. However, Indonesia cannot duplicate China's model because China was a close economy during that time, after which China had gradually open up its economy from Shenzhen. Whereas Indonesia is an open economy and even though Indonesia is not as competitive, it wants to replicate China's success in raising its competitiveness through its SEZ. The government can grant discretion through SEZ to raise competitiveness. Moreover, investors that wants to build a manufacturing plant in Indonesia were constraint by local regulation, unfair tax treatment, and potential conflicts with the locals. Hence, SEZ is very important to mitigate these issues.

Besides that, SEZ allows Indonesia to increase its status as an industrialized country and benefit from industrial 4.0. Out of the five priorities introduced by President Joko Widodo in his second term, three of them are related to the idea of competitiveness. The first is economic transformation. Indonesia needs to undergo economic transformation to shift from natural resources dependent economy to a manufacturing-based economy. This requires Indonesia to re-industrialized its economy as a part of the economic transformation. In order to re-industrialized the economy, Indonesia needs to attract investment, both domestic investment as well as foreign investment. The World Bank has discussed extensively on the investment bottle-neck in Indonesia, which is constraint by its complicated regulatory framework. Besides being complicated, the regulations also faced problems with the execution. Hence, simplification of the regulatory constrain is another key priority as it can support economic transformation through investment. Other ways of attracting investment to Indonesia including establishing SEZ's unit infrastructure, physical infrastructure such as road, network, seaport, airport, electricity and other type of infrastructure.

This are eight SEZs in Indonesia. Each SEZs has a different priority sectors to promote the value-add industries and stronger value-chain of the economy through manufacturing and services sector especially tourism. Both of these sectors can create inflow for the Indonesian economy. One of the most fundamental problem in our economy lies our trade deficit. So, focusing on the value added in manufacturing, especially in natural resources, can increase export. For tourism, Indonesia can create more inflows by encouraging more foreign tourist visits from other countries such as Singapore. Tourism is part of value added. Other than the number of foreign tourists, it is more important to evaluate the volume of foreign exchange earning that Indonesia can generate from the tourist activities. Indonesia is also attempting to encourage higher spending tourism. Higher spending tourism can be manifested in two ways. Firstly, tourists with a longer visit tend to spend more, and in order for tourists to stay longer in Indonesia, there needs to be an increase in the quality of the tourism destination in Indonesia.

The biggest source of foreign tourist to Indonesia is Singapore. However, Singaporeans often visit Batam and Bintan only for a short period for it is located close to Singapore. Another source of tourists is from Malaysia due to geographical proximity and Timur Leste, which borders Indonesia in Timor Island. Most of the high spending tourists are from China, Australia and Japan, but the number of tourists from these countries have not achieved the level that we would like to have. This indicates that the earning from tourism is still below its potential. Hence, SEZ for tourism is important to increase the value added of the tourism sector.

Most of SEZS are located outside Java as Indonesia needs to industrialize regions outside of Java such as Sumatra, Kalimantan, Sulawesi, Maluku, Papua, and Nusa Tenggara. The focus in Sumatera, Kalimantan, Sulawesi, Maluku, Papua, and Nusa Tenggara is on downstreaming of the natural resources. In Sumatra, downstreaming of palm oil and rubber would be the main industry. In Kalimantan, downstreaming of bauxite into alumina will be the key industry. Currently, Sulawesi has a big industry in the downstreaming of nickel. Sulawesi is the one of biggest exporters of nickel in the world, and has started to house manufacturing industry in nickel. Nickel can be mixed with iron to produce ferronikel, which is used to manufacture stainless steel. Indonesia has been one of the biggest nickel exporter for long time, but Indonesia did not have a stainless steel factory. Currently, as a result of the downstreaming policy and downstreaming efforts, the first stainless steel factory was built in Central Sulawesi. As natural resource is a huge asset, Indonesia should not export raw materials, but value added from the natural resources. This is also one of the main purposes of SEZs.

Indonesia needs to move from natural resources-based economy into innovation driven economy. This is the reason for South Korea's success today. In South Korea, they employ the strategy of "from imitation to innovation". They had imitated Japan's car brands when producing their own automotive vehicles After mastering the car-making process from Japan, South Korea attempts to develop their own product. The same when they were imitating the electronic products from Japan. As a result, Korean electronic product is now more superior than the Japanese products. Rather than simply imitating Japan, South Korea introduced innovation and product development after it masters the industrial process from the imitation. In the life-

cycle in manufacturing, the highest value added is not from manufacturing, but from product development based on Research and Development (R&D).

Hence, I would like to see how Indonesian can follow the Korean by using the jargon “from imitation to innovation”. I believe Indonesia is very good in imitation, but unfortunately, we have yet to be able to innovate. If we want to follow Korean as developed economy, we have to move to innovation. Thus, the challenges now is how to build a National resources ecosystem. This ecosystem provides a conducive environment for researchers and innovators to focus on R&D and create innovative products. At the same time, Indonesia should encourage the private sectors to be involve in R&D and R&D is currently dominated by the government. The Gross Expenditure on research and development, or GERD, currently consists of only 0.28 percent of Indonesia’s GDP and the central government still consists of a large proportions of research spending by institutions. Central government’s spending on R&D consists of 80.74 percent of GERD and local spending is over two percent whereas the industry spending on R&D is only 8.7 percent. This shows that the manufacturing industries in Indonesia are only manufacturer, and not the producer. Manufacturer means that the factories only manufacture the product, and not create them whereas producer develops and designs its own product through R&D. And this is something that is still lacking from most of manufacturers in Indonesia.

Besides that, the number of entrepreneurs in the manufacturing sector is still very low as entrepreneurs prefer venturing into agriculture sector rather than manufacturing. That’s why Indonesia manufacturer remains a manufacturer rather than a producer. Product development can only be done if there is R&D activities. Universities contribute five percent of R&D in Indonesia and the non-profit R&D is only three percent. Hence, in the next five years, there needs to be increased participations in R&D from actors other than the central government. There needs to be more private sector involvement in innovations. There are a lot of innovators all around Indonesia, some with the big ideas. However, big ideas are not enough. They need to be supported by proper laboratory and proper financing. That would be the role of local government and central government to make SEZs more attractive for potential investors.

Hence, the government will prioritize research and the innovation in the next five years. The highest priority in innovation is in F&B due to the issue of food security. The use the technology will result in higher productivity from food production. Higher productivity also means that food production increases without extending land are. Hence, technology innovation makes higher yields from the crops possible. The second priority is in the energy sector, particularly on renewable and green energy. One of the focus now is to create green fuel. Green fuel is produced from palm oils, not CPO (crude palm oil), but industrial palm oil. This is another type of extraction of palm oil and this industrial palm oil usually comes from small farm holder. Then, using the catalysts that were produced by a professor from the Bandung Institute of Technology, we are able to change or transform the industrial palm oil into the green fuel. This green fuel comes in the form of green diesel, green gasoline or green aviation fuel. The potential is great. Currently, we are working on pilots to produce green fuel and calculating the costs of production to ensure that the innovation. This green diesel project is meant to support the energy security in the future.

Health and medicine industry is another of Indonesian potential, not only in traditional medicine, but at the same time now we are trying to develop the latest technology in health and medicine. One of the examples is the development of stem cell in Indonesia’s medical. As the technology of stem-cell has been developed, hopefully it will become one of the strengths in Indonesian health treatment. Another area of priorities is in the transportation sector, particularly on electricity-based transportations. Again, to reduce our dependency to the import of fuels that has already put pressure on our current account deficit. The transportation would either be vehicles, trains or motorcycles. Indonesia aspires to be one of the big players in electric cars and electric motorcycles. Other priority is engineering products, especially machineries. Indonesia is weak in machine industry. Hence, it needs to increase its ability in producing engineering products.

In terms of defense and security, Indonesia had produced the first Indonesian submarine. One of Indonesia’s aerospace company is currently working with Korea to build fighter jet. On top of that, Indonesia is also

working with Turkey to build a tank, called Harimau. This is how we are trying to improve our defense products. Besides that, maritime industry is also one of the focuses. Maritime industry is relevant because Indonesia is the largest archipelagic country with ships as one of the main transportation channels. Finally, we prioritize social, art and culture education as well as research related to disaster, biodiversity, nutrition, climate changes and water issues.

These are the nine priorities to address our urgent issues in the next five years. Last but not least, one of national flagship program is building electricity motorcycles due to the high demand of motorcycles in Indonesia. However, motorcycle still uses fuel which is high in energy consumption. This inspires Indonesia to build electric motorcycle. The production of electric motorcycle is yet to be commercially feasible. There are companies, universities and research institutes which are working together to make electric motorcycle. More work needs to be done to make the production of motorcycle economically feasible and commercially profitable. One of the important features of the electric motorcycle is the battery which is still too expensive and unaffordable for Indonesians. There are studies in Indonesia to produce lithium battery using nickel which may decrease the cost of the battery. A lithium battery will be built in Morowali, Central Sulawesi and the production of the affordable lithium battery could make Indonesia more competitive in electric automobiles market.

Thank you.



# Day One Plenary Sessions & Talks

## Plenary Session I

### National Competitiveness and Quality-Adjusted Labour Productivity of ASEAN-Economies

#### (a) Presentation 1a: 2020 Annual Update of ACI's Competitiveness Ranking and Simulation Studies on ASEAN-10

The first presentation in the seminar was on the annual updates of ACI's competitiveness rankings and simulation studies for the 10 ASEAN countries. While Singapore and Malaysia continued to retain first and second place respectively, Vietnam managed to overtake Philippines to rank sixth in 2017. Additionally, the results also highlighted how Myanmar's development continues to lag behind its neighbours in the region.



Ms Doris Liew Wan Yin  
Research Assistant, ACI-LKYSPP, NUS

#### (b) Presentation 1b: Empirical Study on Quality-Adjusted Labour Productivity in ASEAN-5 Economies



Mr Tan Kway Guan  
Research Assistant, ACI-LKYSPP, NUS

The second presentation was about the Quality-Adjusted Labour Productivity of the 5 ASEAN Economies of Indonesia, Malaysia, Philippines, Singapore and Thailand. According to the results, labour quality in ASEAN-5 have been on the uptrend for the studied periods. Labour share of GDP in ASEAN-5 tended to be low and when adjusted for labour quality accounts for a larger proportion of GDP than using traditional methods.

#### (c) Discussant I for Presentations 1a & 1b: Dr Achim Daniel Schmillen, Senior Economist, Social Protection & Labour, The World Bank

Dr Achim noted that both projects address some of ASEAN's key development challenges. Dr Achim further noted that both projects would benefit from considering labour migration and mobility. Dr Achim highlighted that Malaysia, Singapore and Thailand are regional labour mobility hubs and only Singapore attracts a significant share of high-skilled talent. Dr Achim identified that ASEAN countries have had limited success in reducing barriers to labour mobility and should take steps to leverage labour mobility to increase competitiveness.





**(d) Discussant 2 for Presentation 1a & 1b: Tan Sri Rastam Mohd Isa, Chairman and Chief Executive, Institute of Strategic and International Studies, Malaysia**



Tan Sri Rastam commented on the ASEAN competitiveness index being useful to attract FDI, tourism and talent. Tan Sri Rastam highlighted the development gap in ASEAN and the need for infrastructure and connectivity in narrowing the development gap. Tan Sri Rastam stressed the need for ASEAN centrality and domestic policy reforms. He highlighted the following points of consideration a) US-China trade war resulting in growth slowdown b) climate change and c) Industrial Revolution 4.0 disrupting labour.

## Conference Luncheon Talk

### “APEC Beyond 2020: Challenges and Opportunities for a New Vision and Mission”



**Tan Sri Rastam Mohd Isa**

**Chairman and Chief Executive, Institute of Strategic and International Studies, Malaysia**

Prof Tan Kong Yam,  
Assoc Prof Tan Khee Giap,  
Distinguished Guests,  
Ladies and Gentlemen,

Let me once again thank my good friend, Prof Tan Khee Giap and ACI for entrusting me with this task to deliver this luncheon talk. As I have said earlier, it is always an honour and a privilege to participate and speak in the World Bank–ACI Annual Conference.

I shall speak on APEC, as requested by Prof Tan Khee Giap. He had asked me to do so, I suspect, at least for two reasons. First, APEC will be reviewing the Bogor Goals which have set certain objectives to be met by 2020. Second, Malaysia will be the host economy and chair for APEC in 2020.

Ladies and gentlemen,

The Asia Pacific Economic Cooperation (APEC) mechanism is now very much part of the regional architecture. It is thirty years old. Its mission statement rightfully claims that it is the “... premier economic forum ... to support sustainable economic growth and prosperity in the Asia-Pacific region”.

APEC as an idea was first broached more than thirty years ago by the then Prime Minister of Australia, Bob Hawke in January 1989. But ideas advocating economic cooperation and regional integration in the Asia-Pacific region had been around much earlier. These had been discussed at the Track Two level through the

Pacific Economic Cooperation Council (PECC) and among the private sector through Pacific Business Cooperation Council (PBEC).

PBEC was founded in 1967 by business leaders from several regional countries to promote a good business and investment climate in the region. PECC was founded in 1980 by Masayoshi Ohira, Prime Minister of Japan and Malcolm Fraser, Prime Minister of Australia for the purpose of developing and advocating policy initiatives to help in the economic development of the Asia-Pacific region. By bringing together various stakeholders to discuss regional economic cooperation and other relevant issues, PECC can actually claim that its regional community building efforts led to the creation of APEC.

APEC was established at a meeting among 12 Asia-Pacific economies in Canberra in late 1989. Since then nine more economies have joined, bringing together large and small economies in Asia, Oceania, North America and South America, all bordering the vast Pacific Ocean.

The 21 APEC economies have a total population of some 2.8 billion people and represent about 60 percent of world GDP and 50 percent of world trade. The three largest economies in the world - the United States, China and Japan - are members of APEC. Seven out of the ten ASEAN member states are part of APEC. Further expansion is put on hold by an existing moratorium agreed among the APEC economies.

APEC's success is largely owed to the nature of its existence as a multilateral economic and trade forum which is not based on strict rules and legal commitments. Instead APEC allows for commitments to be voluntary and non-binding. Member economies are free to take steps to implement measures and commitments jointly agreed by consensus.

APEC's successes include the promotion of regional economic integration and trade, facilitation of cross-border trade; promotion of measures and means to facilitate ease of doing business; ensuring better and faster customs procedures; encouraging structural reform in member economies; promoting regional connectivity; committing to a sustainable future for and inclusive growth in the region, and being sensitive to climate change and the environment. APEC has also been increasingly paying attention to the digital explosion and rapid advances in technology.

According to the APEC Secretariat based in Singapore, the Asia-Pacific region has actually benefited with the existence of APEC. Real GDP has increased in the Asia-Pacific from USD 19 trillion in 1989 to USD 42 trillion in 2015. Per capita income has risen 74 percent. Average tariffs fell from 17 percent in 1989 to 5.2 percent in 2012. The APEC economies trade more with one another than they do with the rest of the world. However, the Secretariat also says that while tariffs have generally fallen and more free trade agreements have helped to improve market access conditions for goods and services, APEC still needs to improve in other areas. Tariffs in agriculture are still high, non-tariff measures have increased in recent years and this has affected trade, and sectoral restrictions for foreign companies in services and investment remain.

Ladies and gentlemen,

Much has been said lately about APEC and 2020. This of course mainly relates to the Bogor Goals. This set of goals was adopted by the APEC leaders at the 1994 Summit hosted by President Suharto of Indonesia. The Bogor Goals essentially set a target for the achievement of "... free and open trade and investment in the Asia Pacific by 2010 for industrialised economies and 2020 for developing economies."

Come 2020, the Bogor Goals would have to be reviewed and renewed or replaced. This needs to be done not simply because the timeline is expiring. The world has changed a lot especially in the last few years. APEC needs to refresh and re-energise in order to move forward with its present and future agenda. Therefore, it is important for APEC to pronounce a new vision and set of goals for 2020 and beyond.

Malaysia will be the host economy for 2020. Malaysia had last hosted APEC in 1998. Preparations have been underway for Malaysia to assume this role in 2020 for more than one year already. The host economy would of course be responsible for hosting the APEC Leaders Meeting at the end of the year. It will also have to host numerous officials and ministerial level meetings throughout the year.

In addition there will be the meetings of the APEC Vision Group (AVG) already established to help work out a vision for APEC beyond 2020. The AVG has already met a few times under the chairmanship of Peru. A multi-stakeholders dialogue bringing together officials, business representatives and scholars and intellectuals could also be envisaged.

Following the traditional practice developed over the years, the Malaysian chapter of the APEC Business Advisory Council (ABAC) would also be responsible for steering the work of ABAC for the year. ABAC Malaysia will chair the four scheduled ABAC meetings, organise the APEC CEOs Summit and arrange and shepherd the ABAC Dialogue with leaders which would coincide with the Leaders' Summit in December. ABAC Malaysia started their preparation in mid-2018 by hosting one of the ABAC meetings in Kuala Lumpur. The Malaysian National Committee for PECC (MANCPEC) will also be busy. They would have to organise a PECC Standing Committee Meeting and a PECC General Conference around May of 2020. PECC is regarded as an important contributor of ideas and suggestions for consideration of the APEC members.

The Malaysian Ministry of Entrepreneurial Development is planning to organise an APEC MSME Summit in September 2020. The role of MSMEs is important in APEC considering that they form about 97 percent of businesses in the APEC economies.

All these activities coincide with Visit Malaysia Year aimed at attracting more visitors to Malaysia during the year. And of course tourism is seen as a very important driver for growth in APEC. The APEC Connectivity Blueprint for 2015-2025 aims to achieve 800 million APEC tourist arrivals by the year 2025.

More importantly Malaysia will be looking forward to leading and steering APEC towards a new phase and direction for APEC in the post-Bogor Goals era. No doubt Malaysia cannot and will not do it alone, especially in these trying times and in the face of very challenging circumstances facing the region and the world, ranging from the domestic unrest in Chile and Hong Kong to the trade confrontation between the United States and China. Malaysia will need the cooperation of all the APEC economies to ensure further progress for APEC.

Malaysia takes over the helm of APEC following a very important development in the thirty-year history of APEC. The unfortunate cancellation of the APEC Leaders Meeting and related activities in Chile is a first in APEC. Had those events not been cancelled due to the popular protests in Chile, the APEC Leaders would have gathered in Santiago just this past weekend.

It is worth noting that Chile had successfully hosted the APEC Summit previously in 2004. And Chile had also put in a tremendous amount of work as chair for 2019. This will not necessarily come to nought on account of the cancellation of the summit. A lot of work had been done by the ministers, senior officials and other stakeholders. This will continue under the next chair.

The circumstances that led to the cancellation of the events in Chile also help to highlight some of the increasingly difficult challenges faced by APEC economies and APEC's regional integration agenda. What has happened in Chile can only be explained by a combination of both domestic factors and international developments. I will touch upon these later.

Ladies and gentlemen,

While the ignominious end to Chile's 2019 chairmanship of APEC is largely due to domestic issues in the country, it does reflect the problems and challenges faced by many APEC economies now and in the future. This would give APEC plenty to think about in working out its vision for 2020 and beyond.

One issue that should not be taken lightly is that fissures within APEC have become quite evident since 2017. These fissures have come about mainly due to competition between the United States and China as well as disagreement between the two super-large economies and superpowers on a number of issues, trade being one of them.

It may be recalled that President Trump spoke more about the Indo-Pacific than the Asia-Pacific when he made a speech at the APEC CEOs Summit in Da Nang, Vietnam in November 2017. As signalled by Trump himself and based on the position taken by US officials, the US appeared clearly to be favouring protectionist views as opposed to China and President Xi Jinping who advocated free and open trade, multilateralism and globalisation.

The US- China rift was further played out at Port Moresby, Papua New Guinea in 2018 when Vice President Mike Pence openly criticised China's 'predatory' behaviour and 'questionable' methods in pursuing its strategic and economic goals. Meanwhile, President Xi Jinping was given a rousing welcome by the host government for a state visit just prior to the Leaders' summit and he continued to push for free and open trade.

APEC history was created when for the first time since the inaugural APEC Summit at Blake Island hosted by President Bill Clinton in 1993, a Leaders' Declaration could not be issued under the PNG chairmanship. Disagreement between China and the United States on specific wordings and language in the draft declaration was public knowledge. The chair nevertheless issued a Chairman's Statement outlining APEC's work for 2018 and reflecting his understanding of the matters agreed among the economies.

So the APEC host economy and chair for 2020 would have a lot to do. And naturally all eyes would also be on APEC itself as it navigates through turbulent waters and tries to anticipate numerous uncertainties facing the global strategic and economic landscape.

Ladies and gentlemen,

What are the challenges and opportunities for a new vision and mission for APEC beyond 2020? To discuss this further, let me refer to the outcome of the efforts of a Task Force established by PECC, which has resulted in the issuance of a report entitled "**A Vision for APEC 2040**".

I commend this report to anyone who is keen to look at what APEC might and could decide to do when the Bogor Goals are reviewed and very likely renewed or replaced in 2020. Indeed, various circles in Malaysia are already speculating about what document would emerge in Malaysia and what might it be called when the APEC Leaders gather next year. The report of course provides one stakeholder view. The final APEC document would surely contain views from various stakeholders.

The report that I refer to is the result of work done by a Task Force, with its members drawn from PECC member committees, set up by PECC in 2017. The report is available on the PECC website. But let me state here that neither the Task Force nor PECC can claim the sole right or responsibility for thinking about a new vision for APEC.

There are other stakeholders. There is the APEC Vision Group (AVG) that has actually been officially tasked to draft a vision document. ABAC is also making certain contributions in terms of ideas. What is important is that at the end of the day, a solid, forward looking and visionary document is available for the leaders to agree and adopt.



Ladies and gentlemen,

The PECC signature project on a Vision for APEC Beyond 2020 was started in 2017 headed by the Malaysian and New Zealand national committees, MANCPEC and NZPECC. The selection took into account that Malaysia would be APEC chair in 2020 and New Zealand in 2021. I had the privilege to be a co-leader of the project as Chair of MANCPEC together with Brian Lynch, Chair of NZPECC.

As mentioned in the foreword of the report, the co-leaders consulted widely with various stakeholders. Upon its establishment the Task Force conducted a region-wide survey of stakeholders and held workshops in Malaysia, China and New Zealand. The co-leaders also consulted experts including former APEC Executive Directors, Dr Alan Bollard and Dato Muhamad Noor Yacob.

The Task Force's report focusses on offering a vision for APEC over 20 years up to 2040. It envisions **“An Asia-Pacific community of open interconnected, and innovative economies cooperating to deliver opportunity, prosperity and a sustainable future to all their peoples”**. The Task Force believes this could be achieved by the following:

- “Robust dialogue, stakeholder engagement, and effective cooperation that build trust and committed, confident relationships among member economies;
- Strategies and initiatives to remove barriers to full economic participation by all segments of society, including women, and people living in poverty, MSMEs, and remote and rural indigenous communities;
- Committed long term policy initiatives that promote sustainability;
- Policies to harness the positive potential and address the disruptive impact of the digital economy and other innovative technologies;
- Structural reforms that drive growth by increasing productivity and incomes through open, well-functioning, transparent and competitive markets;
- Deeper and broader connectivity across borders, facilitated by high quality, reliable, resilient, sustainable and broadly beneficial infrastructure and well-designed regulatory approaches, and including also a strong emphasis on supply chain and people-to-people connectivity;
- Intensified efforts to fully achieve the Bogor Goals of free and open trade and investment, with particular emphasis on components of the agenda where progress has been lagging;
- Strong APEC support for the multilateral trading system based on agreed values and norms reflected in updated multilateral rules, and including more effective settlement of disputes;
- High-quality trade, investment and economic partnerships among members, consistent with the values and norms of the multilateral trading system, and supporting dynamic responses to rapidly changing drivers of growth, and
- Concerted efforts in support of the eventual realisation of a high-quality and comprehensive FTAAP to further advance regional economic integration “.

In crafting a new vision for itself, APEC will have to be fully aware of the challenges and opportunities now and in the future. Everyone is conscious that there is an ongoing conflict over trade, technology and intellectual property rights between the United States and China. This problem in actual fact is part of the larger and wider strategic competition involving the world's two largest economies which are also APEC members.



It is still a bit early to predict how this competition would eventually play out. While the Trump Administration and Chinese leaders appear to be keen to resolve the trade conflict, others in the US, including senators and congressmen seem eager to ratchet up the pressure on Beijing, prolong the conflict and even escalate the confrontation with China to a higher level of intensity.

The US-China trade war has inevitably had an impact on other APEC economies. A prolonged confrontation could have severe consequences affecting growth, further threatening the multilateral trading system and the accepted rules-based order, and unwinding the global and regional interdependence developed over decades. It could have serious geo-political and geo-economic ramifications which could threaten further efforts at promoting regional economic cooperation and integration.

The Task Force has also offered its views on the need for APEC to be mindful of the important issues, including the need to address inequality and inclusiveness, the imperative to address growth-impeding constraints, the need to recognise the growing importance and inevitable dominance of the digital sector, and the continued realisation that member economies have to press on with much-needed structural reform. APEC will need to address the issue of technology, in particular new technologies: digital, biological, material, AI and others. The threats to APEC's and the global rules-based trading system need also to be addressed, including the reform of the World Trade Organisation (WTO).

The Task Force report also offers suggestions for implementing the vision. These include a strong commitment to sustainable and inclusive growth; giving high priority to continued structural reforms; prioritising policies and policy frameworks to harness the positive potential and address the disruptive impact of digital and other disruptive technologies, and strengthening connectivity in all the three sectors as identified in the APEC Connectivity Blueprint: physical connectivity, institutional connectivity, and people-to-people connectivity.

Ladies and gentlemen,

The work to craft a vision for APEC beyond 2020 continues despite the cancellation of the Santiago Summit. Much is now in the hands of the AVG and Malaysia as APEC Chair. I understand the AVG has produced a strategy paper for consideration of the member economies. Apparently the AVG has taken into consideration the PECC Signature Project Task Force's views. I believe the AVG would continue to consult various stakeholders between now and the mid-year of 2020. The AVG will make its recommendations to the Ministers for final endorsement by the Leaders at the next summit in Malaysia.

What is certain is that after thirty years, APEC needs a new Vision. The responsibility to produce the Vision lies not only with the Chair for 2020 but with all the member economies. If cracks and fissures continue to appear and competition escalates to bitter confrontation among members, then APEC could be in real danger of stagnating and even back-sliding on the current achievements, much less moving forward to face the enormous and existential challenges posed by new and emerging issues.

Thank you.

### Sub-national Competitiveness and Quality-Adjusted Labour Productivity of Indonesia

#### (a) Presentation 2a: 2020 Annual Update of ACI's Competitiveness Ranking and Simulation Studies on Indonesian Provinces and Regions



Presenters: Ms Clarice Handoko & Mr Andika Eka Satria, Research Assistants, ACI-LKYSPP, NUS

The first presentation of the second seminar provided the results of the annual update of ACI's competitiveness rankings and simulation studies for provinces and regions of Indonesia. ACI researchers noted that the notion of competitiveness is inherently complex, particularly for archipelagic nations like Indonesia. For example, the results showed that there was a long-standing disparity between the highly-competitiveness provinces in the Java region and the rest of Indonesia. The presentation concluded with the suggestion that Indonesia should continue its efforts to develop their least developed region in the form of infrastructure development and Special Economic Zones.

#### (b) Presentation 2b: Empirical Study on Quality-Adjusted Labour Productivity of Indonesia Sub-national Economies



Presenters: Ms Doris Liew Wan Yin & Mr Tommy Des Mulianta, Research Assistants, ACI-LKYSPP, NUS

The second presentation was concerned about the labour productivity on the subnational economies of Indonesia. According to their model, ACI presenters concluded that generally, labour quality in Indonesia has been increasing at the provincial level since 2008. Majority of the labour forces in Indonesia is still working in the primary sector such as agriculture, forestry, hunting, and fishing industry, even though the proportion has been decreasing steadily in the past ten years. They also found that labour share of GDP at the national and sub-national level are still low, possibly due to income inequality and globalization. As a result of the study, ACI researchers recommended that Indonesia should invest in its human capital to accelerate the growth of its labour quality.

(c) Presentation 2c: A Critical Review on Special Economic Zones in Indonesia



Presenters: Ms Doris Liew Wan Yin & Ms Sumedha Gupta, Research Assistants, ACI-LKYSP, NUS

The last presentation was regarding Special Economic Zones (SEZs) in Indonesia. ACI team evaluated four SEZs and one Exclusive Economic Zone (EEZ) in Indonesia, followed by recommendations on strategic positioning, connectivity, and policy actions necessary for each of the four SEZs and EEZ. For instance, including disaster management system in the masterplan of disaster-prone SEZ such as Tanjung Lesung will contribute to shape a resilient tourism area. The presentation was concluded with the suggestion for the authorities to consider developing joint ventures with a foreign counterpart to shorten the learning curve in each of the four SEZs.

(d) Discussant 1 for Presentation 2a & 2b: Professor Firmansyah, Deputy Dean (Academic and Student Affairs), Universitas Diponegoro, Central Java, Indonesia



Dr Firmansyah acknowledged that the work carried by ACI is unique, as it is contributing to building a database on sub-national competitiveness of Indonesia. He also emphasized that the indicators used in the competitiveness study are comprehensive and has succeeded in comparing quality between provinces in Indonesia. However, he stated that one weakness of the study is the export-import data, as there is a possibility that the secondary data used in the research were counted twice. With regards to labour productivity, he stressed that one obstacle to labour absorption is the limited amount of government and private investment in research and development.

(e) Discussant 2 for Presentation 2c: Professor Abd. Rahman Kadir, Dean, Faculty of Economic and Business, Universitas Hasanuddin, South Sulawesi, Indonesia

Professor Abdul Rahman Kadir appreciated the ACI team on the critical review on Indonesian Special Economic Zones. He pointed out that other than the recommendations that ACI has provided in the study, it is also crucial for Special Economic Zones to attract anchor tenants. He ended his discussant notes by saying that Special Economic Zones are just tools to move the Indonesian economy to investment-driven economy, which require readiness from both public and private sector.





## Sub-national Economic Competitiveness and Quality-Adjusted Labour Productivity of Greater China Economies

### (a) Presentation 3a: 2020 Annual Update of ACI's Competitiveness Ranking and Simulation Studies on Greater China Economies



Presenters: Dr Zhang Xuyao, Research Fellow and Deputy Director (Research), Mr Mao Ke and Mr Chen Xinke, Research Assistants, ACI-LKYSP, NUS

The first presentation of this session was on the annual update of the competitiveness ranking and simulation studies for the subnational economies of Greater China. The analysis was conducted at both the individual and regional level, in general our findings suggest that economies on the east coast of China tended to perform better in the rankings than their peers. The presenters suggested that even though all regions should improve productivity in an environmentally sustainable level, those that are struggling in the rankings should strengthen its traditional industries while the better performing economies should focus on developing their human capital.

### (b) Presentation 3b: Empirical Study on Quality-Adjusted Labour Productivity of Mainland China Economies



Presenters: Dr Zhang Xuyao, Research Fellow and Deputy Director (Research) and Mr Mao Ke, Research Assistants, ACI-LKYSP, NUS

The following presentation was on the findings of the quality-adjusted labour productivity analysis conducted on the subnational economies of Mainland China. According to their model, the ACI research team found that the contribution of either adjusted or unadjusted labour to GRDP growth seems to be low for most of the provinces. This finding is in consonance with the common understanding that China experienced a capital-intensive economic growth during the past decade. The team also concluded that quality-adjusted labour growth increases when workers move into industries requiring higher-skills or vice versa.

**(c) Discussant 1 for Presentation 3a & 3b: Professor Wang Xingguo, Vice Dean, Shandong Academy of Social Sciences, People's Republic of China**



Professor Wang Xingguo briefly discussed the methodology of ACI's competitiveness ranking and simulation studies on Greater China Economies. He suggested the further research topic on the inter-provincial coordination and cooperation. Professor Wang then discussed on the empirical study on quality-adjusted labour productivity of Mainland China economies. He commended that this study carries important realistic values for guiding the development of China's labour market.

**(d) Discussant 2 for Presentation 3a & 3b: Dr Han Hanjun, Deputy Director, Institute of Economics, Shanghai Academy of Social Sciences, People's Republic of China, and Dr Zhan Yubo, Research Associate, Institute of Economics, Shanghai Academy of Social Sciences, People's Republic of China**



Dr Han Hanjun commended that the report used appropriate research methods and data processing to derive competitiveness index rankings and analyse the policy implications of these findings. He noted that the ACI Competitiveness Index is close to reality, thus the suggestions are more targeted and applicable. Dr Han also commended the quality-adjusted labour productivity for Mainland China provinces enriches the existing literature, thus draws richer conclusions and sheds light on labour policies.

**Sub-national Economic Competitiveness and Quality-Adjusted Labour Productivity of India**

**(a) Presentation 4a: 2020 Annual Update of ACI's Competitiveness Ranking and Simulation Studies on India's Sub-national Economies**



Presenters: Mr Ashwath Dasarathy and Ms Sri Ranjani Mukundan, Research Assistants, ACI-LKYSP, NUS

The first presentation of this session was on the annual update of the competitiveness ranking and simulation studies conducted on the sub-national economies of India. At the sub-national level, Maharashtra continued to retain the top position while Goa showed an improvement by three places and entered the top ten sub-national economies. At the regional level, Western region of India continued to be the best performing region.

**(b) Presentation 4b: Empirical Study on Quality-Adjusted Labour Productivity of India Sub-National Economies**

The second presentation was on the quality-adjusted labour productivity of the sub-national economies of India. ACI's team found that the Labour Quality Index showed no trend for both the national and for a majority of the sub-national level economies. The results showed that the contribution of the adjusted and unadjusted labour to the gross value added of the manufacturing sector had been strikingly low at both the national and sub-national level which led to the conclusion that the gross value added seemed to be driven by total factor productivity and capital.



Ms Sumedha Gupta  
Research Assistant, ACI-LKYSP, NUS

**(c) Discussant for Presentation 4a & 4b: Professor Ajit Mishra, Director, Institute of Economic Growth, India**



Professor Ajit Mishra complimented ACI's effort in regularly updating the competitiveness rankings for the sub-national economies and highlighted that the study's ability to decompose the performance of a given sub-national economy helps in understanding its relative performance across different indicators. With respect to the quality-adjusted labour productivity, Professor Mishra mentioned that there is a need to look at the supply side and not just the demand side to address the labour quality issue in India.



## Day Two Plenary Sessions & Talks

### Welcome Remarks



**Professor Tan Kong Yam**  
**Co-Director, ACI-LKYSPP, NUS**

Good morning, everyone!

This morning we have very heavy weight presenters from Indonesia. I would like to emphasize that this morning, in the analysis on the presentations, especially the first session that I will chair; we have key addresses from major people. Firstly, I would like to welcome Dr Isran Noor, governor of East Kalimantan joining us. We also have Dr Irianto Lambrie, governor of North Kalimantan. And Ms Jyoti Shukla, Director of Singapore Infrastructure and Urban Development Hub, The World Bank Group will also join us as the speaker. Thank you.

As you are aware, Indonesian President Jokowi has started to implement the plan on the movement of the Indonesian capital from Jakarta to East Kalimantan. This morning's session that I will chair has major focus on this issue. There are five key presentations. The first presentation will focus on the Special Economic Zone development strategies for Indonesia, which gives a broad overall perspective. And then we will focus on East Kalimantan development, particularly the relocation of Indonesian new capital and its implications for the development in the region. We will also follow up, after East Kalimantan, with North Kalimantan development given the relocation of Indonesian new capital, which will have enormous implications for the whole Kalimantan region. Just now in the breakfast discussion, we were talking about the spill over of Kalimantan's development, not only for East Kalimantan to North Kalimantan, but also to Sabah and Sarawak in Malaysia, and increasingly to Singapore. This is a major and significant development for Indonesia, Malaysia and Singapore. We are very graceful and privileged to have the two governors from East Kalimantan and North Kalimantan.

Yesterday, we had some discussion on US and China trade war and its implications for relocations of investment to the region. Apart from Philippine, more and more investments, particularly from Japan, Korea, Taiwan and China, are relocating to Indonesia and Malaysia. The fourth presentation will talk about investment inflows into Batam, Bintan and Karimun, as a result of the trade war tensions. That would have enormous implications for Indonesian industrialization development and spill over into Singapore.

Lastly, the World Bank Group will examine a very specific issue, particularly on Indonesia's urban potential. That is a very major development given the size of Indonesia, the size of the domestic market, and demographic bonus that Minister Bambang talked about yesterday. We are seeing new economic giant emerging in ASEAN. It is very important given the existing tension between US and China, because ASEAN unity and centrality would be a major strategic development, and Indonesia being the big brother would provide a major anchor both economically and strategically. With this focus and analysis, I would like to welcome everyone to this morning's sessions.

Thank you.

## Keynote Address I

### “Planning and Execution of Successful SEZs Development Strategies for Indonesia”



**Dr Bambang Wijanarko**

**Deputy Director for Development and Management Controlling,  
Secretariat of the National Council for Special Economic Zone (SEZ),  
Coordinating Ministry for Economic Affairs, Republic of Indonesia**

[Speech adapted for ACI book publication]

This discussion will revolve around the economic challenges that countries in Asia are facing and offer some inputs and ongoing strategies from Indonesia. This section will also discuss the role of SEZs in Indonesia’s development strategy.

Indonesia’s potential is driven by its population. The country has the fourth largest population in the world, numbering some 264 million in 2018, with a majority being under the age of 30. Along with its productive and creative potential, Indonesia’s population has experienced a rapid economic growth with a steadily increasing middle-income group. This group has presented slow but steady growth in the 20 years since the Asian Financial Crisis in the late 1990s. Indonesia has slowly sought to abandon our dependence on natural fuels and has been looking towards renewables energy, the marine sector and palm oil plantations. The minerals, such as nickel and iron, have great potential for Indonesia’s economy.

Geographically, Indonesia is located between two continents and two oceans, making it a gateway for worldwide trading. However, this comes with a challenge long faced by the Indonesian government: Economic growth has been unevenly distributed across the country, and heavily concentrated in Java, that has the highest share of GDP. This has been enabled by the conducive infrastructures and ecosystems that have been made ready on the Java island. Outside Java island, economic growth is quite small compare to Java; Sumatra comes in second, followed by Kalimantan, Sulawesi, Papua and Nusa Tenggara. To address this issue, the Indonesian government has formulated new policies to establish facilities and incentives necessary to distributing economic growth throughout Indonesia.

We expect the SEZs to serve as new models for regional development in Indonesia. Previously, we have had bounded zones- particularly export-oriented ones- and free trade zones. SEZs seek to be more attractive for investments, because the government has offered several incentives within them, and each zone have the potential to be aligned towards particular sectors. For example, we could develop a tourism zone; an export processing zone, or zones that harness other economic foci such as technology.

Under the SEZ model, Government gives full authority particularly for the private sectors to choose the location to be developed as SEZ. The enterprises may build their own new business activities according to their location and particular needs. The government will then give compensation by subsidizing business facilities and providing incentives that would attract investors to the SEZs. What sets the SEZs apart from the previous zoning efforts is the high degree of flexibility that the government gives to the businesses. These incentives would be given by both the central and local government.

The establishment of the SEZ is preferably proposed by the private sector and state-owned enterprises under the local and central government. Location-wise, they would exhibit geo-economic and geo-strategic advantages because the SEZ is expected to become a driving force for economic growth in the region. The central government will continue to oversee the running of the zones, in terms of ensuring standard regulations and guidelines are properly established. Later on, the central government will also ensure that the activities within the zone are synchronized and integrated with its other counterparts in Indonesia. Together, the SEZs would provide one-stop service provisions for the regions they serve, so that as a whole, SEZs make local businesses more appealing to potential investors. In particular, the SEZs target FDI that would ideally grow the equity and competitiveness of all regions in Indonesia, outside of Java. The international connections that come with FDI are expected to optimize export and import, that concomitantly could create new jobs for the local labour market.

A long-term policy is thus required to see the advantages of this effort and it has rightly been sustained under Law No. 39 established since the last President's term. With such laws in place, institutions have been established to see to SEZs successes, the main one being the National Council of SEZ, chaired by the Coordinating Minister for Economic Affairs, Mr Airlangga Hartato. He is backed by several ministers from the Ministry of Home Affairs, Ministry of Finance, Ministry of Industry, Ministry of Trade, Ministry of Transportation, Ministry of Manpower, as well as the agency for Public Works and Housing, Ministry of National Development Planning and Investment Board. On the regional level, there are regional councils. For example, in East Kalimantan, the council is chaired by the Governor of East Kalimantan. He is aided by members on the provincial and district levels to oversee the development of the SEZ in the province. Each SEZ would have two feature functions. The first is in providing one-stop services, that would be put in place by an administrative team under the local government. The SEZ administrators would ensure that permits and licenses can be applied for and obtained within the SEZ with ease. Their work would entail working with the Developer / Business Entity, who would oversee and service tenants or businesses that have decided to set up offices in the SEZ.

Currently, Indonesia has 13 SEZs, each with their own economic themes. For example, Sei Mangkei in Simalungun Regency in North Sumatra focuses on the rubber and palm oil industry, while Galang Batang in Riau Islands Province focuses on the bauxite industry. The designation of particular themes in the zones are important in deciding what kind of infrastructure and facilities should be provided by the government. Notably, rubber-related industries are eligible for tax holiday due to the SEZ's focus; nevertheless, other businesses in the zone would still be eligible for tax allowance, and are free to benefit from other SEZ's incentives. ACI has aided us in reviewing the masterplans of several SEZs, the first being Sei Mangkei, and then Tanjung Kelayang, Tanjung Lesung and Maloy-Batuta Trans Kalimantan. More recently, the National Secretariat of SEZ have also reviewed a potential SEZ in Kendal.

Apart from the fiscal incentives mentioned above (i.e. corporate income tax in the form of tax holiday or tax allowances, there would also be exclusions from value-added taxes and import taxes, also known as



“Pajak dalam rangka impor”, for all tenants and developers in the SEZ. In special cases where the focus of the SEZs is in tourism, the government would also provide value-added tax refund schemes for foreign passport holders on their purchase of luxurious goods. Moreover, it should be noted that the negative list does not apply in the SEZ. With regards to non-fiscal incentives, investors and businesses can look forward to the presence of government facilities related to labour, land titling and land permits- special to the SEZs, applications within SEZs would be eligible for land titles lasting up to 80 years. Moreover, foreign property ownership will be made possible in Tourism-focused SEZs, such that private and corporate stakeholders are able to own property in them.

Last but not least, each SEZ features infrastructural support afforded by both the central and local governments. Apart from industrial and tourism-focused SEZs, we recognize the need to have other foci, like digital development. Some of the SEZs geared in this direction include Singhasari in Malang and soon Batam (that is being converted from a Free Trade Zone to an SEZ). In the near future, we are also looking to development SEZs focusing on healthcare tourism and education. With education, some plans include working with International College in Indonesia. Apart from all these, we also hope to develop financial centres within the SEZs as well. Ultimately, the government is now working towards packaging regulations that would ease the entry of businesses into SEZ, and the zones’ development towards incorporating other elements such as the digital industry.

## **Keynote Address 2**

### **“Potential Development to East Kalimantan given the Relocation of the Indonesian New Capital”**



**Dr Ir H Isran Noor M. Si**  
**Governor, Province of East Kalimantan, Indonesia**

Assalamualaikum Warahmatullahi Wabarakatuh, good morning and best wishes to all of us. First of all, I would like to thank the World Bank – Asia Competitive Institute, Lee Kuan Yew School of Public Policy, National University of Singapore for having invited me to this annual conference. This is a great opportunity



for all of us to share information and research results, especially that is related to this year's theme: "Contribution of Urbanization and Quality Improvement of Labor on Gross Domestic Product". The theme is very relevant to what East Kalimantan Province will face after being announced as the new Indonesian capital.

East Kalimantan province, which consists of three (3) cities and seven (7) regencies, has a land area of 12.7 million hectares and 2.5 million hectares of sea waters, and is also the third largest province in Indonesia after Papua and Central Kalimantan. The total population of East Kalimantan province is currently 3.5 million people. It is said to be located at the heart of the archipelago, with so many big rivers and is relatively safe from natural disasters like earthquakes and tsunamis. At present, forest area still covers about 65% of East Kalimantan province.

Several Macro Development Indicators in East Kalimantan in 2018 include Gross Regional Domestic Product which is based on current price of 638 trillion and is the 7th largest in Indonesia. This GRDP is mainly generated from coal, oil, gas and CPO sectors. Economic Growth of 2.7% is far below the national economic growth, the Human Development Index of 75.83 is the 3<sup>rd</sup> highest HDI in Indonesia. The Poverty Rate of 6.06% is pretty far below the national poverty rate. However, the unemployment rate of 6.6% is still above the national poverty rate. Meanwhile, the inflation in East Kalimantan in that year was controlled at 3.24%.

Regarding economic growth, I would like to inform you that in 2019, the quarterly economic growth of East Kalimantan province is above the national growth. In the third quarter, East Kalimantan's economy grew by 6.89% and was above the national economic growth of 5.02%. Furthermore, related to human development, it can also be said that the disparity of HDI between cities and regencies in East Kalimantan is quite high. Equally important is that according to the research result from the Asia Competitiveness Institute – National University of Singapore (ACI-NUS), the weakest indicator of East Kalimantan's competitiveness for 2017 dan 2018 is low economic growth and high Non-Performing Loans (NPL).

Related to some of the information I have stated previously, the main challenges in East Kalimantan's development today are:

- The economic structure of East Kalimantan is still dominated by non-renewable resources such as coals, oil, and gas.
- The economic growth is very much influenced by the prices of coals, oil, gas, and CPO commodities.
- The unemployment rate is still above the national rate.
- HDI disparity between urban and rural areas is still significantly high.

The announcement of East Kalimantan province as the Capital of the Republic of Indonesia by President Joko Widodo on the August 26<sup>th</sup>, 2019 has a huge impact on the future direction of East Kalimantan's development. Areal utilization, which is done in stages, covering an area of more than 250,000 hectares will have economic, social, and environmental impacts for East Kalimantan. Estimated investment in developing the new Indonesian Capital is reaches more than 466 trillion and the population growth is estimated to be more than 1.5 million. According to preliminary designs, the National Capital will be divided into four (4) major clusters namely the Core Zone, the National Capital Zone, Supporting Zone I and Supporting Zone 2. These Clusters will help ensure the best national capital services for all citizens.

Based on analysis result of varied parties, the designation of East Kalimantan as the National Capital is believed to bring positive impact on the regional economic development. The economic growth of East Kalimantan is predicted to increase, especially that is driven by investment and consumption. Based on a preliminary analysis, each additional investment of 1% will increase economic development of East Kalimantan by 0,15%. Furthermore, in the medium and long term, the economic development of East Kalimantan will become stable with the support from the construction, services, and manufacturing sectors. Another important thing is that the economic structure of East Kalimantan will become more balanced with the rapid

acceleration of processing and services industries to support the needs of the National Capital. To facilitate those sectors' activities, eight (8) Provincial Strategic Areas have been established.

Furthermore, in terms of Social Development, the relocation of the National Capital is expected to increase employment opportunities, where the Regional Government will encourage and facilitate the people of East Kalimantan to take advantage of these opportunities. Moreover, poverty will also decrease with increasing attention towards funding for poverty alleviation. Quality and availability of education and health services for the people in East Kalimantan will also increase, and it is expected that the distribution of services will be better. Equally important is that the preservation of local arts and culture will have better place and facilitation.

Finally, I would like to say that the relocation of the National Capital will significantly give positive impact on the environmental development in East Kalimantan. Raising awareness and funding for environmental improvement will ensure a better environment in East Kalimantan. The Regional Government is committed to rehabilitating and revegetating the forest areas which are located around the National Capital. I also believe that the development of the National Capital will follow the existing landscape with the maximum possible use of low-carbon areas for buildings and supporting facilities. The Provincial Government will furthermore ensure that the mining permits holders conduct post-mining reclamation in their concession areas.

That is what I can say on the development potentials in East Kalimantan from economic, social, and environmental aspects that are related to the Indonesian Capital relocation plan. Once again, I'd like to emphasize that with good planning, coordination, and hard work from all related parties, huge positive impact of the relocation of the National Capital to East Kalimantan will be enjoyed by the people of East Kalimantan. Wabillahi Taufik Wal Hidayah, Wassalamualaikum Warahmatullahi Wabarakatuh, thank you and best wishes.

## Keynote Address 3

### “Potential Development to North Kalimantan given the Relocation of the Indonesian New Capital”



**Dr H. Irianto Lambrie**  
**Governor, Province of North Kalimantan, Indonesia**  
[Speech adapted for ACI book publication]

This session will cover four main points regarding North Kalimantan. Firstly, North Kalimantan's macroeconomic indicators will be outlined because it is crucial to know a country's or a region's progress, at least, in terms of economic conditions, that could also indicate the consequential social situations. Secondly, I will address the relocation of Indonesia's capital and its effect on the neighboring provinces of East Kalimantan. Following which, I will also look at projects which should be prioritized to support the long-term development of the new capital, Indonesia's economy, and even ASEAN. I will end with insights into the main development issues in North Kalimantan.

North Kalimantan is a new province that was only established in 2013, just six years ago. It means that North Kalimantan is still very much in its infancy. The province had to start everything from scratch, meaning that there was no budget, no employee, and no office. In the past six years, or at least five years, the province has tried not only to run fast, but also move fast by working smart, given its limited number of employees, facilities and infrastructures. In the last two years, North Kalimantan's economic growth is the fastest in the Kalimantan region at 6.53 percent. The Bank of Indonesia predicts that, by the end of 2019, North Kalimantan's economic growth will surpass seven percent, thanks to its exports and all the local produce which has been sustaining the national economy, such as: coal, palm oil, and fishery products.

The economic growth of North Kalimantan is also higher than national economic growth, which is currently at more than five percent. Better economic growth is expected to bring better welfare such as creating job opportunities and better economic welfare. Despite optimistic economic growth, North Kalimantan remains aware of high provincial inflation rates, which remain above the national figure. This is mainly because of the province's remoteness that drives transportation costs up. In a research published by Tempo, it was found

that if a European tourist wanted to come to North Kalimantan for a five-day visit from Jakarta, the tourist would have to spend more than Rp40 million. This proves how expensive transportation and accommodation is in North Kalimantan.

Another unique thing is that, according to the Central Bureau of Statistics, the high inflation in North Kalimantan is also driven by the cost of telecommunication. North Kalimantan has a total land mass of more than 75,000 square kilometers, 1.5 times the size of East Java, and twice the size of South Kalimantan, but it has a population of only 700,000. The peculiarly high spending on telecommunication would thus point to the locals' high social media participation, which in turn supports and is supported by the province's high scores and standings in terms of civil liberty.

In the last two years, North Kalimantan has been awarded by the Coordinating Minister for Political, Legal and Security Affairs for being amongst the highest performers on the democracy index, along with Central Java, DI Yogyakarta and DKI Jakarta. North Kalimantan's local democracy is surprising, and no easy feat, considering how every Indonesian race gathers in North Kalimantan. They come unemployed and poor but are drawn by the opportunities that come with a new province. This accounts for the province's fluctuating unemployment and poverty rates that might be very low in one year but rise steeply in the next. Economic and racial diversity has been managed by a satisfactory income distribution, as indicated by the province's low Gini coefficient but diversity has been enabled and integrated by our management of unemployment and poverty rates. The province's Gini coefficient stands below the national level of 0.3 and is one of the lowest in Indonesia. However, North Kalimantan's development index remains under the national figure. To increase the Human Development Index (HDI) for even one point is a challenge. Five years ago, the poverty rate in North Kalimantan was above 10 percent and its HDI is 67. The fact that the province can increase HDI by three points in the last five years is a remarkable achievement.

Next, this section will discuss the effect of capital relocation. President Joko Widodo has targeted that, by 2024, the government will be moved to East Kalimantan, particularly Penajam Paser Utara, and some of it in the Kutai Kartanegara Regency. The new capital will be located about 705 kilometers from North Kalimantan's capital, Tanjung Selor. It's quite far, almost the same as the distance between Jakarta and Singapore. It would take a 52-minute flight on jet planes, or an hour and 20 minutes using propeller planes.

The development of new capital in East Kalimantan will bring economic and social impacts. The President's decision to establish East Kalimantan as the location of the new capital is a good one. If we learn from history, the first government that existed in the archipelago was in East Kalimantan. Its name was Kutai Kartanegara. It was founded in around 400 AD. So, the first government in Indonesia were in East Kalimantan, not in Java. And then, in 450 AD, the Tarumanegara kingdom was founded in West Java, 50 years later. Therefore, East Kalimantan should have been more developed compared to other regions in Indonesia. However, due to political conditions in the past, Java has been prioritized more than the marginalized regions around it. Kalimantan is the future of Indonesia.

There are two projects that could benefit from the capital relocation. The first is the largest hydroelectric power plant in ASEAN that will be built in North Kalimantan collaboratively by PT Kayan Hydroenergy and Chinapower. It is a cascade of five separate dams on the Kayan river which will produce 9,000 MW of electricity in total. At the moment, the project is left to work on the licensing and dam security clearance from the Ministry of Public Works and Housing, which has not yet been approved, as the process is complicated. The plans for this power plant have been underway since 2011. The second dam project is a cooperative effort between Sarawak Energy Berhad and a subsidiary of the South Korean Hyundai Group. The dam will be situated in the Mentarang river found in the Malinau regency, producing an additional 300MW of electricity.

Both power plants will be simultaneously built or integrated with industrial areas and international ports in Bulungan, in Tanah Kuning and Mangkupadi beaches. North Kalimantan's government provide a 11,000 hectares land area for the first phase, with possible expansion of up to 25,000 ha. The development of North

Kalimantan begins with hydroelectric power plants as electricity could become the stimulus for economic growth and other economic activities, especially industrial activities. Smelter industry will hopefully be developed there, including aluminum. Several of Indonesia's state-owned enterprises already have representative offices in North Kalimantan.

The first phase will generate 900 MW and the second dam, Kayan II, will produce 1,200 MW; Kayan IV 1,800 MW; and Kayan V 3,600 MW. Learning from the experiences of other countries, building a hydroelectric power plant could take several years. The Three Gorges was started by Sun Yat-sen in 1938, after he came home from the United States for his medical study. After surveying the location in 1948, Mao Zedong decided to build the plant was built in 1958 using manpower from the military, and with help from Russia. It only became operational in 2012, producing 22,500 MW from three large rivers that had been causing big floods and hundreds of deaths every year. Now it becomes a tourism area, managed by three Chinese state-owned enterprises and bringing in a revenue US\$ 242 million per year. So, with 22,500 MW, we might generate US\$ 60 million per day. Electricity is very profitable and useful, that's why it doesn't cost so much to have electricity in China. And it will come to North Kalimantan. Hopefully, the pre-construction phase will start early next year, also in accordance to the Presidential Regulation 58/2017, which designated the dams as a National Strategic Project.

Additionally, the province will develop a new government center, namely the Kotabaru Mandiri Tanjung Selor, as stated under the Presidential Regulation 9/2018, with constructions beginning in 2020. It will be complete with city facilities, including up-to-date smart and green city elements. Electricity supply for the new center will be generated by local sources; considering the province already have 50,000ha in the Kayan river. The provincial government will also propose to the Minister of Forestry to convert forest areas into sustainable food-related developments. This will be possible because North Kalimantan has more than five million ha of forests, but notably, 1.3 million ha have been designated as conservation areas that will remain untouched.

As the President had said, if all of the above projects can be realized, they will have significant impacts on Indonesia, and even on ASEAN. And, upon the completion of the project, the hydroelectric power plants that produce more than 10,000 MW, along with the 11,000 hectares industrial area, will make Indonesia a developed and rich country.

*Governor Irianto also underlined his experiences in East and North Kalimantan that, it is important for the government and private sector to work together especially in the creation of growth- which is the priority of the current presidency, which is why strong partnership is needed from the government and private sector. One of the examples is the establishment of Dewan Pengupahan or Remuneration Board which have a yearly discussion on the minimum wages for the employers in every province.*



## **Keynote Address 4**

### **“Investment Window of Opportunity during US-China Trade Friction for Batam, Bintan and Karimun”**



**Dr Nurdin Basirun**  
**Governor, Province of Riau Islands, Indonesia**

**Represented by Dr Syamsul Bahrum**  
**Assistant II, Economic Development on Provincial Government of Riau Islands, Indonesia**

It is rather hard for me to see the current US-China trade frictions as simply a new investment window. Mainly because to take advantage of the ongoing tensions would require taking a side that might not bode well at all for a small sub-national economy. I believe the best way out here is to solve the problem internationally, with the help of international bodies such as the World Bank, IMF and United Nations.

The Riau Islands province is very close to Singapore, just 45 minutes away, with direct flights to Vietnam, Cambodia and Malaysia. The province is made of seven local governments that can be further broken down into two cities and five districts. The population currently stands at 2.2 million, with 1.3 million people live in Batam, the province's Free Trade Zone, even though the capital city is in Tanjung Pinang.

On the issue of US-China trade tension, if I have to pick a side, my personal take would be for Riau Islands to side with China, considering the country's increasing investments in tourism. China has also been investing in governments all over the world. Just two or three days ago, the governor of Riau Islands signed an agreement with the government of Shandong province for a USD\$15 million investment. The investment is predicted to benefit 10,000-20,000 workers.

The conflicts between US and China have put Indonesia in a tight spot, as the country has comprehensive partnership agreements with each of them separately. In addition to our agreements with the two countries, the President has also signed other international strategic partnership agreements with Singapore and Malaysia. Moreover, with an economy that has been designed to also be export-oriented, the local economy's

survival is highly dependent on the global market. In the last three years, problems in the global economy would have been reflected in our own. A large part of our provincial share of trade is driven by our exports to countries such as Singapore, China and US. Exports to Singapore, China and US have generated US\$4.32 billion, US\$8.67 billion and US\$0.55 billion respectively.

As a province with 2,400 islands and an economy clearly delineated into the different industries, the majority of the FDI has been channeled into export-led industrialization and not import substitutions. This is where the problem lies, because free trade agreements have been limited to exports, such that all other importable products in the free trade zone cannot be imported with any import taxes. As such, the province works very closely to export goods to other parts of Indonesia via Singapore. The goods produced in Batam is sent to Singapore, which will then be transported to the rest of Indonesia.

Singapore is still a major player in Riau Islands' investment, tourism, export and import. This is one reason why when Singapore takes on any Free Trade Agreements with the US, there would be some trickle-down effects to our sub-national economy. This also applies when Singapore signs any International Agreements or Free Trade Agreements. This means the integrations between Singapore and our provinces is very significant. Therefore, we have made it a point to continue working closely with Singapore's Economic Development Board (EDB), Singapore Tourism Board (STB), and Agri-Food and Veterinary Authority of Singapore (AVA). Next month we will be meeting with the Vice minister of Defense, Dr Maliki. Every year the governor also holds official visits to the joint business council group and meetings in the Batam, Bintan and Karimun FTZ. Evidently all these collaborations are with Asian countries and this is a weakness as we do not have as many international opportunities with larger and geographically greater distance countries like America. Personally, I also know the Chinese counterparts much better as I have been there 35-40 times but never to the States.

Various countries' contribution to our FDI may be ranked as follows: Singapore (Valued at US\$1.8 million), Malaysia (US\$230,000), China (US\$223,000) and US (US\$31,000). The rankings show that China is significantly more invested in the province. I have promoted our economy to prospective investors in Dubai, Shenzhen and Malaysia and any interest shown would have been driven by China's presence in the Riau Islands. This could also be ascertained from President Jokowi's close relation with President Xi of China.

What is notable though, is that since 1970, the US-owned McDermott company has made the Galang Batang Bintan SEZ one of its primary operational bases. Covering an area of over 270 acres, its facility houses over 670 structures and employs more than 10,000 workers. The base offers deep-water access and berthing facilities for 300,000 DWT vessels. It is also the site for manufacturing, fabricating and assembling large rig equipment before they are exported all over the world. Together with investments from Chinese investors and local businesses such as PT. BAI, the Galang Batang Bintan SEZ has become one of the most attractive economic zones in Indonesia.

As shown from these examples, Indonesia benefits from both countries' investment. This is a paradox as Indonesia does not receive any benefits from the conflicts. During this period of conflict, our provincial view is that US and China settle their differences as soon as possible because both countries have significant contribution to our national and provincial economies.

In the local context, some highly sought-after projects have been coming from the mining industry, followed by investments and trade in the plastic scrap chain. The furniture industry has also been flourishing as China suffered from the import ban from the US and dismantled much of their production sites here in Riau islands, leaving more opportunities for other players. The production of mobile phones has also stepped up under Satnusa Persada, that has essentially taken over the production of American imports. Tourism is slow to pick up but with Indonesia's good relationship with China, I foresee that the industry will pick up in the next five years, especially since Indonesian Chinese make up 20 to 25 percent of the provincial population.

The province is also looking forward to more investments in strategic infrastructure, such as the Batam-Bintan-Karimum bridge that is in discussion of getting partial funding from a Chinese company, the construction of water and electrical supply system, airport upgrades and improvements to local agrobusinesses and fisheries. For investment in strategic infrastructure, we had met one of the industrial giants which is a China's state-owned enterprise to discuss about the project of Batam-Bintan-Karimum bridge, the new construction of the water supply system and electricity, and the constructions of the new airports. We also discuss on the opportunities to line up with Lion Group, and MRO, and investment in Agrobusiness and Fisheries.

*Drawing upon local experiences on the Riau Islands, the Governor has often listened to advice from the Indonesian Employer Association (APINDO) on employment issues. This year, the Governor has discussed with APINDO on deciding the minimum wages of employees and the political side effect of this decision. With regard to SEZ, the government is highly committed to the implementation of SEZ, however there is a gap in local regulations- there is currently a lack in provincial regulations for the implementation of SEZ implementation and the related decisions are made only amongst leaders at the national level.*

## **Keynote Address 5**

### **“Time to ACT: Realizing Indonesia’s Urban Potential”**



**Ms Jyoti Shukla**

**Director, Singapore Infrastructure and Urban Development Hub, The World Bank Group**

That was a really interesting morning. Thank you, Governors and all representatives, from the Government of Indonesia. It is a perfect segue to what Dr Roberts and I want to talk about.

What we heard this morning was the excitement about the proposed relocation of the capital city and the opportunities it brings and how the Governors see that changing their provinces. That is exactly what we see on the urban agenda globally. Eighty percent of the world's economic activity is actually produced in

cities. Cities really bring together a lot of energy. Currently about 55% of the global population lives in cities. By 2050, we will see that rising to almost 68%-70%. This is the way for the future.

Typically, cities provide better and high-paying jobs. The Governors talked about they can act as an escalator out of poverty. Well managed urbanization can also yield substantial climate and natural resource benefits. That is really important and an imperative globally for us today. But what we also know from the global experience is that urbanization can also give rise to many challenges.

From the World Bank side, looking at the global experience, we see four major categories of challenges. One is that rapid urbanization is occurring in many countries where local government capacities are still limited in tackling congestion pressures because countries are urbanizing at a much faster rate at a lower level of development. Second, as we saw that this morning, there is a major financing gap for the infrastructure. The figure estimated globally is about four trillion dollars per annum. The third challenge is the potential for growing territorial and spatial inequality that threatens inclusivity of society. Because cities typically attract more skilled talents and workers, therefore larger cities can start getting associated with higher level of inequality. And fourth is that of urban resilience, especially important because of the risk of climate change. The most recent UN report highlights a number of cities are going to be threatened by climate change, much more than any one of us would have thought of earlier. These are the broad spectrum of challenges for urbanization in general.

Let me also highlight our strong partnership between the World Bank Group and the Government of Indonesia. In our partnership, as we look at the challenge for urbanization, we really look at a broad platform because urbanization is a space where many sectors have to come together. These are transport, energy, water, waste water, which are the traditional infrastructure sectors, but also more broadly, health and education - for all parts of society to prosper.

Therefore, in Indonesia, the World Bank Group has adopted a very broad platform approach to tackling these challenges, working together with the Government to build national programmes which then translate into provinces and cities.

Let me highlight in particular the National Slum Upgrading Programme that the World Bank supports the operating in cities across Indonesia, using a community driven development approach to improve living conditions for lower income urban residents.

We also work together with the Government of Indonesia on the National Affordable Housing Programme which contributes to the Government's One Million Homes initiatives and supports the upgrading of sub-standard homes for poor households as well as subsidies for lower income households to purchase homes.

The National Urban Water Supply Programme provides access to improve water sources and operations of water utilities.

To enable all these urban infrastructure investment programmes, we need financing solutions. So we have the Regional Infrastructure Development Fund which is the financing facility for sub-national governments to undertake larger investment that cannot be financed through annual budget allocations.

For cities to fully benefit from these opportunities, we also have the National Urban Development Project which is the technical assistance loan focusing on planning and capital investment planning, with a broad set of initiatives.

To bring a lot of these activities in an analytical framework, over the last year or so, the World Bank Group has been working on a report, Time to ACT. Dr Mark Roberts is the lead author. Time to ACT is not just a report, but more importantly, it is a reaffirmation on behalf of the World Bank Group to work together with the Government and the people of Indonesia to create resilient, sustainable and liveable cities. Time to



ACT, that Dr Roberts will present now, sets a road map for the continuous engagement of the World Bank with the Government of Indonesia on the urbanization agenda.

Dr Roberts, over to you.



**Dr Mark Roberts**  
**Senior Urban Economist, Urban, DRM, Resilience and Land Global Practice,**  
**The World Bank Group**

Thank you, Ms Shukla for the introduction.

As mentioned by Ms Shukla, over the last two years, we have been working closely with the government of Indonesia, particularly BAPPENAS, Ministry of National Development Planning and also with the Ministry of Finance to develop this report “Time to ACT”, which we launched in Jakarta at the beginning of October in a major launch event which involved Minister Sri Mulyani Indrawati, the Minister of Finance, and Minister Bambang Brodjonegoro, the Minister of Research and Technology, who is the Guest of Honour here.

Here I would like to give you an overview of some of the main findings in the report.

Let me start off by talking about the promise of urbanization. That’s the potential promise of urbanization to bring prosperity to a country. By way of background, when independence was declared in Indonesia in 1945, approximately 8.6 million Indonesians lived in cities. But fast forward to today in 2019 and we see that 151 million Indonesians live in cities. So this is obviously a very rapid process of urbanization. The 151 million people is equivalent to 56% of the national population.

Furthermore, looking forward, this urbanization is set to continue. By 2045, when the country celebrates the centenary of its independence, 220 million people will be living in cities, that is equivalent to more than 70% of the national population. So by 2045, we know that the urbanization process in Indonesia will be more or less complete. So that means there is a limited window of opportunity to influence the trajectory of urban



development before it becomes too locked in, to give better outcomes in terms of prosperity, inclusiveness and liveability.

Now, in terms of the promise of urbanization, urbanization promises but does not guarantee prosperity to a country. This follows from the fact that, globally, there is a very strong positive relationship between a country's level of urbanization and its national level of GDP per capita. Nevertheless, around this global relationship, we see a lot of variation in terms of performance. For a given level of urbanization, some countries perform better, some countries worse, and these differences in performance are, in part, related to the quality of urban management. Going forward, how much Indonesia can get out of urbanization, in terms of prosperity, will depend partly on the quality of urbanization.

Where does urbanization's promise of prosperity come from? It comes from the benefits of cities. First of all, within cities, because the labour market is very dense, it is easier for people to find jobs that suit their skills. Likewise, it is easier for employers to find the right talents. Secondly, within cities, we get the formation of dense local networks of suppliers of intermediate inputs into the final production of other firms. Thirdly, within cities, it is easier, particularly in larger cities, to the spread of the cost of large scale infrastructure projects, like providing an MRT system. Fourth and finally, the density of cities means that there are more interpersonal interactions between people that permits the exchange of ideas and knowledge that can generate innovation, that can benefit both local and national economic growth.

If we look at Indonesia, urbanization has already helped to deliver prosperity. Between 1996 and 2016, every one percent of increase in the share of the population living in cities was associated with a 1.5% increase in national GDP per capita. This is quite a big growth return from urbanization. Nevertheless, other countries in the East Asia and Pacific developing region did much better. For other East Asia and Pacific developing countries, the growth return from urbanization was almost double that of Indonesia at 2.7%.

Why was Indonesia not able to get more out of urbanization in terms of prosperity benefits? Part of the answer lies in the fact that acting against the positive benefits of cities, we have negative congestion forces. These congestion forces arise from the pressure of urban population not only on transport systems, but, more generally, on basic services, on land and housing markets, and on the environment. If we try to put a number on these congestion costs for the Indonesian economy, we come up with a figure of at least six percent of national GDP each year. This includes the cost of traffic congestion in the large metropolitan areas, the cost of premature deaths within cities from pollution, and the cost of poor sanitation of hygiene. But this is only a lower bound estimate of the true costs of congestion forces. There are a lot of things we are not being able to account for in this number, for example, some of the negative costs of urban sprawl.

Now, let me talk in a bit more detail about each of these different congestion forces. Many of us are familiar with the traffic congestions within Jakarta, a metropolitan area. However, it is not only Jakarta, Surabaya and other large metros that are suffering from severe levels of traffic congestion, but also many secondary cities in Indonesia. In terms of air quality, this is poor and it could also worsen further in many cities. Out of 20 major metropolitan areas in Indonesia, 16 of them have air quality standards that are considered unacceptable by World Health Organization standards. Although there has been much improvement, access to basic services also remains difficult for many Indonesians living in cities. One in seven urban households lack access to clean water; 20% do not have access to safe sanitation; one in five urban residents continue to live in slums; and 20% of urban residents lack easy access to junior high school. The good news, however, is that good policies can help tilt the balance between the negative congestion forces, bringing them under better control, and the positive benefits of cities. This will allow Indonesia to get more out of urbanization.

In the report, we layout three basic policy principles to help policy makers at the national level and local levels to tilt the balance between these negative congestion forces and positive benefits of cities. As Ms Shukla said, these are the ACT basic policy principles.

First of all, we have “A”. “A” stands for “Augment”; to supplement the coverage and quality of basic services for all people in all places. The second policy principle “C” is to “Connect”; to better connect cities with one or another, with surrounding areas, and with international markets, as well as to better connect people within cities to job opportunities and basic services. The final principle starts with “T”, “Target”. Even if we implement the augment and connect policy principles, it might still be the case that some people in some places are left behind by urbanization, in which case we need additional customized policies that target those groups to ensure that they are able to fully share in the benefits of urbanization. Together, these ACT basic policy principles can help to deliver prosperity, inclusiveness and liveability.

Let me go through each of the basic ACT policy principles briefly in turn, starting with “A”, to augment. First of all, the “Augment” policy principle serves the purpose of helping to overcome the already severe negative congestion forces in the major metropolitan areas. To help, for example, reverse the increase in overcrowded housing that incurred in DKI Jakarta between 2002 and 2016. The second purpose of augment is beyond the metropolitan areas, to help provide everyone everywhere with an equal shot at benefitting from urbanization, by equalizing the provision of basic services across places. Although there has been much progress, large disparities in access to basic services continue to remain across places in Indonesia.

In terms of “C”, the “Connect” policy principle. First, this is about better connecting cities with each other, with rural areas, and with international markets. And part of the story is further developing national transportation networks. For example, in terms of the state of development of its national road network, Indonesia continues to be lag behind countries like Brazil, China, and also Thailand. Secondly, connect, as mentioned, is about better connecting people to jobs and services within cities. This can be done by the better coordination of the provision of housing and transportation. For example, in the case of Semarang, we see that the most recent low-cost housing development has been on the very periphery of the city in locations with relatively poor accesses to jobs and basic services. We need to connect housing development with the opportunities that exist within a city.

Finally, in terms of “Target.” This is about targeting places and people that may be left behind. I want to mention here, people living with disabilities within cities, women and girls, and the elderly, who may have additional mobility needs. Public transportation systems within cities need, for example, to be wheelchair accessible and safe for all to use. Likewise, all public buildings should be wheelchair accessible.

Together, the ACT policy principles can help deliver prosperity, inclusiveness and liveability. But the cornerstone of implementing these basic policy principles lies in improving subnational governance and finance. Let me mention three areas here. First is the need to expand options for subnational financing of infrastructure. Second is the need to build better capacity to plan, implement and finance urban development at the local level. And, third, is the need to improve institutional coordination at the national level, between different ministries, ; vertically between the national government, the provinces and the districts; and, finally, between districts that belong to a common metropolitan area.

First of all, in terms of expanding the envelope for subnational finance, to ACT, district governments need more money. As things currently stand, there is a missing middle in terms of financial instruments to pay for large multi-year investments. We can talk in more detail in the discussion about the various options for plugging this missing middle. For example, making better use of property tax at local level.

Secondly, in terms of capacity building, to ACT, cities need the skills to plan, implement and finance development. We can think about options such as professional courses for local government staff, tertiary education, and on-the-job training programme in such areas as geospatial analysis and tax management. We can also think about building integrated data platforms which are aligned with implementation and capital investment plans. This might involve building a municipal spatial data infrastructure as a city-level platform for planning, which would help to integrate different plans according to a coherent spatial development framework linked to a capital investment plan.

Finally, in terms of coordination to be able to ACT. As mentioned earlier at the national level, there are different ministries involved in urban development. Urban development at the national level involves eight or more different planning systems. So we can think about the options for improving coordination. One option could be a presidential decree to establish a national level platform for urban transformation. We can also think about establishing a common data and mapping platform to integrate the plans of different ministries and the different sectors.

In terms of vertical coordination between provinces, the centre and districts, there is a need to clarify roles in different levels of service delivery & infrastructure, and to better align national, provincial & district-level plans & programs.

Finally, in terms of improving coordination between districts that belong to a common metropolitan area, one option is for the provincial governments to take a stronger role in coordinating those districts that are within their boundaries and belong to a common metropolitan area. Another option is to encourage greater contracting between those districts within a metropolitan area to deliver complementary services.

I hope I could give you a flavour of some of the main findings of the report. The report can be downloaded from this link ([www.worldbank.org/timetoactindonesia](http://www.worldbank.org/timetoactindonesia)). It has already had close to 500,000 downloads. Please do take a look at this report for more details of the recommendations.

Thank you.

**2019 ACI-Shanghai Academy of Social Sciences Greater China Liveable Cities (ACI-SASS GCLC) Index: Ranking and Simulation Analysis**

**(a) Presentation**



Dr Wang Hongxia, Research Fellow, Institute of Economics, Shanghai Academy of Social Sciences, People’s Republic of China and Dr Zhang Xuyao, Research Fellow and Deputy Director (Research), ACI-LKYSPP, NUS

The presentation was on the second update of Greater China Liveable Cities Index (GCLCI). With the focus of ordinary residence’s perceptions, more than 25 percent of the data (out of 121 indicators) are from telephone surveys. More than 300 successful responses have been collected for each of the 100 cities. The major findings of this study are as follows: (1) the top ranking mainland China cities are mostly from Shandong and Zhejiang provinces; (2) first-tier cities in mainland China (Beijing, Shanghai, Guangzhou and Shenzhen) are among the top-performing cities in terms of overall liveability except for Guangzhou; and (3) Macau outperforms Hong Kong and three cities from Taiwan in overall liveability.

**(b) Discussant I: Mr Timothy McDonald, Freelance Journalist**

Mr Timothy McDonald spoke briefly on the difficulty of conducting survey over the phone. He pointed out that the protests had a very real effect on the residents of Hong Kong, which is captured by the survey study. Mr McDonald also found it interesting that in China, the megacities, such as Beijing Shanghai and Shenzhen, perform better than the others. However, the world’s megacities tend not to do that well in the global liveable city rankings.



**(c) Discussant 2: Dr Liu Aimei, Associate Professor, Rural Development Institute, Shandong Academy of Social Sciences, People's Republic of China**



Dr Liu Aimei recognised the practical value of this research from three aspects. First, the research focused on regional and urban development, which is of great significance in promoting regional cooperation and urban development. Second, this study provided more operational research support for improving the liveability of cities. Third, the conclusions reached by the research suggested that cities ranked at the top of Liveable City Index may not be the most economically dynamic cities, which has provided a theoretical basis for strengthening urban social governance in China. Dr Liu also suggested to analyse factors that restrict the improvement of liveability of cities and propose measures to improve the liveability of cities.

**(d) Discussant 3: Dr Wang Huitong, Research Fellow, Institute for Finance and Economics Research, Central University of Finance and Economics, People's Republic of China**

Dr Wang Huitong stressed that the Index grasped one of the key issues of China's economic and social development: with rapid development and rising prosperity, instead of pursuing economic well-being at all cost, the Chinese government is pushing for overall improved quality of life. She found this study reliable as the methodology adopted is rigorous. Dr Wang would like to see an in-depth analysis on the Greater Bay Area, especially the policy recommendations to address Hong Kong's internal problem.





**2019 Annual Indices for Expatriates and Ordinary Residents on Cost of Living, Wages and Purchasing Power for World’s Major Cities**

**(a) Presentation 6a: Indices for Expatriates and Ordinary Residents on Cost of Living, Wages and Purchasing Power for World’s Major Cities, 2005-2017**



Mr Sky Chua Jun Jie  
Research Assistant, ACI-LKYSPP, NUS

This presentation reported on the annual update of ACI’s indices that measure the cost of living for expatriates and ordinary residents as well as the purchasing power and wages for ordinary residents in 105 cities around the world. This continuing ACI series is important as it differentiated between the consumption patterns of ordinary residents and expatriates, allowing for a more detailed and thorough analysis of the cost of living in a city which would allow more flexibility for multinational corporations when determining allowances of their expat staff.

**(b) Presentation 6b: A Case Study on “Worsening of Purchasing Power of Ordinary Residents in Europe: Amsterdam, Athens, Brussels, Dublin, Lisbon, London, Paris and Rome”**

This presentation discussed the worsening of purchasing power of ordinary residents in eight European cities. Analysing the ACI’s annual indices on the cost of living, wages and purchasing power for ordinary residents for these eight cities, we found that despite a decrease in cost of living, the stagnation or decrease in real wages greatly reduced the purchasing power of ordinary residents. The worsening of purchasing power played a huge role in explaining the frequent outbreak of social unrest in these cities.



Dr Zhang Xuyao  
Research Fellow and Deputy Director  
(Research), ACI-LKYSPP, NUS

**(c) Discussant 1: Dr Tim Moonen, Managing Director and Mr Jake Nunley, Senior Research Associate, The Business of Cities, United Kingdom**



Mr Jake Nunley spoke on the lack of studies on affordability, and studies that do exist are mainly based on housing affordability or cost of living of goods but rarely both. They also tend to measure affordability from the perspective of certain population. Mr Nunley then applauded ACI team for tackling these drawbacks head-on. Mr Nunley also mentioned that ACI's case study on European cities demonstrate strongly the issue of unaffordability.

**(d) Discussant 2: Professor Chung Ting You Robert, President and Chief Executive Officer, Hong Kong Public Opinion Research Institute, Hong Kong Special Administrative Region of the People's Republic of China**

Professor Chung spoke briefly on the achievement of ACI thus far. He also highlighted ACI's contribution on societal development by studying both the expatriates and ordinary residents. Professor Chung then praised the bold approach adopted by ACI team on using economic indicators to explain social unrest and highlighted the importance of the study to help look for possible solutions.



## Conference Luncheon Talk

### “Sustainable Cities and Shift in Production Value Chains”



**Dr Luky Eko Wuryanto**

**Vice President and Chief Administration Officer, Asian Infrastructure Investment Bank**

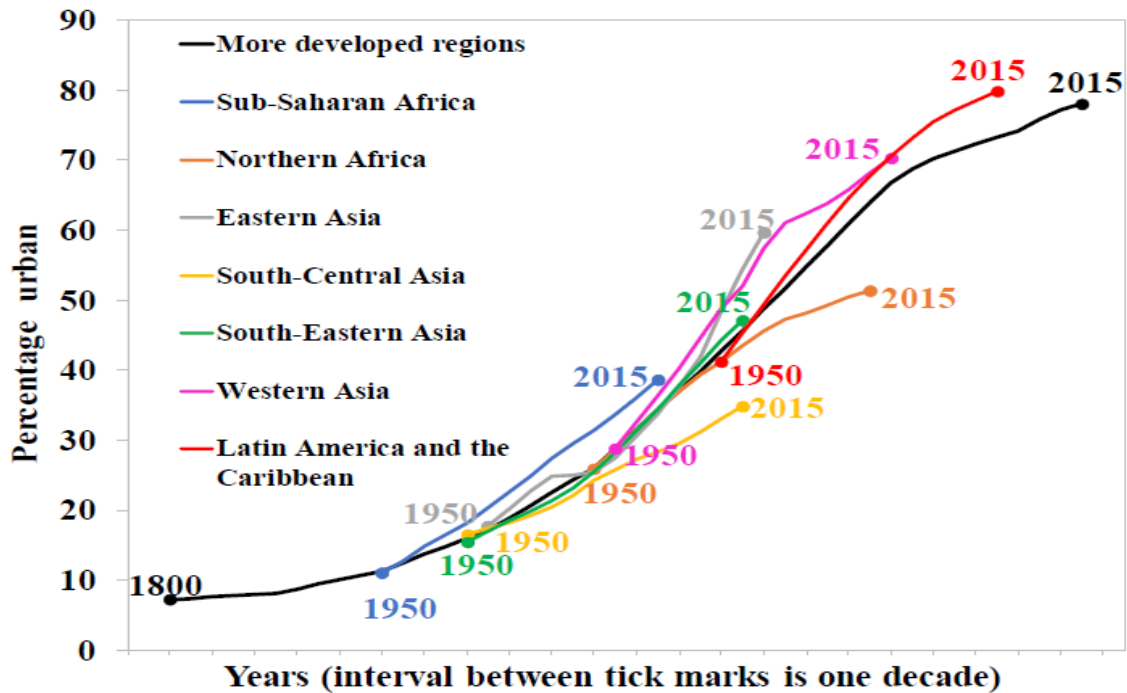
Good afternoon Professor Tan, Co-Director of ACI, distinguished guests and my fellow colleagues in ACI, ladies and gentlemen,

Allow me first to thank the Asia Competitiveness Institute (ACI) of the Lee Kuan Yew School of Public Policy, for inviting me to speak at this Annual Conference on “Sustainable Cities and Shift in Production Value Chains.” As it is now lunch time, I will attempt to be clear, concise and compact in my speech and hope this will lead to a lively Q and A session.

Ladies and gentlemen, why are we focusing on cities? And why cities must be sustainable moving forward?

For the first question, let observe some available statistics. For the period 1990 – 2010, Asian Development Bank revealed that Asia alone witnessed an expansion of population growth by nearly 30%, faster than any other region in the world. From 2010 to 2050, it is predicted that Asia will see its urban population grow to 3.3 billion people, twice its current size. In general, the acceleration of urban population growth was very much similar among three important regions in Asia, that is Eastern Asia, South-Eastern Asia, and South Asia (see graph). From the graph, it is clearly seen that the three areas grew relatively faster than other regions in the world.

Figure: Levels and trends of urbanization in selected regions

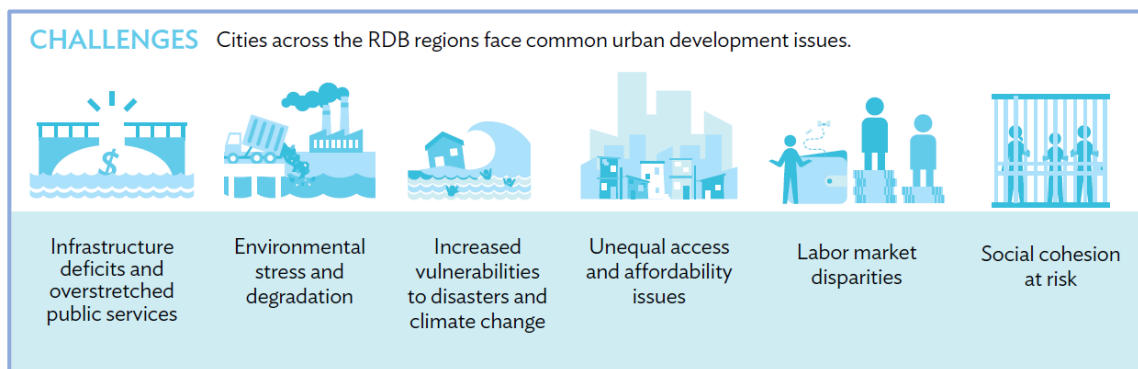


Source: *The speed of urbanization around the world*, Population Facts, Dec. 2018, UN Depart. Of Economic and Social Affairs, Population Division.

Several reports from UN Habitat and World Bank stated that:

- More than half of world's population lives in cities. By 2050, this will increase to over two thirds.
- They contribute to over 70% of GDP, more than 60% of the global energy consumption, 70% of the greenhouse gas emissions, and 70% of global waste.
- Common problem: growing infrastructure deficits, overstretched public services, environmental stress, increasing risks of climate change impacts and disasters, growing inequality, violence and crime, and escalating threats from terrorism and cyberattacks.

### Common Urban Development Challenges



Source: *Creating Livable Cities: Regional Perspectives*, AfDB-ADB-EBRD-IADB, 2019, after UN Habitat (2016)

Looking closely to this dilemma, cities are the cause of and simultaneously also has the potential to be the solution to climate change. Let me explain further in the latter part of my speech.

Experts and urban planner claim that urbanization is a reflection of economic improvement, which is obviously a good thing. But high rate of urbanization put tremendous pressure to society and environment. Without advanced planning as the balancing out, city living conditions are deteriorating. In additions, cohesions among social and economic functions are disintegrated when poor city layout heads toward uncontrollable urban sprawl. As a result, public transportation systems become inefficient and accessibilities



from homes get farther and farther away from offices and businesses – all these lead to more vehicles on the roads emitting carbon dioxide (CO<sub>2</sub>).

In Asia, despite rapid urbanization bringing along a substantial growth to the middle class, our urbanization quality is still relatively low compared to upper middle-income countries in Asia (i.e., South Korea, China), let alone the developed countries. It generally still faces serious developmental issues. A sizable number of people live at subsistence level, many of its cities are suffering from insufficient and inefficient infrastructure, ranging from energy and water to transportation and logistics. It is estimated about 523 million in Asia live in slums, lack access to basic water and sanitation services and are increasingly exposed to climate-related threats. Not surprisingly, Asia has the largest slum community in the world. The infrastructure investment gap from 2016 to 2030 in this region is about USD 2.8 trillion, says an ADB study.

To make things worse, most of our dense areas in cities are situated near coastal lines or river banks. These areas are truly at high risk from rising sea levels and extreme weather conditions. If major adaptability and or mitigation efforts are not immediately accelerated within in the next few years, the consequences might likely be catastrophic. The October 2019 “Nature Communications” scientific journal predicts that two thirds of population in Indonesia, Thailand and Vietnam are at risk to flooding and extreme weather conditions made worse by climate change.

Colleagues, ladies and gentlemen,

I certainly do not want you to be despair with such gloomy scenario, especially before delicious lunch we are about to eat. On the contrary, there is a genuine sunny side from the situation that currently looks gloomy. It is clear that we become the victim of our own success. I believe, if we are looking from that angle, the picture becomes brighter. An encouragement that are indeed required for Asia to get out from the current loops/trap into the recurring problems. We have a bunch of opportunities and there are more than sufficient competitive activities/business has been established and grow from the economic development we have endured so far. In doing so, however, authorities and professionals must understand the global trends we are now experiencing, so that we hopefully may be able to smartly devise our development and business strategies. Only in this way Asian developing countries, especially the ones in the lower middle-income range, will truly harness the expected opportunities.

### **What are the global value chain trends?**

McKinsey Global Institute (MGI) study stated that ... “*global value chains are being reshaped by rising demand and new industry capabilities in developing world as well as a wave of new technology*” (Globalization in Transition: The future of Trade and Value Chains<sup>1</sup>), January 2019). The study outlined the following five shifts impacting production value chains:

- Goods producing value chains are slowing down, contributing less to global growth and trade volume;
- Services value-add to goods and global growth is increasing;
- Exports from labor-intensive economies to capital intensive economies are declining;
- Production value chains are rapidly adopting technological advancements and increasingly capital intensive; and
- As a corollary, value-chains are more regionally concentrated, putting more pressure on cities within a region to connect physically to cope with population growth, social and economic demands.

Among them, the fifth one is probably the most relevant to our discussions. The respective trend, according the study, were most strikingly noticeable in Asia and Eurozone, even though the two occur from totally

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<sup>1</sup>) Production value chains, briefly described as “*the full spectrum of activities required for firms and workers to bring a product from concept to its end use and beyond*”, has evolved into a globally inter-connected and integrated process after decades of an open and free trade regime. A micro-chip designed in China, is fabricated in Malaysia, tested and packaged into a device in Taiwan before being exported to the retail market in the US.



different reason.

In EU region, the shift mainly stems from their needed adjustment toward using automation to connect and integrate better with more suppliers for just-in-time sequencing. The underlying force is the competition to serve more swiftly and efficiently, both the relatively stagnant market within the region, and significantly growing but steadily tighter market in other regions, mainly Asia. On the other hand, for Asia, it is more likely because of growing consumption, maturing economies, and better connectivity within the region. China is obviously leading the way due their significant increase in domestic consumption, but the developing countries in Asia follow the trends are not far behind. The main driver was the continuing rise of middle class many developing countries in Asia, which is also well expected to be continued into the future.

New technology advancement and economic activities applying disruptive technology are significantly influenced or inspired by increasing consciousness toward sustainability. In the long run, this trend will eventually make the wasteful practices of a traditional linear economy more and more unpopular. Understandably, there are other factors which also have some smaller scale of influences on the shift of production value chains, like escalating global trade tensions, as well as shift from multi-literalism to unilateralism. We will not elaborate further in my speech since they are not too relevant with what happening in Asian context.

Speaking about the trends in Asia, China is obviously leading the way due their significant increase in domestic consumption, but the developing countries in Asia which follow the trends are not far behind. the trend was driven by the continuing rise of middle class many developing countries, as the Mackenzie study stated that *“... the rising middle class in other developing countries is also flexing new spending power. By 2030, the developing world outside China is projected to account for 35 % of global consumption, with countries including India, Indonesia, Thailand, Malaysia, and the Philippines leading the way.”*

### **What does this really mean for us?**

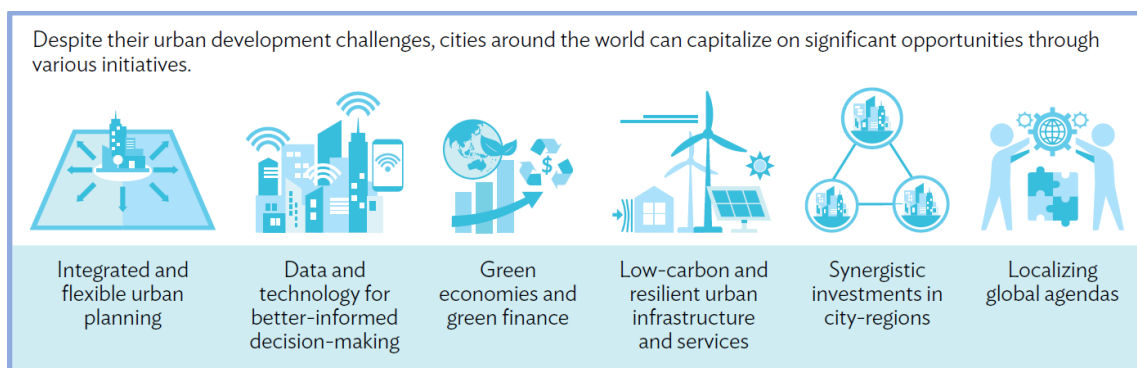
First, we are seeing services contribution towards global trade intensity rising above goods production. More investments and jobs will arise from this sector. More new jobs, different in structure from the past, will be generated from capital intensive industries adopting technological advancements (AI, IoT etc.). Further, choice of production base could not use consideration only on the labor-cost arbitrage as before since many of the developing countries, especially in Asia, will have higher wage-level. There will be other factors such as, the availability of “local pool” (not necessarily local skilled workers), natural resources, proximity to costumers, and quality of infrastructure. Developing countries in Asia needs to embrace to technological advancement for enabling them to grab the opportunities and gaining benefits from the shift of production value chain. Succeeding that will influence further improvements in the quality of incoming investments.

Second, more importantly, the shift is associated with what has been mostly happening in our own “back yard.” There were countries relatively more successful in benefitting the shift. As stated previously, China leads the way with their economic power while other developing Asian economies follow behind China in various distances. Asia is currently considered as truly the global economic center of gravity. Economic development trends in this region is likely to continue into the future. To gain meaningful benefits, learning from the past, authorities and professionals need to make adjustments to retrofit their socio-economic policies and planning to better gauge their implementations and impacts in a more controllable fashion.

This is where livable and sustainable city development become the heart of the previously mentioned adjustments. Cities, as the driver for economic development, center for innovation and excellence, as well as pool of entrepreneurship, are the natural fits to be the frontline for solution to the climate change adaptation and mitigation efforts. For developing Asia, their roles are even more compelling and encouraging due to their expected greater roles in global economy in the 21st century as well as high potentials for gaining more socio-economic benefits in the future. McKinsey Global Institute in their other study entitled

“Future of Asia’ (July 2019) stated that “... Asia in on track to top 50 percent of Global GDP by 2040 and drive 40 percent of the world’s consumption, representing a real shift in the world’s center of gravity.”

## Opportunities



Source: Creating Livable Cities: Regional Perspectives, AfDB-ADB-EBRD-IADB, 2019

Colleagues, Ladies and gentlemen.

## **Sustainable Cities and new economic growth approach for 21st century**

To deliver higher productivity yet more sustainable and resilient economies as well as greater social inclusion, the Global Commission on Economy and Climate proposes an acceleration of structural transformation encompassing these five core principles:

- Transit from an existing fossil-fueled energy system to a clean, decarbonized, decentralized, digitally enabled system that provides modern, resilient and secure energy access;
- Smarter and more coordinated, integrated and connected urban planning and strategic infrastructure investment to unlock hurdles to economic growth and strengthen resilience to physical climate change, e. g. congestion and air pollution, to make cities more livable;
- Sustainable land use practices to enhance food production and security, restore natural capital and boost adaptation to climate impacts;
- Better management of water as a scarce resource through deployment of improved technology, planning and governance to properly support for the efforts on strengthening water-energy-food; and
- Embracing policies leading towards a circular industrial economy with efficient use of materials and minimize waste and pollution.

In their 2018 report, entitled “Unlocking the Inclusive Growth Story of the 21st Century: Accelerating Climate Action in Urgent Times.”, They stated that sustainable cities are at the heart of this new approach. Sustainable cities will facilitate not only more efficient service delivery and avoid costly urban sprawl, with their compactness, but will also have more capabilities to attract creative talents, companies, and capital (even from afar) with their livability conditions. More essentially and importantly, they would be able to unlock, influence, and even lead the decision makers for overall greater economic dynamism since cities are indeed the driver of economic growth.

In South East Asia, we witness Singapore making tremendous progress in sustainability, despite its size and natural resource limitation. Some of its notable achievements are:

- 95% of its electricity is currently generated from natural gas, a more environmentally sustainable energy source than other fossil fuels;
- In 2016, Singapore launched the world’s largest floating photovoltaic (PV) test bed at Tengah Reservoir, to test the feasibility of installing solar panels on water instead of land;
- Singapore’s NTU is pioneering South East Asia’s first industrial micro grid test system, which integrates solar, wind, tidal and power-to-gas technologies; and

- In 2018, the Global Innovation Index administered by INSEAD and the World Intellectual Property Organization ranked Singapore as the fifth most innovative country, based on its investment into a “living land for renewable energy”.

Singapore is a prime example of an Asian city that is a hub for productivity, innovation and creativity. Cities like Singapore are an answer to climate change. But for cities to realize their potential in reversing climate change, achieving the Nationally Determined Contributions (NDCs) of the Paris Agreement and reduce disruptions of the value chains, they require financing. As Kevin Rudd, former Prime Minister of Australia commented in an interview with the International Monetary Fund (IMF) last month, the biggest missing element to realizing climate change objectives and sustainable development goals are finance or deployment of capital.

For other developing Asian countries, particularly in South East Asian region, lots of things need to be done. Due to limited amount of time that we have, I will confine the discussions to cover only infrastructure area for the time being. Indeed, the investment on infrastructure in the region and Asia as a whole has been robust. From the following figure, it could be observed that significant portion of the infrastructure investment is in the area of energy and transport where those developing countries are most lacking. Nonetheless, the amount of investment is still not enough and significant portion of the investment are still dependent upon government funding. Private sector participation needs to be boosted to increase the amount of investment for infrastructure and simultaneously reduce the burden of government fiscal pressure. To realize the objective, it is imperative that related conducive investment policies need to be constructed and put into implementation.

This is where multi-lateral institutions like the Asian Infrastructure Investment Bank come into the picture. We are poised to help address the regional infrastructure financing gap by working closely with the government at both central and local level.

As a 21<sup>st</sup> century, post Paris Agreement development bank, AIIB recognizes the importance of cities as a solution to climate change and shift in production value chain.

We promote broad-based economic development, with strong Environmental Social and Governance (ESG) safeguards. Our investments have sustainability as a pivot supported by three major thematic priorities – cross-border connectivity, sustainable infrastructure and private sector mobilization. In our third year of operations, we crafted our Sustainable Cities Strategy to support financing of “green” and sustainable infrastructure projects in Asia, based on these principles, which are Green, Resilient, Efficient, Accessible and Thriving or GREAT, in short.

Given these principles, we have committed lending close to USD 2 billion on urban projects across emerging economies / member countries, making up nearly 20% of our total committed loans. 70% of our urban projects are climate resilient in nature. Examples are:

- In Manila, we are co-funding the Metro Manila Flood Management Project with the World Bank to improve flood management in 17% of total area of Metro Manila. 1.7 mil residents of Manila will be less prone to flooding once this project is completed;
- In Sri Lanka, we committed USD 200 mil towards the Colombo Urban Regeneration Project to re settle 50,000 low income households in underserved settlements to new, flood resistant, affordable apartments;
- In Lombok-Indonesia, we pledged USD 248 mil for the Mandalika Urban and Tourism Infrastructure Project. This will provide clean water, sanitation, drainage, waste treatment, electricity distribution, disaster mitigation facilities for the Mandalika Special Economic Zone;
- In Bangladesh, we are co-financing with the World Bank Bangladesh Municipal’s Water Supply and Sanitation project USD 100 mil.; and
- Two months ago, we approved financing of half a billion USD for Mumbai’s Urban Transport Rail Project to strengthen urban mobility in one of Asia’s most densely populated cities.

Colleagues, Ladies and gentlemen,

Moving forward, in line with our Cities Strategy, we will scout for investments that:

- a. promote **digital dexterity**, where workers are trained in digital infrastructure and equipped with the skills for future value chain workforce to ensure minimal career displacement and loss of jobs;
- b. support the **circular economy** instead of the mainstream, linear economy. In this respect, the future of sustainable cities lies with supply chain factories, cities or units of production shifting from avoidable waste production to a new cycle in which a product is returned, recycled and reused in some way. The goal in a circular economy is to deliver customer value with minimal waste. With a workforce trained in digital infrastructure such as digital twins and AI, supply chains are better positioned to adopt a circular economy thus ensuring long-term sustainability of cities; and
- c. promote **city resiliency**. We have preference for microgrids technology, combining heat and power, solar and battery vs. legacy transmission & distribution system that risks being damaged by floods, tsunamis, forest fires, extreme heat and droughts. Projects adopting technologies such as resilient mechanical systems, sea walls and microgrids are on AIB's financing priority list.

Before I conclude, I would like you, especially our economists, town and city planners to ponder if we can also explore different urban growth models, as envisaged in our Cities Strategy. We are looking for models to reduce spatial disparities, optimize cross-sector synergies and contribute to more regionally balanced development. A planning approach to this is the "*urban clusters model*" where we form city clusters to reduce the over-crowding and extreme pressure put on infrastructure in megacities.

In short, we would like to see this urban clusters model being able to optimize the limited financial resources and institutional capacities of individual but neighboring cities. That these resources and capacities be combined to enhance intra-regional collaboration, increase economies of scale, integrate disperse labor markets and provide better access to more evenly distributed services.

An example will be in China, where the National Government is piloting a total of 19 city clusters in its 13th Five-Year Plan. With city clustering, multiple administrative entities across cities, such as Beijing, Tianjin and Hebei learn to co-exist within clusters, and formulate policies such as tax and budget, land use planning and transport infrastructure at regional or city-cluster level, rather than city. This breaks the silos among cities and allow for national infrastructure initiatives such as inter-regional rail networks to be better planned and executed. This approach is further underlined in a "Livable Cities" Report jointly launched by four multi-lateral development banks (i.e., African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank) last month.

Finally, if I may summarize, I started my speech outlining the many challenges faced by us on a global scale, leading to disruptions in production value chains. At the same time, the solution before us is clear – the challenges are not insurmountable. With the right strategies, adequate capital mobilized from various sources, both public and private, cities as a platform, can execute solutions to ensuring a sustainable, inclusive and equitable future for all.

Thank you.

## **Closing Remarks and The Way Forward**



**Professor Tan Kong Yam  
Co-Director, ACI-LKYSPP, NUS**

First of all, we would like to express our sincere gratitude to Professor Tan Khee Giap who is the mastermind in conceptualizing and coordinating this conference, as well as supervising a lot of the sub-national analysis on Indonesia, China and India.

I think the keynote address in the first day by Minister Bambang was very important, because it painted a vision of Indonesia as one of the top five economies by 2050. It is very significant as it spearheaded by the top five sectors, namely food & beverage, textile, chemicals, electronics and auto, as well as human resource development and the increasing focus on industries and private sectors R&D. The Indonesia's large domestic market of over 270 million, in the era of rising protectionism is a very major strength for Indonesia and ASEAN. The Special Economic Zone (SEZ) development will spearhead the 13 regions and it provides not only growth in manufacturing and tourism, but also spreads growth geographically and makes the development of Indonesia more balanced regionally. This is critical because with the US-China trade war, ASEAN unity and centrality are very important. With rising tension, a strong Indonesia anchoring a strong ASEAN is very important for the whole region and the whole of Asia.

My second point is that ACI's new research focus, together with Shanghai Academy of Social Sciences, has a major emphasis on collaboration in finance, smart city, R&D, technology and digital economy. Eventually, Singapore as a key city in ASEAN and Shanghai as a key city in China will be like two light bulbs. When connected with electricity, they will brighten up the two regional hinterlands and provide strong growth for the region.

The last point I want to highlight is the Special Economic Zone (SEZ). Indonesia's 13 Special Economic Zones, that we heard being elaborated, have many manufacturing and tourism focus. This is very timely because manufacturing is shifting out of China due to high cost and trade war. Vietnam cannot take all of them. A lot manufacturing will spill over to Indonesia. But more importantly, tourism will be a major focus, because Indonesia as you all aware wants to build ten Balis. I am a board member of Changi Airport Group.



Changi Airport has 25 to 30 million transit passengers per year. And a lot of them are from Europe, US, Japan, Australia, Korea and China. They are what Minister Bambang called “High spending, High yield” tourists. The Changi Airport Group is starting to discuss with Indonesia. If we can work together and divert only ten percent of the transit tourists to stay a few more days in the ten Balis that is coming up, that would be 2-3 million high spending tourists. That is very good for Indonesia and Singapore.

In closing, we should all show our appreciation to the ACI team who has worked very hard behind the scene for a long period of time under very difficult conditions. May we show our appreciation to the logistic team who is working behind the scene.

Thank you.

# Conference Programme

## “Urbanization Drive and Quality Adjusted Labour Contributions to GDP”

18-19 November 2019, Lobby @ Oei Tiong Ham Building, LKYSPP Campus  
(Address: 469C Bukit Timah Road, Singapore 259772)

Jointly organised by  
The World Bank Group, with  
Asia Competitiveness Institute (ACI) at Lee Kuan Yew School of Public Policy (LKYSPP), National University of Singapore (NUS)

Monday, 18 November 2019	
0800 – 0900	<b>Conference Registration (Breakfast will be served)</b>
0900 – 0910	<b>Welcome Remarks</b> Associate Professor Tan Khee Giap Co-Director, ACI-LKYSPP, NUS
0910 – 0920	<b>Welcome Remarks</b> Ms Jyoti Shukla Director, Singapore Infrastructure and Urban Development Hub, The World Bank
0920 – 0925	<b>Launch of six books by ACI-LKYSPP, NUS to be witnessed by Guest of Honour Dr Bambang Brodjonegoro, Minister for Research and Technology &amp; Chairman of National Agency for Research and Innovation, Indonesia:</b> <ul style="list-style-type: none"> <li>• Annual Competitiveness Analysis and Impact Estimation of Welfare Spending on Fiscal Sustainability of ASEAN Economies</li> <li>• Impact Estimation of Welfare Spending on Fiscal Sustainability and Annual Update of Competitiveness Analysis for 34 Greater China Economies</li> <li>• Annual Indices for Expatriates and Ordinary Residents on Cost of Living, Wages and Purchasing Power for World’s Major Cities</li> <li>• Greater China Liveable Cities Index: Ranking Analysis, Simulation and Policy Evaluation</li> <li>• Annual Competitiveness Analysis and Impact Estimation of Welfare Spending on Fiscal Sustainability of Sub-National Economies of India</li> <li>• Annual Competitiveness Analysis and Impact Estimation of Welfare Spending on Fiscal Sustainability of Sub-National Economies of Indonesia</li> </ul>
0925 – 0955	<b>Conference Opening Remarks by Guest of Honour: “Special Economic Zones to Promote Economic Growth, Employment Creation and Balanced Regional Development in Indonesia”</b> Dr Bambang Brodjonegoro Minister for Research and Technology Chairman of National Agency for Research and Innovation Indonesia
0955 – 1015	<b>Question &amp; Answer Session</b>  <b>Moderator:</b> Associate Professor Tan Khee Giap, Co-Director, ACI-LKYSPP, NUS
1015 – 1135	<b>Session 1: National Competitiveness and Quality-Adjusted Labour Productivity of ASEAN-Economies</b>
1015 – 1020	<b>Moderator:</b> Dr Zhang Xuyao, Research Fellow and Deputy Director (Research), ACI-LKYSPP, NUS
1020 – 1035	<b>Presentation 1a: “2020 Annual Update of ACI’s Competitiveness Ranking and Simulation Studies on ASEAN-10”</b>  <b>ACI Presenter:</b> <ul style="list-style-type: none"> <li>• Ms Doris Liew Wan Yin, Research Assistant, ACI-LKYSPP, NUS</li> </ul>
1035 – 1050	<b>Presentation 1b: “Empirical Study on Quality-Adjusted Labour Productivity in ASEAN-5 Economies”</b>  <b>ACI Presenter:</b> <ul style="list-style-type: none"> <li>• Mr Tan Kway Guan, Research Assistant, ACI-LKYSPP, NUS</li> </ul>
1050 – 1105	<b>Discussant 1 for Sessions 1(a) &amp; (b):</b> Dr Achim Daniel Schmillen Senior Economist, Social Protection & Labour, The World Bank
1105 – 1120	<b>Discussant 2 for Sessions 1(a) &amp; (b):</b> Tan Sri Rastam Mohd Isa Chairman and Chief Executive, Institute of Strategic and International Studies, Malaysia

1120 – 1135	<b>Question &amp; Answer Session</b>
1135 – 1400	<b>Conference Luncheon Talk: “Updating Vision and Mission of Asia Pacific Economic Cooperation (APEC)”</b>
1135 – 1205	<b>Distinguished Luncheon Speaker:</b> Tan Sri Rastam Mohd Isa Chairman and Chief Executive, Institute of Strategic and International Studies, Malaysia
1205 – 1220	<b>Question &amp; Answer Session</b>
	<b>Moderator:</b> Associate Professor Tan Khee Giap, Co-Director, ACI-LKYSPP, NUS
1220 – 1400	<b>Lunch</b>
1400 – 1535	<b>Session 2: Sub-national Competitiveness and Quality-Adjusted Labour Productivity of Indonesia</b>
1400 – 1405	<b>Moderator:</b> Mr Tan Kway Guan, Research Assistant, ACI-LKYSPP, NUS
1405 – 1420	<b>Presentation 2a: “2020 Annual Update of ACI’s Competitiveness Ranking and Simulation Studies on Indonesian Provinces and Regions”</b>
	<b>ACI Presenters</b>
	<ul style="list-style-type: none"> <li>• Mr Andika Eka Satria, Research Assistant, ACI-LKYSPP, NUS</li> <li>• Ms Clarice Handoko, Research Assistant, ACI-LKYSPP, NUS</li> </ul>
1420 – 1435	<b>Presentation 2b: “Empirical Study on Quality-Adjusted Labour Productivity of Indonesia Sub-national Economies”</b>
	<b>ACI Presenters:</b>
	<ul style="list-style-type: none"> <li>• Ms Doris Liew Wan Yin, Research Assistant, ACI-LKYSPP, NUS</li> <li>• Mr Tommy Des Mulianta, Research Assistant, ACI-LKYSPP, NUS</li> </ul>
1435 – 1450	<b>Presentation 2c: “A Critical Review on Special Economic Zones in Indonesia”</b>
	<ul style="list-style-type: none"> <li>• Ms Doris Liew Wan Yin, Research Assistant, ACI-LKYSPP, NUS</li> <li>• Ms Sumedha Gupta, Research Assistant, ACI-LKYSPP, NUS</li> <li>• Associate Professor Tan Khee Giap, Co-Director, ACI-LKYSPP, NUS</li> </ul>
1450 – 1505	<b>Discussant 1 for Sessions 2(a) &amp; (b) :</b> Professor Firmansyah Deputy Dean (Academic and Student Affairs), Universitas Diponegoro, Central Java, Indonesia
1505 – 1520	<b>Discussant 2 for Session 2(c):</b> Professor Abd. Rahman Kadir Dean, Faculty of Economic and Business, Universitas Hasanuddin, South Sulawesi, Indonesia
1520 – 1535	<b>Question &amp; Answer Session</b>
1535 – 1655	<b>Session 3: Sub-national Economic Competitiveness and Quality-Adjusted Labour Productivity of Greater China Economies</b>
1535 – 1540	<b>Moderator:</b> Mr Sky Chua Jun Jie, Research Assistant, ACI-LKYSPP, NUS
1540 – 1555	<b>Presentation 3a: “2020 Annual Update of ACI’s Competitiveness Ranking and Simulation Studies on Greater China Economies”</b>
	<b>ACI Presenters:</b>
	<ul style="list-style-type: none"> <li>• Dr Zhang Xuyao, Research Fellow and Deputy Director (Research), ACI-LKYSPP, NUS</li> <li>• Mr Mao Ke, Research Assistant, ACI-LKYSPP, NUS</li> <li>• Mr Chen Xinke, Research Assistant, ACI-LKYSPP, NUS</li> </ul>
1555 – 1610	<b>Presentation 3b: “Empirical Study on Quality-Adjusted Labour Productivity of Mainland China Economies”</b>
	<b>ACI Presenters:</b>
	<ul style="list-style-type: none"> <li>• Dr Zhang Xuyao, Research Fellow and Deputy Director (Research), ACI-LKYSPP, NUS</li> <li>• Mr Mao Ke, Research Assistant, ACI-LKYSPP, NUS</li> </ul>
1610 – 1625	<b>Discussant 1 for Sessions 3(a) &amp; (b):</b> Professor Wang Xingguo Vice Dean Shandong Academy of Social Sciences People’s Republic of China
	Dr Liu Aimei Associate Professor, Rural Development Institute Shandong Academy of Social Sciences People’s Republic of China
1625 – 1640	<b>Discussant 2 for Sessions 3(a) &amp; (b):</b>

	Dr Han Hanjun Deputy Director, Institute of Economics Shanghai Academy of Social Sciences People's Republic of China	Dr Zhan Yubo Research Associate, Institute of Economics Shanghai Academy of Social Sciences People's Republic of China
1640 – 1655	<b>Question &amp; Answer Session</b>	
1655 – 1710	<b>Coffee/Tea Break</b>	
1710 – 1815	<b>Session 4: Sub-national Economic Competitiveness and Quality-Adjusted Labour Productivity of India</b>	
1710 – 1715	<b>Moderator:</b> Ms Doris Liew Wan Yin, Research Assistant, ACI-LKYSPP, NUS	
1715 – 1730	<b>Presentation 4a: “2020 Annual Update of ACI’s Competitiveness Ranking and Simulation Studies on India’s Sub-national Economies”</b>	
	<b>ACI Presenters:</b>	
	<ul style="list-style-type: none"> <li>• Ms Sri Ranjani Mukundan, Research Assistant, ACI-LKYSPP, NUS</li> <li>• Mr Ashwath Dasarathy, Research Assistant, ACI-LKYSPP, NUS</li> </ul>	
1730 – 1745	<b>Presentation 4b: “Empirical Study on Quality-Adjusted Labour Productivity of India Sub-National Economies ”</b>	
	<b>ACI Presenters:</b>	
	<ul style="list-style-type: none"> <li>• Ms Sumedha Gupta, Research Assistant, ACI-LKYSPP, NUS</li> </ul>	
1745 – 1800	<b>Discussant:</b> Professor Ajit Mishra Director, Institute of Economic Growth, India	
1800 – 1815	<b>Question &amp; Answer Session</b>	
1815 – 2000	<b>Conference Dinner</b>	
<b>End of Programme for 18 November 2019</b>		

<b>Tuesday, 19 November 2019</b>		
0800 – 0830	<b>Conference Registration (Breakfast will be served)</b>	
0830 – 0840	<b>Welcome Remarks</b> Professor Tan Kong Yam Co-Director, ACI-LKYSPP, NUS	
0840 – 0900	<b>Keynote Address 1: “Planning and Execution of Successful SEZs Development Strategies for Indonesia”</b> Dr Bambang Wijanarko Deputy Director for Development and Management Controlling, Secretariat of the National Council for Special Economic Zone, Coordinating Ministry for Economic Affairs, Indonesia	
0900 – 0920	<b>Keynote Address 2: “Potential Development to East Kalimantan given the Relocation of the Indonesian New Capital”</b> Dr Ir H Isran Noor M. Si Governor, Province of East Kalimantan, Indonesia	
0920 – 0940	<b>Keynote Address 3: “Potential Development to North Kalimantan given the Relocation of the Indonesian New Capital”</b> Dr H. Irianto Lambrie Governor, Province of North Kalimantan, Indonesia	
0940 – 1000	<b>Keynote Address 4: “Investment Window of Opportunity during US-China Trade Friction for Batam, Bintan and Karimun”</b> Dr H. Isdianto, S.Sos., M.M Governor, Province of Riau Islands, Indonesia To be represented by Dr Syamsul Bahrum, Assistant II, Economic Development, Provincial Government of Riau Islands	
1000 – 1020	<b>Keynote Address 5: “Time to ACT: Realizing Indonesia’s Urban Potential”</b> Ms Jyoti Shukla Director, Singapore Infrastructure and Urban Development Hub, The World Bank & Dr Mark Roberts Senior Urban Economist, Urban, DRM, Resilience and Land Global Practice, The World Bank Group	
	<b>Question &amp; Answer Session</b>	
1020 – 1040	<b>Moderator:</b> Professor Tan Kong Yam, Co-Director, ACI-LKYSPP, NUS	

1040 – 1055	<b>Coffee/Tea Break</b>
1055 – 1215	<b>Session 5: 2019 ACI-Shanghai Academy of Social Sciences Greater China Liveable Cities (ACI-SASS GCLC) Index: Ranking and Simulation Analysis</b>
1055 – 1100	<b>Moderator:</b> Mr Mao Ke, Research Assistant, ACI-LKYSPP, NUS
1100 – 1115	<b>ACI Presenters:</b> <ul style="list-style-type: none"> <li>• Dr Wang Hongxia, Research Fellow, Institute of Economics, Shanghai Academy of Social Sciences, People's Republic of China</li> <li>• Dr Zhang Xuyao, Research Fellow and Deputy Director (Research), ACI-LKYSPP, NUS</li> <li>• Associate Professor Tan Khee Giap, Co-Director, ACI-LKYSPP, NUS</li> </ul>
1115 – 1130	<b>Discussant 1:</b> Professor Wang Xingguo Vice Dean, Shandong Academy of Social Sciences, People's Republic of China
1130 – 1145	<b>Discussant 2:</b> Mr Timothy McDonald Freelance Journalist
1145 – 1200	<b>Discussant 3:</b> Dr Wang Huitong Research Fellow, Institute for Finance and Economics Research, Central University of Finance and Economics, People's Republic of China
1200 – 1215	<b>Question &amp; Answer Session</b>
1215 – 1335	<b>Session 6: 2019 Annual Indices for Expatriates and Ordinary Residents on Cost of Living, Wages and Purchasing Power for World's Major Cities</b>
1215 – 1220	<b>Moderator:</b> Ms Clarice Handoko, Research Assistant, ACI-LKYSPP, NUS
1220 – 1335	<b>Presentation 6a: Indices for Expatriates and Ordinary Residents on Cost of Living, Wages and Purchasing Power for World's Major Cities, 2005-2017</b>  <b>ACI Presenters:</b> <ul style="list-style-type: none"> <li>• Mr Sky Chua Jun Jie, Research Assistant, ACI-LKYSPP, NUS</li> <li>• Associate Professor Tan Khee Giap, Co-Director, ACI-LKYSPP, NUS</li> </ul>
1235 – 1250	<b>Presentation 6b: A Case Study on "Worsening of Purchasing Power of Ordinary Residents in Europe: Amsterdam, Athens, Brussels, Dublin, Lisbon, London, Paris and Rome"</b>  <b>ACI Presenters:</b> <ul style="list-style-type: none"> <li>• Dr Zhang Xuyao, Research Fellow and Deputy Director (Research), ACI-LKYSPP, NUS</li> <li>• Associate Professor Tan Khee Giap, Co-Director, ACI-LKYSPP, NUS</li> </ul>
1250 – 1305	<b>Discussant 1:</b> Dr Tim Moonen Managing Director The Business of Cities, United Kingdom  Mr Jake Nunley Senior Research Associate The Business of Cities, United Kingdom
1305 – 1320	<b>Discussant 2:</b> Professor Chung Ting Yiu Robert President and Chief Executive Officer, Hong Kong Public Opinion Research Institute, Hong Kong Special Administrative Region of the People's Republic of China
1320 – 1335	<b>Question &amp; Answer Session</b>
1335 – 1500	<b>Conference Luncheon Talk: "Sustainable Cities and Shift in Production Value Chains"</b>
1335 – 1355	<b>Distinguished Luncheon Speaker</b> Dr Luky Eko Wuryanto Vice President and Chief Administration Officer, Asian Infrastructure Investment Bank
1355 – 1410	<b>Question &amp; Answer Session</b>  <b>Moderator:</b> Professor Tan Kong Yam



1410 – 1420	Co-Director, ACI-LKYSPP, NUS <b>Closing Remarks and The Way Forward</b> Professor Tan Kong Yam, Co-Director, ACI-LKYSPP, NUS
1420 – 1500	<b>Lunch</b>

**End of 2019 World Bank – ACI Annual Conference**

# Profiles of Speakers, Discussants and Moderators

(in alphabetical order)

## **Bambang Brodjonegoro**

Bambang P.S. Brodjonegoro was born in Jakarta on October 3, 1966. He is currently the Minister for Research and Technology and Chairman of National Agency for Research and Innovation, appointed by President Joko Widodo on October 23, 2019. He was previously the Minister of National Development Planning/Head of BAPPENAS (from July 2016 to October 2019) and the Minister of Finance (from October 2014 to 2016) in President Widodo's Working Cabinet. During President Susilo Bambang Yudhoyono's administration, Bambang served as the Vice Minister of Finance (from October 2013 to October 2014). Minister Bambang received his bachelor degree in Economics in Universitas Indonesia in 1990. The next year, he studied a master's degree on urban planning at the University of Illinois at Urbana-Champaign, United States. In 1997, he then attained his doctoral degree in urban and regional planning with specification on regional science and economic development, in the same university. Prior to his ministerial positions, Minister Bambang had professional careers as commissioner in several state own companies such as PT Pertamina (National Oil and Gas Company), PT Aneka Tambang (National Mining Company) and PT PLN (National Electricity Company). He was also very active in a number of international boards including APEC Finance Deputies Meeting (2013), Green Climate Fund (2012-2013), ASEAN Infrastructure Fund (2012 – 2013) and ASEAN+3 Finance and Central Bank Deputies Meeting (2011). In the academic sector, Minister Bambang is an active and committed scholar. He is currently a professor of economics at the Universitas Indonesia. He was invited several times as guest lecturer in the Department of Urban and Regional Planning, University of Illinois at Urbana-Champaign, November 2002; Guest Professorial Lecture, the Asian Public Policy Program, Hitotsubashi University, Tokyo, Japan, 2002-2003; and Teaching Assistant, Department of Urban and Regional Planning, University of Illinois at Urbana – Champaign, Fall 1996.

## **Abdul Rahman Kadir**

Abdul Rahman Kadir is the dean of Faculty of Economics and Business (FEB) Universitas Hasanuddin, Makassar, Indonesia. After earning his doctoral degree from Universitas Airlangga Graduate School with cum laude, he became the Head of Management Development and Management Laboratory at Economic Faculty of Universitas Hasanuddin. He was served to periods as the head of Master of Management program at Hasanuddin University Graduate School. He is heading the Indonesian National Association of the Faculty of Economics and Business, member of various professional management organisations, and fellow of the American Academy of Project Management (FAAPM). Prof Rahman Kadir has consulted numerous government institutions as well as government linked companies in Indonesia, such as South Sulawesi's Office of Promotion and Capital Investments, PT. Telkom Divre VII as consultant for human resource development, acting as external expert for Management Consultant Center for PT. Telkom in Bandung, Public Service Management for Papua Province, and business strategies consultant for PT. Pelindo IV. Prof Rahman Kadir has published numerous scientific papers, books, and become keynote speakers in various seminars and conferences. He has an extensive experience as researcher for business strategies in transportation sectors. For example the research on strategy model of container loading and unloading equipment based on traffic, productivity, container utilities and boat size on five classes of ports in eastern Indonesia, lead the research in increase of value propositions of PT. Pelabuhan Indonesia IV in facing liberalisation era in port services sector, business development strategy on PT. Pelindo branch in Biak, research on building excellence in aviation services business organisations through value management, analysis of environmental dynamics and dynamic capabilities against competitiveness in aviation companies in Indonesia, and many more.

## **Andika Eka Satria**

Andika specialized in Indonesian infrastructure, regional planning, and development sectors, with particular expertise in domestic and foreign direct investors in Indonesia's Special Economic Zones. Prior to enrolling at the LKY School of Public Policy, he worked for the Indonesian Coordinating Ministry for Economic Affairs and consulted on government economic development programs in provinces in Indonesia. In Singapore, he works in Asia Competitiveness Institute as a Graduate Research Assistant, to conduct research regarding 34 Indonesian provinces' economic competitiveness index. His research interests include urban economics and policy, along with tech policy and development.

## **Bambang Wijanarko**

### **Education**

2009-2010	Australian National University (ANU), Canberra, Australia Master of Social Research (Specialising in MSR Demography)
2002-2003	Institute of Statistics (STIS), Jakarta Diploma IV (Sarjana Sains Terapan) of Social and Population Statistics
1996-1999	Academy of Statistics (STIS), Jakarta Diploma III of Statistics

### **Work Experiences**

10/2018 – present	National Council Secretariat for Special Economic Zone, The Coordinating Ministry for Economic Affairs, Republic of Indonesia Head of Development and Management Controlling Division
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04/2014 – 09/2018	National Council Secretariat for Special Economic Zone, The Coordinating Ministry for Economic Affairs, Republic of Indonesia Acting Head of Information Management Division
09/2012 – 04/2014	National Council Secretariat for Special Economic Zone, The Coordinating Ministry for Economic Affairs, Republic of Indonesia Head of Monitoring, Evaluation and Reporting Sub Division.
01/2012 – 08/2012	Central Board of Statistics of Bontang Municipality, Kalimantan Timur, Indonesia Head of Social Statistic Section
01/2011 – 12/2011	Central Board of Statistics of Kalimantan Timur Province, Kalimantan Timur, Indonesia Staff of Mining, Energy and Construction Statistics Section
08/2010 – 09/2010	Australian National University (ANU), Canberra, Australia Research Assistant
11/2007 – 07/2009	Kennards Events, Canberra Operations attendant
01/2007 – 11/2007	Central Board of Statistics of Kutai Timur Regency, Kalimantan Timur, Indonesia Head of Production Statistic Section
01/2005 – 12/2006	Central Board of Statistics of Kutai Timur Regency, Kalimantan Timur, Indonesia Staff of Regional Account and Statistical Analysis Section
01/2003 – 12/2004	Central Board of Statistics of Ngada Regency, Nusa Tenggara Timur, Indonesia Staff of Data Processing and Statistical Dissemination Section
01/1999 – 12/2003	Central Board of Statistics of Ngada Regency, Nusa Tenggara Timur, Indonesia Staff of Social Statistic Section

### **Training / Courses / Semiar**

2017	Speaker on The World Ocean Forum 2017, on special Event: “Business Forum for Overseas Investment in Busan”, organized by World Ocean Forum in Busan.
2016	Speaker on The International Logistics Business Investment Forum, “Indonesia Special Economic Zone and Port Development” in Seoul.
2016	Speaker on The Development of National Priority Infrastructure and Investment Facilities and Incentives in relation with Economic Zone Development in Jakarta.
2016	Speaker on Technical Guidance on Designation of 10 Priority Destinations Tourism in Indonesia.
2014	ICT Expert Training Program “Mobile Services Courses”, hosted by Ministry of Science, ICT and Future Planning (MSIP) and organized by National IT Industry Promotion Agency (NIPA) 2014 in Seoul, South Korea.
2014	GMS Phnom Penh Plan for Development Management – Economic Corridor Development for Competitiveness and Inclusive Growth Learning Program, in Laos – Thailand. Awarded for Presenting “Best Country Analysis” and “Best Economic Corridor Development Analysis”.
2013	Delegation from Indonesia of Global Free Trade and Special Economic Zone Summit 2013 in Dubai, United Arab Emirates
2013	Speaker at Promotion of Special Economic Zones in Indonesia, in Shanghai
2013	Speaker at Hospitality Investment World 2013 in Indonesia, in Jakarta
2013	Delegation from Indonesia of Global Trade and Special Economic Zone Summit 2013 in Kuala Lumpur, Malaysia

### **CHEN Xinke**

Chen Xinke currently works as a Graduate Research Assistant at the Asia Competitiveness Institute (ACI), Lee Kuan Yew School of Public Policy, National University of Singapore (NUS). He graduated with a Bachelor of Business Administration with First Class Honours, majoring in Finance from Macau University of Science and Technology, and also studied at the Warwick University. He is now undertaking his master’s degree of Social Science in Applied Economics in NUS. At ACI, Xinke is currently working on the Annual Competitiveness Analysis for 34 Greater China Economies as well as Quality-Adjusted Labour Productivity for China. His research interests cover the fields of financial economics, industrial economics and economic policy.

### **Sky CHUA Jun Jie**

Sky Chua is a Research Assistant at the Asia Competitiveness Institute, Lee Kuan Yew School of Public Policy, National University of Singapore. He graduated with a First Class Honours from University of London with a Bachelor of Science degree in Economics and Politics. He is currently involved in the Annual Indices for Expatriates and Ordinary Residents on Cost of Living, Wages and Purchasing Power for World’s Major Cities, Global Liveable and Smart Cities Index as well as the Annual Competitiveness Analysis and Development Strategies for 34 Greater China Economies. His research interest includes Public Policy, International Political Economy, Developmental Economics & Socioeconomics Studies.

### **CHUNG Ting Yiu Robert**

Dr Robert CHUNG established the Public Opinion Programme (POP) at The University of Hong Kong (HKU) in 1991 and began to study the development of public opinion in Hong Kong. Under his leadership, POP has become well-known for its impartiality and professionalism in collecting, studying and interpreting public opinion, and is a highly respected programme in the region. In July 2019, POP spun off from HKU to become a research program under an independently research institute called the Hong Kong Public Opinion Research Institute (HKPORI) and continues to provide quality public opinion research services to the community. HKPORI has branded itself as a civic society conscientious enterprise and Dr CHUNG is its Founding President and

Chief Executive Officer. Dr CHUNG was also the founding Warden of RC Lee Hall in HKU and has served as its Warden for 27 years until 2019. In the area of community services, Dr CHUNG once served the Central Policy Unit of the Hong Kong Government as a part-time community panelist from 1993 to 1994, and then as a part-time member from 1994 to 1999. Between 1998 and 2003, he also served as a member of the Citizens Advisory Committee on Community Relations of the Independent Commission Against Corruption (ICAC). Dr CHUNG was a member of the Specialized Committee on Social Development of The Hong Kong Council of Social Service from 2009 to 2012 and again from 2014 to 2017. He has been a Panelist of Television Programme Advisory Panel of Radio Television Hong Kong (RTHK) since 1993. Dr CHUNG has been the Hong Kong representative at the World Association for Public Opinion Research (WAPOR) for almost 20 years. Between 2006 and 2007, he was the elected Secretary-Treasurer of WAPOR and he has been elected to the Chair of the Liaison Committee of WAPOR from 2010 to 2015. In November 2017, Dr CHUNG was elected the Founding President of the WAPOR Asia, a regional chapter of WAPOR. Over these 28 years or so, Dr CHUNG has published numerous articles on public opinion and social surveys in various journals and periodicals.

### **Ashwath DASARATHY**

Ashwath is currently working as a Graduate Research Assistant at Asia Competitiveness Institute (ACI) at the Lee Kuan Yew School of Public Policy, National University of Singapore. He graduated with a First Class Honours degree in Mechanical Engineering from Anna University, Chennai. He has close to 4 years of experience in public sector consulting in India. He has worked on multiple projects in collaboration with international funding agencies, local ministries, state departments, public sector units, and large-scale NGOs across sectors like rural development, sustainable environment, agriculture and livelihood, and digital healthcare. He is currently working on the Annual Competitiveness Analysis and Development Strategies for 36 States and Federal Territories of India with ACI. His areas of interest include environment sustainability and gender and development.

### **Firmansyah**

Dr Firmansyah is currently the Vice-Dean of Academics and Students Affairs at Faculty of Economics and Business in Diponegoro University, Central Java. He holds PhD in Economics and Finance from Curtin University, Australia and master and bachelor degree in economics and development from Gadjah Mada University. His PhD theses entitled Revitalizing Indonesia's agriculture: an examination of the economy-wide effects of policy changes. His recent publication includes the Effect of Economic Growth and Environmental Quality on Tourism in Southeast Asian countries (2017), the Impact of Manufacturing Efficiency on the Indonesian Welfare (2016), and the relationships of Environmental Degradation and Trade Openness in Indonesia (2015). He has taught various modules including econometrics, statistics, and the Indonesian economy.

### **Sumedha GUPTA**

Sumedha is currently working as a Research Assistant at Asia Competitiveness Institute at the Lee Kuan Yew School of Public Policy, National University of Singapore (NUS). She graduated from NUS with Master of Social Sciences (Applied Economics) degree and was among the top five percent students for four out of ten modules. Prior to this, she had graduated with a First Class Honours degree in Commerce from Shri Ram College of Commerce, New Delhi. She is currently the coordinator for the Annual Competitiveness Analysis of 36 Indian Sub-National Economies and the Quality Adjusted Labour Productivity Study for the States and Federal Territories of India. She is also the lead coordinator for the project Productivity Tracking and Efficiency Monitoring of Micro, Small and Medium Enterprises in Uttarakhand. Her research interests include public policy and development economics.

### **HAN Hanjun**

Han Hanjun graduated from the Graduate School of Shanghai Academy of Social Sciences with a PhD in Economics in 2001. He is currently Deputy Director, Researcher professor of the Institute of Economics, Shanghai Academy of Social Sciences (SASS). He is the Chief Expert of Research on the Construction of Shanghai International Financial Center, an innovative think tank of SASS. He mainly studies on macroeconomics, development economics and monetary finance. He has served as head of a number of projects of National High-end Think Tanks, Shanghai Philosophy and Social Sciences, Shanghai Municipal Government Decision-making Consulting, as well as China Development Bank, etc.

### **Clarice HANDOKO**

Clarice is currently a Research Assistant at Asia Competitiveness Institute at the Lee Kuan Yew School of Public Policy, National University of Singapore (NUS). She graduated from NUS with a Bachelor of Social Sciences (Honours) in Sociology and a minor in Cultural Studies. She is currently involved in the Competitiveness Rankings and Simulation Studies for Indonesia. Her research interests include Urban Economics and Policy, along with Arts and Cultural Management.

### **Irianto Lambrie**

Dr H Irianto Lambrie was elected as the first Governor of North Kalimantan through the Regional Head Election in December 2015. Before served as the Governor of North Kalimantan, he was at the Regional Secretary of East Kalimantan Province, and then he trusted by the Ministry of Home Affairs to be the Acting Governor of North Kalimantan for 2nd Period in 2013-2015. The husband of Ir Hj Rita Ratina, MP and father of 3 children was born in Rantau, South Kalimantan on December 18th, 1958. Achieved the title of Doctor of Economics (S-3) at the Development Economics Study Program, Faculty of Postgraduate Airlangga University, Surabaya in 2010. In addition, he was the best graduate of Leadership Training Level I and II at LAN RI. He is a pure bureaucrat who began his career as a civil servant at the Ministry of Industry of the Republic of Indonesia in 1983. His experiences in the area of regional planning is undoubted, because since 1987 he has been entrusted with the position of Head of Section at

Bappeda of East Kalimantan, until in 2000 he held the position of the Chairman of Bappeda of the Province of East Kalimantan. The peak of his bureaucrat career when he was appointed to be a Regional Secretary of the Province of East Kalimantan in 2009 to 2015. With many of his experiences, he determined to bring the youngest province in Indonesia to run fast, with a vision "Unite in diversity to create an independent, safe and peaceful of North Kalimantan in 2020, supported by a clean and authoritative government. The Tag Line that always be shouted is "Kaltara, Now Behind, Forefront later.

### **Isdianto**

Mr Isdianto is a long-serving bureaucrat and currently is the Acting Governor of Riau Islands. Previously, he was the Vice Governor and Head of the Revenue Agency of Riau Islands; and has led the community development and national unity agency, manpower agency, and mining and environment agency of the Karimun regency. He has educational backgrounds in Management and Social Science. He is also very actively involved in the Red Cross Society as a Chairman.

### **Isran Noor**

Dr Ir H Isran Noor, M.Sc, was appointed as the 12th Governor of East Kalimantan on October 1, 2018, alongside with Mr H Hadi Mulyadi, S.Sc.Msi as the Vice Governor. This duet carries the vision of "Courage for Sovereign East Kalimantan." Which make many people ask, what is the purpose of the Sovereign East Kalimantan vision? East Kalimantan sovereignty is an ideal state that the people of East Kalimantan have the accessibility and the authority and are sovereign towards their environment. "Sovereign East Kalimantan is a vision to realize the independence of the management of all the resources we have for a more prosperous Indonesia, because we are also the children of Mother Earth," Isran said. The son of East Kalimantan whose always speak softly yet hold charismatic air surround him, was born in Sangkulirang, East Kutai Regency, September 20, 1957. Husband from Hj. Norbaiti, A.Md, SH, has three children. One son named M. Rahman Isran and two daughters named Siti Rahmawati Isran and Siti Annisa Isran. Raised by his parents who worked as farmers (the late Siul Bakri and the late Hadijah), Isran grew up in his native land in Sangkulirang. For Isran, living modestly in countryside is always part of him. He completed his primary education at SD Negeri 1 Sangkulirang. He also went to JPS Middle School in Sangkulirang. It was during high school, Isran moved to the capital city of East Kalimantan and he was accepted at SMA Negeri 1 in Samarinda. Isran is known for his humble and pleasant personality, at the very least that is the impression of his peers in childhood. It was not difficult for Isran to complete his education in tertiary institutions, namely the Agricultural Social Economic Department of Mulawarman University in 1981. Then he had the opportunity to continue his master's degree at the University of Dr Soetomo Surabaya. At that time, Isran chose the Development Communication course. Isran Noor been actively pursuing to gain knowledge as he also took a master's degree at Padjajaran University, Bandung, Government Administration course in 2014. A modest childhood close to farmers life, made Isran decided to continue to get along with the world of agriculture since the beginning of his career in government namely as PPS East Kalimantan Province in 1981. Shortly he was trusted as head of the Agricultural Business Sector in 1996-2000. His career also went up from Ekbang Assistant (2001-July 2004) to become East Kutai Regent (2006-2011 Period, the remaining tenure of 2008-2011 and 2011-2015). To equip his knowledge in agriculture, he often participates in trainings both domestically and internationally related to agriculture. Isran has participated for Basic training, PPS Agro-Economics, Post Harvest Training, PPS Instructors, Rapid Rural Appraisal and Rural Development Management in the Philippines. His dedication on agricultural is reflected in the following statement "I am an agricultural instructor, until today an agricultural instructor, and will always as an agricultural instructor even to the end of my life," Isran said on an occasion. Isran, who enjoys table tennis are also good at organization, and the organizations he involved mostly fight for farming communities. And directly involved in various problems of farmers. From 1986 to 2000 Isran was asked to be chairman of the Indonesian Agricultural Extension Association (PERHIPTANI) of East Kalimantan Province, chair of the Regional Leadership Council of the Indonesian Agricultural Extension Association (DPW Perhiantani) of East Kalimantan Province in 2011-2016 and continued as chair of the Regional Leadership Council Association of Indonesian Agricultural Extension Workers (DPW Perhiantani) of East Kalimantan Province 2016-2021. The name Isran Noor is also no stranger to regents and mayors in Indonesia because of his devotion and participated in echoing the aspirations of the regents and mayors, he sat in a strategic position after being elected as chairman of the Association of All Indonesian Regency Governments (APKASI) for the period 2011-2015 The relocation of the Republic of Indonesia's Capital City (IKN) to a part of the Kartanegara Regency (Kukar) Regency and North Penajam Paser (PPU) is also due to his role. Isran Noor had recommended the Forest Park (Tahura) in Kutai Kartanegara Regency to be the location of the national capital. The reason, Bukit Soeharto land is still quite extensive and belongs to the state. In addition, there are adequate transportation facilities to that location and will make financing for the establishment of a national capital considerably cheap. When environmental issues are raised in the IKN project, Isran is firm and ensures that the development plan of the national capital in East Kalimantan will not harm the environment, because the development is based on environmental principles and ethics and carries the theme of green city. "Generally in cities, green open space (RTH) is 30 percent. In the concept of a national capital later, we will return. The RTH can be 60 to 70 percent, while the physical building of the national capital is only 30 percent. I imagine the capital of our country will be in the middle of the forest, surrounded by trees," said Isran.

### **Doris LIEW Wan Yin**

Doris Liew is a Research Assistant at the Asia Competitiveness Institute, Lee Kuan Yew School of Public Policy, National University of Singapore. Doris graduated from Nanyang Technological University with a Bachelor of Arts (Honours) in Economics with Distinction and a minor in Public Policy and Global Affairs. She is currently the project coordinator for Annual Competitiveness Rankings and Simulation Studies for Indonesia, Quality-Adjusted Labour Productivity for Indonesia Sub-national Economies and the Indonesia Special Economic Zone Project. She is also involved in the Annual Competitiveness Analysis and Development for ASEAN-10 Economies as well as Quality-Adjusted Labour Productivity for ASEAN Economies. Her research interests include ASEAN economics, environmental economics, international trade and development economics.



### **LIU Aimei**

Liu Aimei, female, born in 1978 in Weifang, Shandong Province. With a PhD in economics of Nanjing University, she currently is an associate professor in the Rural Development Institute of Shandong Academy of Social Science. She specialized in urbanization, relationship between urban and rural areas. She has chaired over or participated in two National Social Science Fund Projects, and four Shandong Social Science Fund Projects. She has published more than thirty journal articles.

### **Luky Eko Wuryanto**

Dr Luky Eko Wuryanto is the Vice President and Chief Administration Officer of the Asian Infrastructure Investment Bank (AIIB). He was born in Indonesia. Dr Wuryanto holds a PhD in Regional Economics and Science Study from Cornell University, USA. Prior to joining the AIIB, he served in senior positions in the Indonesian government for 20 years, most recently as Deputy Coordinating Minister for Infrastructure Acceleration and Regional Development in the Coordinating Ministry for Economic Affairs.

### **MAO Ke**

Mao Ke is a Research Assistant at Asia Competitiveness Institute, Lee Kuan Yew School of Public Policy, National University of Singapore. He graduated from National University of Singapore with Bachelor of Business Administration with Honours (Distinction) and specialized in Finance and Operations & Supply Chain Management. At ACI, he works as the coordinator of the project on Annual Competitiveness Analysis for 34 Greater China Economies. He is deeply involved in the project: Independent Review and Efficiency Monitoring (IREM) of Real Time Outcome Monitoring System (ROMS) for the Government of Andhra Pradesh (GoAP), India, providing data insights for government authorities. He is also actively involved in several other projects such as Welfare Spending and Fiscal Sustainability Analysis and Cost of living and Wages for Expatriates and Average Residents for 105 Cities. His research interests cover the fields of financial economics, macroeconomic policy and development economics.

### **Timothy MCDONALD**

Timothy McDonald is a Singapore-based freelance journalist who works primarily with public broadcasters, and also with a number of Singapore-based production houses. Currently, much of his work is through the various arms of the BBC. For four years he worked as producer on Newsday and Asia Business Report. Now, he focuses on producing video and written content for BBC News Online, BBC Travel, BBC WorkLife and BBC Future. In addition, he has also produced content for or worked in various capacities with DW, France 24, Viceland, the Sydney Morning Herald and Fortune magazine, among others. Prior to moving to Singapore, he worked at the Australian Broadcasting Corporation in radio news and current affairs.

### **Ajit MISHRA**

Ajit Mishra is the current Director of the Institute of Economic Growth, Delhi, India. After completing his PhD from the Delhi School of Economics in 1994, he has been actively engaged in research and lecturing over the last twenty-five years in several areas of economics: economic development, public economics, and economic theory. Prior to joining the Institute, he taught at the University of Bath, UK. Besides Bath, he has taught at various institutions including University of Dundee, UK; Scottish Graduate Programme, University of Edinburgh, UK; Delhi School of Economics, Indira Gandhi Institute of Development Research, and Ashoka University, India. He has made significant contributions in the field of development economics with key areas being the study of corruption and governance; incentives and public provision; inequality; vulnerability and poverty. Besides several papers in international refereed journals, he has published two books- Economics of Corruption (Oxford University Press, 2005) and Markets, Governance and Institutions in the Process of Economic Development (eds. Oxford University Press, 2018, with T Ray). He is an Associate Editor of a leading journal (Journal of Economic Behavior and Organization, Elsevier) and has been a Guest Editor of various journals for their special issues. Both nationally and internationally, he has given research seminars and public lectures in more than fifty odd departments. He has also contributed to Handbooks (Edward Elgar, Princeton University Press) and Companions (Oxford University) on topics related to corruption and inequality. He has been an academic visitor in several leading universities including Boston University, Cornell University, Louisiana State University, Loyola (USA), Monash University (Australia), University of Bergen, Christian Michelsen Institute (Norway), Hebrew University (Israel), WIDER (Finland), and Stellenbosch University (South Africa). He has made contributions in non-academic policy and consultancy spheres too. He has been a consultant to the UNDP and the World Bank and a member of various policy research centres.

### **Sri Ranjani MUKUNDAN**

Sri Ranjani Mukundan is a Graduate Research Assistant at the Asia Competitiveness Institute, Lee Kuan Yew School of Public Policy (LKYSPP), National University of Singapore (NUS). She graduated with First Class with distinction from Stella Maris College, Chennai India in Economics and is currently pursuing her Masters in Public Policy at LKYSPP, NUS. She is currently working on research on constructing a labour quality index at a sub-national economy level for India. Her research interests include gender and economic development, migration policies and social development especially poverty and education.

### **Jake NUNLEY**

Jake Nunley is a senior researcher at The Business of Cities, an urban intelligence enterprise based at University College London that works in more than 50 cities worldwide each year. He has co-authored more than 20 reports and books for institutions such as the European Investment Bank, New South Wales Government, and the Urban Land Institute - spanning topics such as city indices and benchmarking, the future of European cities, the urban implications of the Belt and Road, and metropolitan governance and collaboration. Jake currently specialises in how cities and regions are using data to manage their futures and has led comparative city benchmarking for more than 20 cities including Sydney, Milan and Amsterdam. He has participated in city strategy processes

for cities such as Glasgow, Oslo, Warsaw, Philadelphia and Amsterdam, and is currently leading a major analytics programme on the world's top 100 innovation districts. Having studied Geography at the University of Cambridge and then completing a year-long studentship in interdisciplinary Urban Studies at Harvard University, Jake's academic background lies in comparative urbanism, culture-led regeneration and public-private development. Within UCL, Jake is a main point of contact for the company's ongoing partnership with The Urban Innovation and Policy Lab and the wider department of Science, Technology, Engineering and Public Policy within which it sits. He regularly runs taught seminars for Master's students studying as part of the lab, and has been a mentor and judge for the Smart Cities cohort of the undergraduate "How To Change the World" programme.

### **Rastam Mohd Isa**

Tan Sri Rastam Mohd Isa is Chairman and Chief Executive of the Institute of Strategic and International Studies (ISIS) Malaysia. Tan Sri Rastam is a former Secretary General of the Ministry of Foreign Affairs of Malaysia. He served in various capacities at the Ministry of Foreign Affairs and Malaysian diplomatic missions abroad, including as High Commissioner of Malaysia to Pakistan, Ambassador of Malaysia to Bosnia Herzegovina, Ambassador of Malaysia to the Republic of Indonesia and Permanent Representative of Malaysia to the United Nations in New York. Tan Sri Rastam is Chairman of the Malaysian National Committee for the Pacific Economic Cooperation Council (PECC) and Chairman of the Malaysian National Committee of the Council for Security Cooperation in the Asia Pacific (CSCAP). He is a Board Member, China-Southeast Asia Research Center on the South China Sea (CSARC) and Adjunct Research Professor of the National Institute for South China Sea Studies, Hainan. He chaired the ASEAN-ISIS think tank network for 2016-2017 and was co-chair of CSCAP for 2015-2017. He was also member of the Asia-Pacific Economic Cooperation (APEC) Business Advisory Council-ABAC and co-chaired the ABAC Digital Innovation Working Group (DIWG) from March 2016 to May 2019.

### **Mark ROBERTS**

Mark Roberts is a Senior Urban Economist with the Urban, DRM, Resilience and Land Global Practice, The World Bank Group. Prior to joining the World Bank, Mark was a lecturer in spatial economics at the University of Cambridge. Mark has published widely in leading peer-reviewed journals on the topic of spatial economic development and is a former co-editor of the journal *Spatial Economic Analysis*. He is co-author of the World Bank's South Asia Region Flagship Report, *Leveraging Urbanization in South Asia*, its Latin America and Caribbean Flagship Report, *Raising the Bar for Productive Cities in Latin America and the Caribbean*, and its forthcoming Indonesia Urbanization Flagship report, *Time to ACT: Realizing Indonesia's Urban Potential*. He has also worked on both the Europe and Central Asia and Sub-Saharan Africa regions, and acts as an advisor to World Bank teams working on the analysis of processes of urban and spatial development. Mark holds a PhD in applied economics and an MA in economics from the University of Cambridge as well as an MS in economics from Warwick University.

### **Achim Daniel SCHMILLEN**

Achim Schmillen is a Senior Economist with the World Bank's Social Protection and Jobs Global Practice with more than ten years of experience in the areas of labor markets, labor market policies, migration, jobs and social protection. His expertise spans high quality analytic work and internationally visible research; extensive advisory activities and high-level policy dialogue; and hands-on operational field work and technical assistance in Bhutan, China, Germany, Malaysia, Mongolia, the United States and other countries. Achim joined the World Bank in 2013 through the Young Professionals Program and initially worked in the South Asia Human Development Unit. In 2014, he moved to the Social Protection and Jobs Global Practice and began to focus on the broader East Asia and Pacific region. Previous work experience includes appointments with America's National Bureau of Economic Research and the Institute for Employment Research, the research institute of Germany's Federal Employment Agency. He holds both a Master's Degree and a PhD in economics from the University of Regensburg and was a visiting researcher at the University of California, Berkeley and the University of California, Los Angeles.

### **Jyoti SHUKLA**

Ms Shukla is Director of the World Bank in Singapore. The Singapore Hub comprises of 200 staff from the World Bank, IFC, and MIGA, and focuses primarily on improving infrastructure services and promoting smart urban development through public-private sector partnerships. Ms Shukla joined the World Bank as a Young Professional in 1994 and has since held multiple positions, largely in the area of public-private partnerships in infrastructure. Her most recent position in the Bank Group has been as Director of the Global Water Practice. Ms Shukla holds masters' degrees from the Delhi School of Economics and the Woodrow Wilson School of Public and International Affairs at Princeton University. Before joining the World Bank, she held a faculty position at Princeton University and worked with a development consulting firm in India.

### **TAN Khee Giap**

Tan Khee Giap is a Co-Director of the Asia Competitiveness Institute (ACI) and Associate Professor at the Lee Kuan Yew School of Public Policy, National University of Singapore. He is also the Chairman of the Singapore National Committee for Pacific Economic Cooperation. Upon graduating with a PhD from University of East Anglia, England, in 1987 under the Overseas Research Scheme awarded by the Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom, he joined the banking sector as a treasury manager and served as secretary to the Assets and Liabilities Committee for three years, there after he taught at the Department of Economics and Statistics, National University of Singapore, 1990-1993. Dr Tan joined Nanyang Technological University in 1993 and was Associate Dean, Graduate Studies Office, 2007-2009. Dr Tan has consulted extensively with the various government ministries, statutory boards and government linked companies of Singapore government including Ministry of Finance, Ministry of Trade & Industry, Ministry of Manpower, Housing & Development Board, Civil Aviation Authority of Singapore, Singapore Tourism Board, Trade Development Board, Maritime Port Authority, Ministry of Information, Culture &

Arts, Economic Development Board, Ministry of National Development, Media Development Authority, Ministry of Environment and Water Resources, Singapore Design Council, Ministry of Community Development, Youth & Sports, Singapore Press Holdings, Yayasan Mendaki, StarHub, CapitaLand and Great Eastern Life. He has also served as a consultant to international agencies such as the Asian Development Bank, Asian Development Bank Institute, United Nations Industrial Development Group, World Bank Group, World Gold Council, ASEAN Secretariat, Central Policy Unit of Hong Kong, Kerzner International, Las Vegas Sands and Marina Bay Sands. Dr Tan is the lead author for more than 20 books, serving as journal editors and published widely in international refereed journals. He is the associate editor of the journal *Review of Pacific Basin Financial Markets and Policies* (US) and is on the editorial advisory board of the journal *Competitiveness Review* (UK). His current research interests include Cost of Living and Purchasing Power Index for World's 105 Cities, Global Liveable Cities Index, Ease of Doing Business Index and competitiveness analysis on sub-national economies of China, India, Indonesia and Association of South East Asian Nations. Dr Tan was Deputy President of the Singapore Economic Society, 2004. He served in the 2002 Economic Review Committee (ERC), served as Chairman of the Task Force on Portable Medical Benefits (PMB), served as the Deputy Chairman of the IPS Forum for Economic Restructuring (IFER) in 2003 and served as a member of the Resource Panel of the Government Parliamentary Committee for Transport and Government Parliamentary Committee for Finance and Trade & Industry and Government Parliamentary Committee for Defense and Foreign Affairs since 2007. Dr Tan is currently an Independent Director of the publicly listed BreadTalk Group, Boustead Singapore, Lian Beng Group Ltd, TEE Land Limited, Chengdu Rural Commercial Bank and Senior Business Advisor to United Overseas Bank Limited, Singapore.

### **TAN Kong Yam**

Professor Tan Kong Yam is presently the Co-Director of the Asia Competitiveness Institute. He is also Professor of Economics at the Nanyang Technological University. From 1985-89, he was the chief assistant to the late Dr Goh Keng Swee on his consultancy to Mr Deng Xiaoping on China's development strategy. From June 2002 to June 2005, he was a senior economist at the World Bank office in Beijing. In 2004, he was a member of the World Bank expert group on the eleventh five year plan (2006-2010) for the State Council in China. Prior to that, he was the chief economist of the Singapore government (1999-2002), Head, Department of Strategy and Policy, Faculty of Business Administration at the National University of Singapore (NUS). He is a graduate of Princeton (1975-79, class of 1931 scholar, Paul Volcker Thesis prize) and Stanford University (1980-83), where he completed his Master and PhD in three years. Prior to joining NUS, he has worked at the Hoover Institution at Stanford University, World Bank, the Monetary Authority of Singapore, and was the Director of Research at the Ministry of Trade and Industry in Singapore. His research interests are in international trade and finance, economic and business trends in the Asia Pacific region and economic reforms in China. He has published over ten books and numerous articles in major international journals including *American Economic Review*, *World Bank Economic Review*, etc on economic and business issues in the Asia Pacific region. He served as board member at the Singapore Central Provident Fund Board (1984-96) and the National Productivity Board (1989-90). He has also consulted for many organizations including Temasek, GIC, Citigroup, IBM, ATT, BP, ABN-AMRO, Ikea, Bank of China.

### **TAN Kway Guan**

Tan Kway Guan is a Research Assistant at the Asia Competitiveness Institute, Lee Kuan Yew School of Public Policy, National University of Singapore. Kway Guan graduated from the University of Western Australia with a Master of Economics and a Bachelor of Commerce, double major in Economics. He is currently the project coordinator for the Annual Competitiveness Analysis and Development Strategies for ASEAN 10 Economies, Quality-Adjusted Labour Productivity for ASEAN Economies. He is also assisting in the Annual Indices for Purchasing Power, Cost of living and Wages for Expatriates and Average Residents for 105 Cities. His research interests include development economics and energy economics.

### **Tommy Des Mulianta**

Tommy Des Mulianta is a Graduate Research Assistant at the Asia Competitiveness Institute (ACI) and a master candidate in public administration at the Lee Kuan Yew School of Public Policy, National University of Singapore. He is currently involved in Competitiveness Rankings and Simulation Studies for Indonesia as well as in Analysing Quality-Adjusted Labour Input in the 34 Provinces of Indonesia. Prior to joining ACI, Tommy served as an Officer with extensive experience in the ASEAN Secretariat, specialising on non-traditional security issues, such as cybersecurity, terrorism, trafficking in persons and international economic crime. Tommy's research interests include public policy and industry 4.0, regionalism in ASEAN and cybersecurity policy. Tommy obtained his Bachelor degree in International Relations from Parahyangan Catholic University in Bandung, Indonesia in 2012.

### **WANG Hongxia**

Ms Wang Hongxia is a Professor at the Institute of Economics of Shanghai Academy of Social Sciences. She is also the chief professor of Metropolis Spatial Development Strategy & Policy Research Innovation Think Tank. She got her PhD in Economics from Fudan University in 2004. Her research fields include population urbanization, industry economy, urban and regional development. As a leader, she has finished many research programs on population urbanization, immigrants and social segregation in Mega-cities, regional development and integration, and aging China etc. Some of which are sponsored by national government fund. Now she is hosting the national key research project on Immigrants' social segregation during the process of Population Diversification in Big Cities. She is also a very important consultant of Shanghai municipal government, Zhejiang, Jiangsu, Anhui, Shandong, Hebei, Yunan, Guizhou, Qinhai, Xinjiang and Tibet, mostly consulted project focusing on the national social and economic development strategy, silk road development strategy and Yangtze Delta Area development, regional industry Plan, and so on.

### **WANG Huitong**

Professor Huitong Wang is the director of Institutes of Environmental Economics and a professor in the Institute for Finance and Economics Research at Central University of Finance and Economics. She is the member of Beijing Haidian District Committee of the Chinese People's Political Consultative Conference. Prof Wang held the deputy director of the Research Office at Beijing Municipal Bureau of Financial Work from 2011 to 2012. Prof Wang focus on finance, environmental economics, regional economic theory and policy. She has a PhD degree in finance from National Academy of Economic Strategy of Chinese Academy of Social Sciences. She also has a bachelor's degree in Industrial analysis from Guilin University of Technology, a master's degree in finance from Chinese Academy of Social Sciences, and a master's degree in environmental economics from Wageningen Universiteit in Holland. Wang has published over 60 works in refereed journals in the areas of finance, environmental economics, regional economics, and management science, such as management World, Finance & Trade Economics, China Population, Resources and Environment, and Urban Studies. In 2016, an authored paper won Beijing Twelfth Outstanding research achievement award. In 2006, an authored paper won the second place Best Paper Award from Beijing Municipal Commission of Development and Reform. Wang has consulted for international financial organizations and government, including The World Bank, Asian Development Bank, Ministry of Finance of the People's Republic of China, National Development and Reform Commission, Ministry of Environmental Protection of the People's Republic of China, National Planning Office of Philosophy and Social Science, Beijing Municipal Commission of Development and Reform, Beijing Municipal Science & Technology Commission, Beijing Municipal Bureau of Financial Work, Beijing Haidian District Financial Services Office, Beijing Haidian District Development and Reform Commission. She is one of the most sought after experts on finance strategy and performance evaluation. Prof Wang is a member of the Chinese Women Economists Union, a fellow of the Economic Committee of Beijing Committee of China Zhigong Party. She has received many academic awards, including the New Century Excellent Talents by Ministry of Education (2010), Three one hundred projects in Beijing (2011), the three-time most Academic Award at Central University of Finance and Economics in 2009, 2014 and 2016.

### **WANG Xingguo**

Wang Xingguo, male, born in 1961 in Yuncheng, Shandong Province. With a PhD in management, he is Deputy Secretary of the Communist Party of China Shandong Academy of Social Sciences Committee, Vice President, and Professor of Shandong Academy of Social Sciences. He is one of Shandong's most famous experts in Three Rural Issues and industrial economics expert in Shandong Modern Agricultural Industry Technology System Industrial Innovation Team. He was selected in Shandong Think Tank High-end Talent, and awarded the 5th batch of Young and Middle-aged Outstanding Academic Talent in Shandong Province. He concurrently serves as Vice Chairman at the Agricultural Economics Council of National Social Science System, Vice President of Shandong Agricultural Economics Association, and the 3rd Council Chairman of Shandong Animal Husbandry Economics Research Society, etc. He has chaired over or participated in two National Social Science Fund Projects, and chaired over many Shandong Social Science Fund Projects, Shandong Soft Science Projects, and Shandong Spark Plan Projects. He has published more than ten academic works and textbooks, over eighty journal articles, and more than ten research reports with affirmative instructions from the deputy governor and above leaders. He has won both the first and second prize of Shandong Social Science Outstanding Achievement Award for once respectively and the third prize of the award for four times.

### **ZHAN Yubo**

Zhan Yubo received his PhD in Economics from Fudan University in 2006 and is now an associate research professor at the Institute of Economics, Shanghai Academy of Social Sciences. His main research areas are labor economy and macro economy of China. He has published more than 20 academic papers and presided over a number of national and provincial level projects. He has also been involved in economic and industrial planning for various local governments and has provided consulting and strategic planning advice to various enterprises.

### **ZHANG Xuyao**

Zhang Xuyao is a Research Fellow at the Asia Competitiveness Institute (ACI) at the Lee Kuan Yew School of Public Policy, National University of Singapore (NUS). Dr Zhang received his PhD in Economics from NUS in 2016 and obtained his Bachelor (Honors) degree in Applied Mathematics from NUS as well in 2012. During the PhD candidature, he worked as teaching assistant in conducting undergraduate tutorials, such as Microeconomics, Macroeconomics and Managerial Economics. His research focuses on Industrial Organizations, Applied Game Theory, and Public Economics. In particular, he is interested in technology transfers and anti-trust policies. He studies the optimal environmental taxation on the pollution problems in the presence of corruption. He also works on the beneficiary of research joint ventures with technology transfer. He also studies the Qualcomm's anti-trust case in China. At ACI, Dr Zhang is supervising all the Competitiveness Projects (ASEAN, China, India and Indonesia). He is the coordinator for the Quality Adjusted Labour Productivity Project, Welfare Spending and Budget Sustainability project and Shandong Urban Composite Development Index project. He is also the co-coordinator for the project studying the impact of exchange rate on trade at provincial level of Mainland China. Dr Zhang is also working on the methodology of applying the concept of Shapley values to index ranking analysis. This method will subsequently serve as a robustness check to all the competitiveness ranking studies in ACI. Additional projects he is working on include the construction of the Special Economic Development Area index, the construction of Infrastructure index and the Independent Review and Efficiency Monitoring (IREM) of Real Time Outcome Monitoring System (ROMS) for the Government of Andhra Pradesh (GoAP), India.



股市	海指: 3258.66 +19.8点
汇市	1美元: 1.360 新元
	1新元: 3.054 令吉
	1新元: 5.156 人民币
金市	1安士: 1458.42 美元

(来源: 彭博社)

# 我国连续18年蝉联亚细安竞争力榜首

根据国大李光耀公共政策学院亚洲竞争力研究所的年度调查,我国在调查依据的四大方面都排第一。由于收集数据和公布数据之间需要时间,今年的调查是依照所能取得的2017年最新数据而得出。

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根据一项最新竞争力分析报告,新加坡、马来西亚、泰国和文莱在亚细安10国当中的整体竞争力,连续18年名列前四位,而我国持续稳居榜首。

新加坡国立大学李光耀公共政策学院亚洲竞争力研究所进行的年度调查显示,我国在该调查依据的四大方面都排第一。

### 共121个评估指标

这四个方面是金融与商业和人力条件、宏观经济稳定性、生活素质和基础设施发展,以及政府与机构环境。每个方面各有三个相关供评估的项目,总共121个指标。

由于收集数据和公布数据之间需要时间,今年的调查是依照所能取得的2017年最新数据而得出。该学院周一在2019年世界银行—亚洲竞争力研究所常年会议,发布了这项调查结果。

报告也显示,同整体排名第

### 亚细安10国竞争力排名\*

经济体	排名	
	平均加权 / 沙普利加权	
 新加坡	1	
 马来西亚	2	
 泰国	3	
 文莱	4	
 印度尼西亚	5	
 越南	6	
 菲律宾	7	
 柬埔寨	8	
 老挝	9	
 缅甸	10	



\*根据2017年数据 资料来源 / 亚洲竞争力研究所

早报图表

二的马国相比,新加坡在经济活力、生产力表现和人力市场灵活性,都较为逊色。

亚洲竞争力研究所所长陈企业博士接受《联合早报》访问时说,我国在2017年的经济增长比马国低。与此同时,本地劳动力市场人力不足,以及生产力不够高,使得我国在生产力和人力市场方面比不上马国。

调查是根据两种评估方式做出比较。第一种是采用四大方面的平均加权,即每一个方面的权

重各为25%。

另一种则是沙普利(Shapley)加权,使得这四大方面的权重稍有不同。其中,宏观经济稳定性的权重最高,为25.7%,而政府与机构环境的权重最低,为24.2%。不过,研究显示,按照两种权重做出的排名保持一致。

陈企业说,采用沙普利加权可说是亚洲竞争力研究所的一项创新。平均加权认为四大方面的比重均等,是一种主观的做法;

沙普利加权则是一种由下而上的做法,根据实际贡献所得出。

美国经济学家洛伊德·沙普利(Lloyd Shapley),在2012年获颁诺贝尔经济学奖,该权重的算法因他而得名。

另一方面,调查显示,亚细安10国之间不仅经济发展水平不同,就连落后的经济体要赶上表现居前的经济体的步伐,也不一致。

在整体竞争力排名倒数的五个经济体,即缅甸、老挝、柬埔寨、菲律宾,以及越南,在以上两项加权的得分都是负数,反映它们的表现低于平均表现。

不过,根据报告进行的模拟测试,亚细安10国在采纳正确方案改善弱点后,当中有五个国家,分别是文莱、印度尼西亚、菲律宾、缅甸和老挝的竞争力都有所改善。

值得注意的是,越南首次在模拟改善的情况下,得分取得正数。

以实际国内生产总值(GDP)平均增长来看,亚细安是全球第三大经济体。从2000年至2017年,亚细安平均人均GDP增长为3.89%,超越欧盟、日本和美国等发达经济体。



# 联合早报

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## 报告：我国一般居民购买力亚洲第一

# 西欧香港因购买力下跌导致动乱

从香港和欧洲的经验，可以看出民生问题是造成社会动乱的导火线。以这些城市为鉴，政府应注意一般居民在住屋、教育、医疗和交通等四大公共服务的负担能力以及他们的实际工资增长。

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香港和西欧八个城市的一般居民购买力（purchasing power）近年来下跌，加上面对民生问题，是促使部分城市出现社会动乱的主要原因之一。

### 我国是唯一跻身前20亚洲城市

以这些城市为鉴，政府应注意一般居民在住屋、教育、医疗和交通等四大公共服务的负担能力以及他们的实际工资增长，并应提升一般居民的购买力。相对于这些城市一般居民的购买力下滑，我国一般居民的购买力越来越

市（伦敦、阿姆斯特丹、里斯本、布鲁塞尔、雅典、都柏林、巴黎和罗马）的一般居民购买力恶化为例，所进行的研究。

根据报告，从一般居民的角度来说，我国的购买力在全球105个城市排在16位，这是我国历史上的最佳排名。生活费用方面，我国排在第56位，比前年下降两个位置，至于工资则排在第44位。

相比之下，香港一般居民的购买力在全球排在63位，工资位居57，都落后于我国，但生活费用高于我国，排在第51位。

外派人员生活费用方面，我国在全球中排名第五，香港第六。

陈企业说，从香港和欧洲的经验，可以看出民生问题是造成社会动乱的导火线。政府应该提高国民作为国家经济

利益相关者的比重。  
“工资不高，又买不起房子，香港年轻人不是利益相关者，因此制造破坏给他们带来的成本损失相对低。”

谈到我国一般居民的购买力不断提高，他指出，新加坡对生活费的控制良好，不仅通货膨胀率低，也重视提升生产力。其中，小贩中心在控制生活费用方面扮演关键角色。

除了居者有其屋，新加坡的教育、医疗和交通也是国民负担得起的。此外，我国也非常注重员工技术的提升和技术的配对。

根据西欧八个城市的个案报告，欧洲尤其是上述八个城市一般居民购买力下跌的一大原因，正是工资下滑或停滞。

报告分析，一般居民购买力低，企业将难以获得盈利，并会为了缩减成本

### 全球一般居民购买力排行榜

城市	排名	国家
日内瓦	1	瑞士
维也纳	2	奥地利
里昂	3	法国
哥本哈根	4	丹麦
苏黎世	5	瑞士
底特律	6	美国
列克星敦	7	美国
卢森堡	8	卢森堡
柏林	9	德国
克里夫兰	10	美国
.....		
新加坡	16	新加坡

资料来源 / 亚洲竞争力研究所 早报图表  
(在亚洲排名第一)

而裁员和减薪，促使情况恶化和造成经济下滑。如此一来，居民可能走上街头抗议，如同法国、爱尔兰和葡萄牙的情况。因此，政府有必要探讨逐渐提高实际工资的方法。

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