



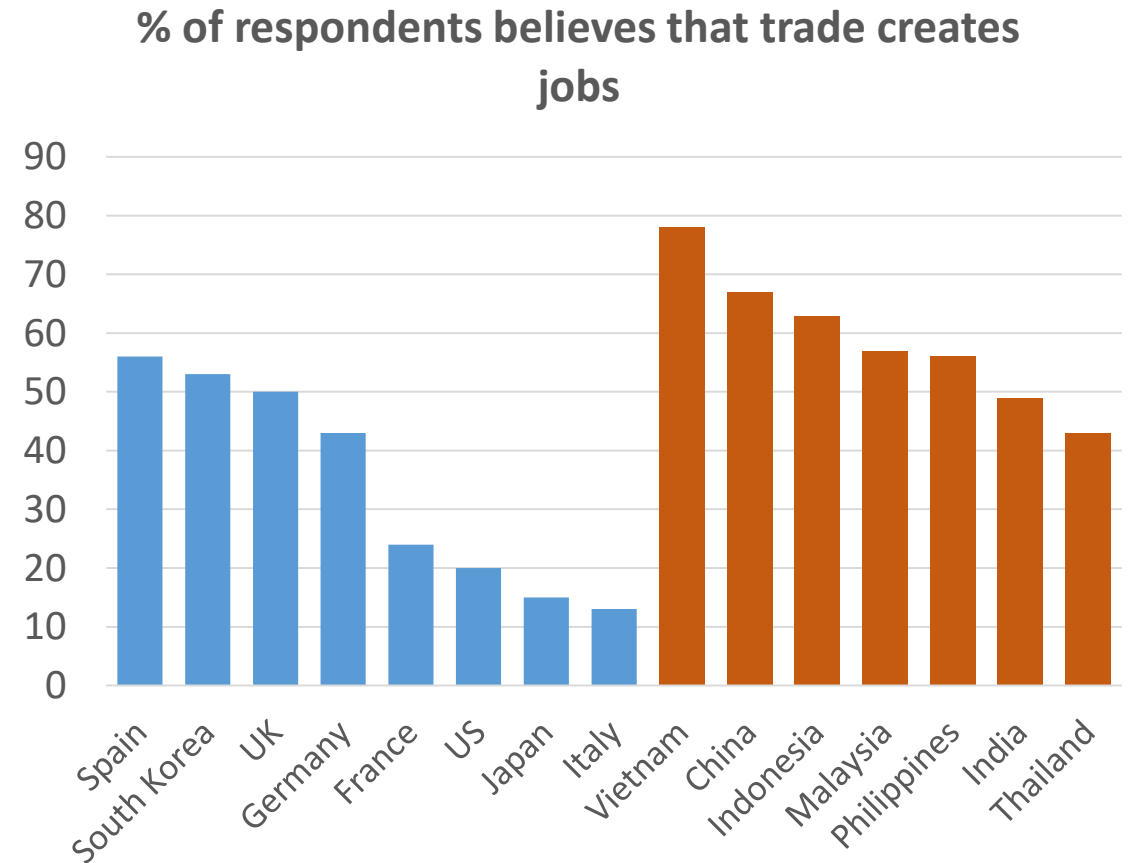
CENTRE FOR
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Emerging Populism: Impacts and Countermeasures

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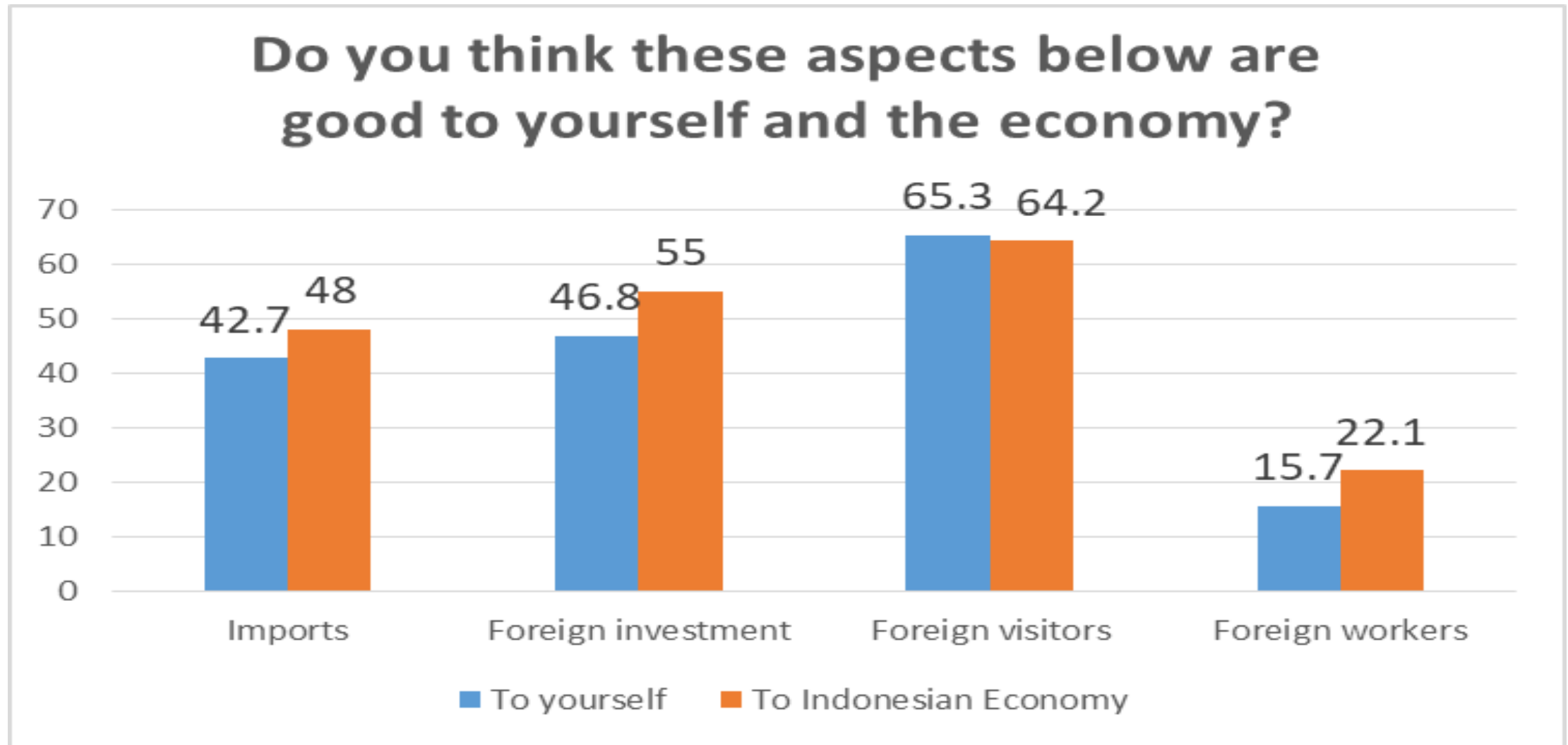
Growing Discontent about Globalisation

- Dissatisfaction over trade and economic openness is increasing everywhere
 - Less than 25% of developed countries population believed that trade create jobs (Pew 2014)
 - The distrust is lower in developing countries, but is also growing
- While it is getting stronger after the GFC, the root causes have been around much longer
 - Perception that only a few enjoy the benefits
 - Policies to reduce the negative impact have not always worked

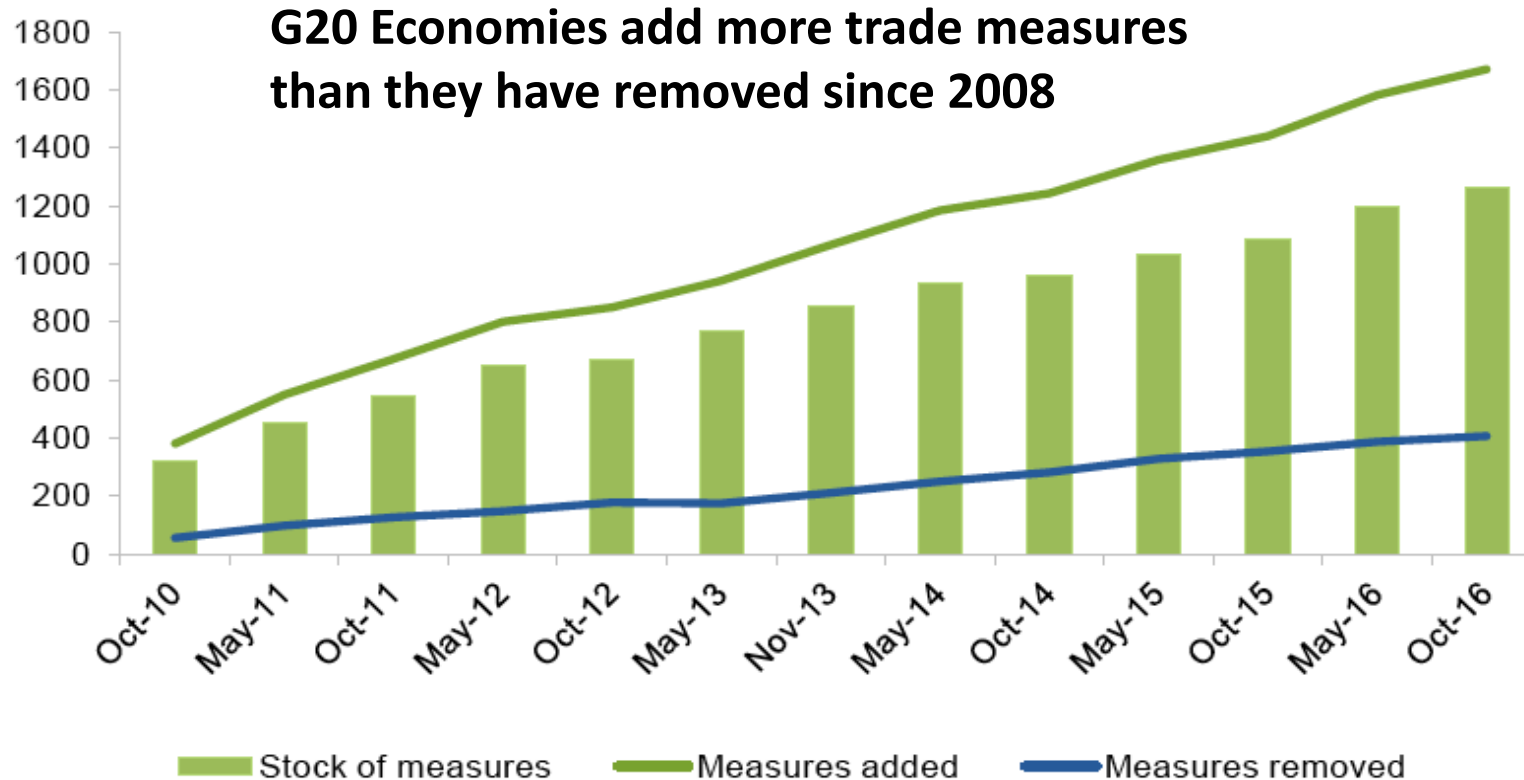


Pew Research Center, 2014 Spring 2014 Global Attitudes Survey

Perception of Indonesia's towards Globalization



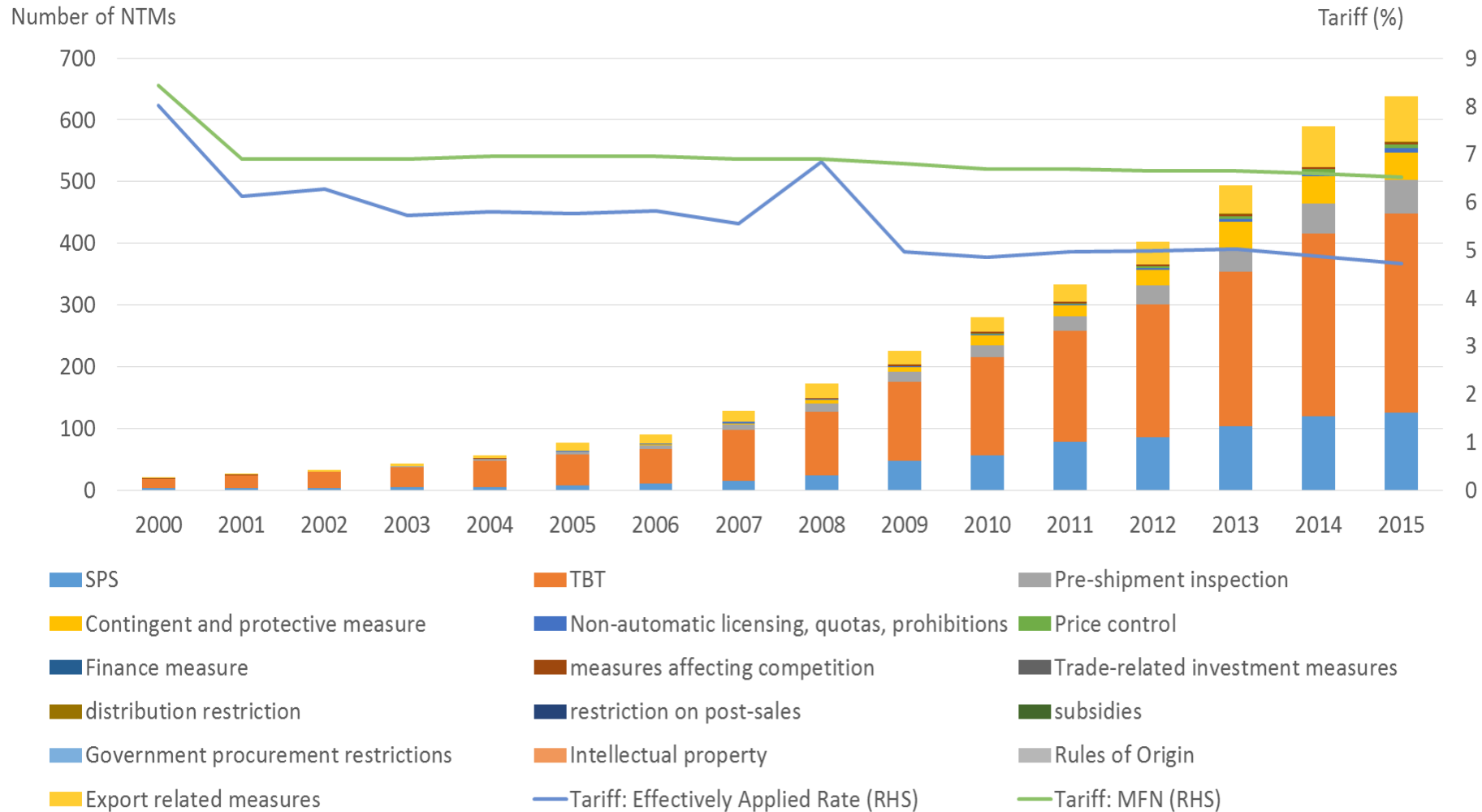
It has been manifested in trade policy



Data source: WTO (2016).

- Tariff has declined significantly
- But non-tariff measures are increasing
- Not necessarily barriers to trade, but the impact might be significant for majority of small business
- Also affect the arrangement of global value chain

Increasing Use of Non Tariff Measures in ASEAN: NTMs vs Tariffs

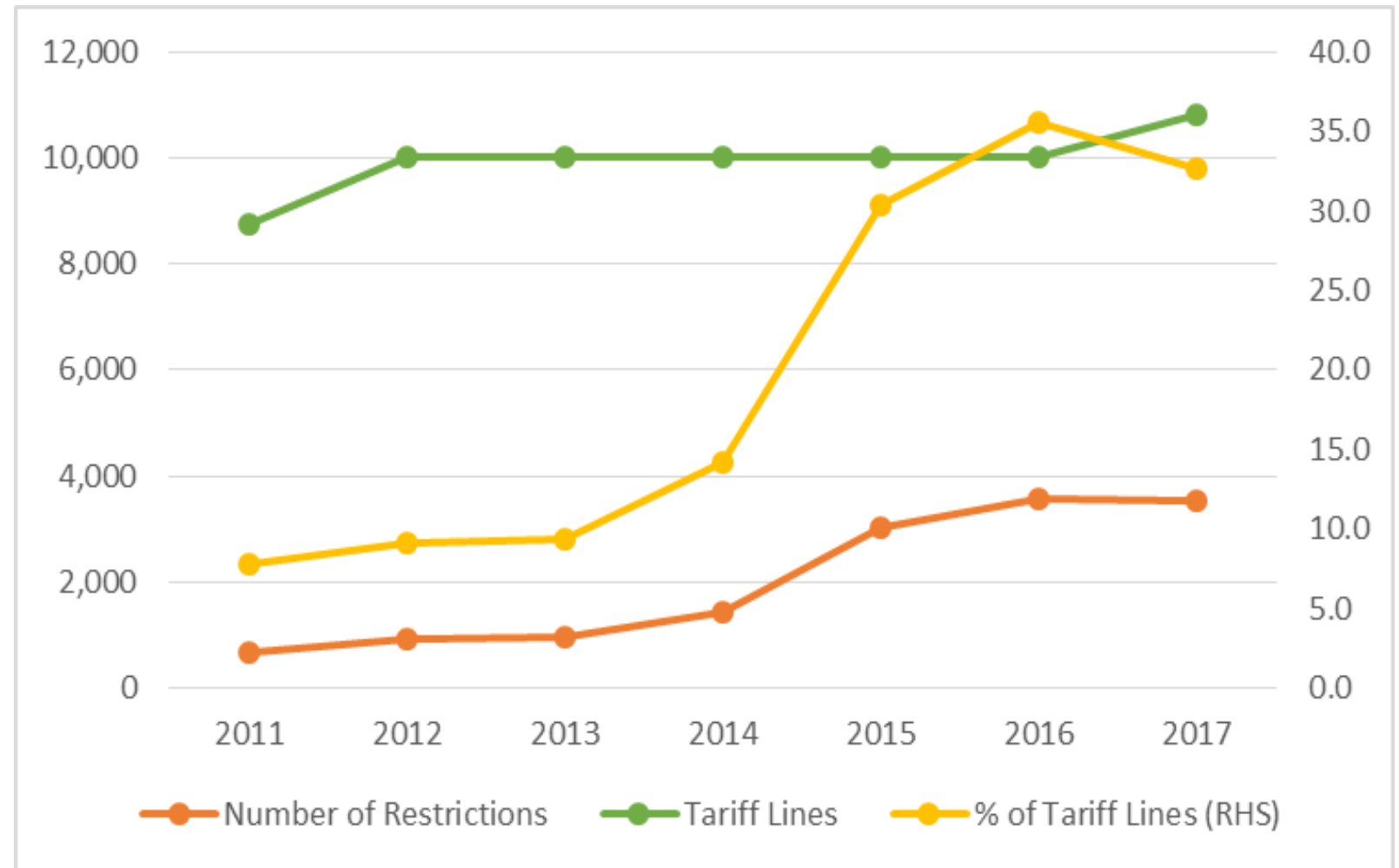


Source: ERIA-UNCTAD, 2016

Indonesia

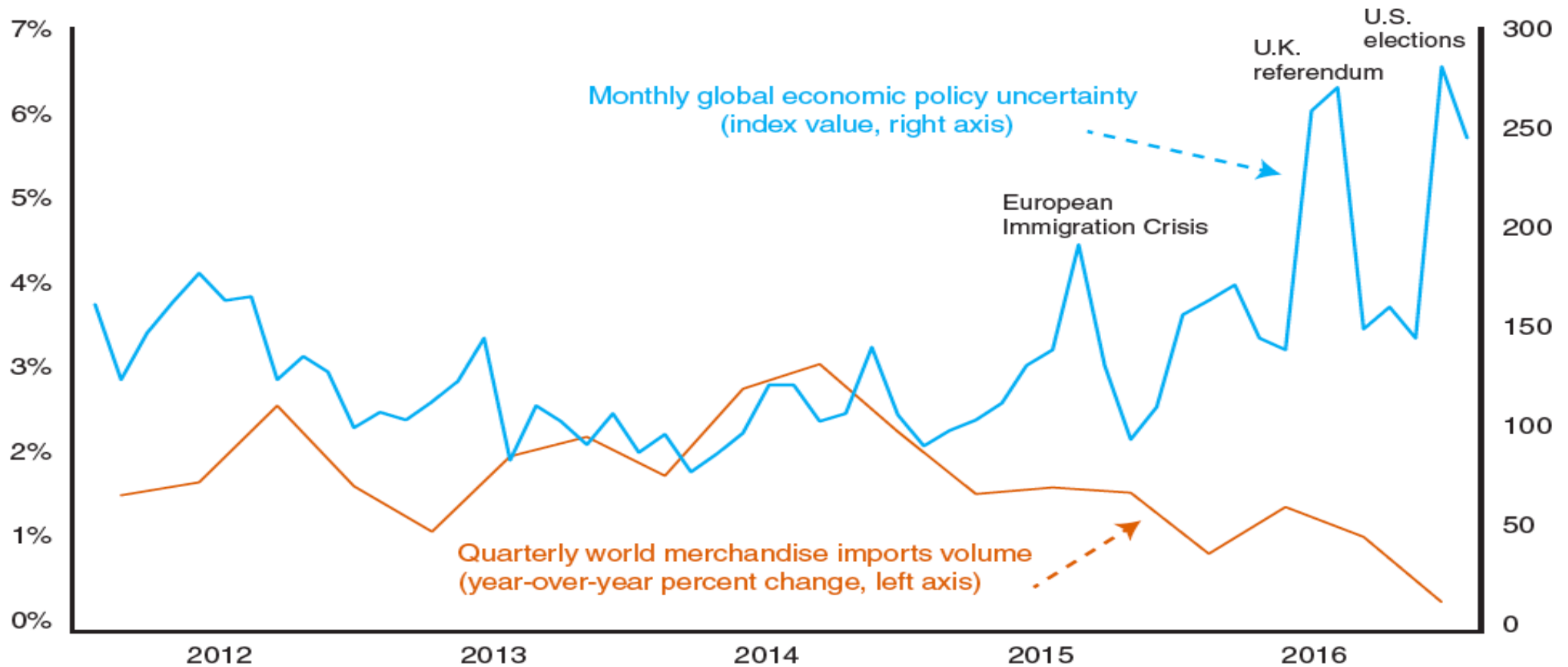
- Indonesia's trade policy swings from open to more restrictive regime
- Tariff rate declining, but surge of non-tariff measures (NTMs)
 - Currently 35% of tariff lines subject to import restrictions
 - Compared with other ASEAN countries, average of 17%

Number and Percentage of Quantitative Restrictions



Source: Ministry of Trade

Policy Uncertainty impact on Trade



Source: CPB Netherlands Bureau of Economic Policy Analysis, www.PolicyUncertainty.com, Baker, Bloom and Davis (forthcoming), and authors' calculations.

(taken from World Bank, Global Trade Watch, February 2017)

Some Potentials and Challenges

Potentials

- Global recovery with East Asia leads the process
- Greater investment in infrastructure
- Continuing openness initiatives in East Asia, e.g. RCEP, AEC
- Greater awareness on the importance of inclusive growth

Challenges

- Risk and uncertainty remain high
- Technological progress and 4th industrial revolution
 - Maturation of GVCs
 - The need for new trade and development strategy
- Increasing complexity of trade agreements, e.g. spaghetti bowl effects
- More difficult reforms, not much low-hanging fruits left

Responses

- Greater understanding on what benefits of economic openness has bring
 - Better communication and information to general audiences
- Broad based development and market policy
 - Continuing reform initiatives to ease doing business and facilitate investment and trade
 - More flexible labor market and human capital development
- More specific and targeted policy to ensure equitable development between and within countries
 - Capacity building for SMEs to increase internationalization
 - Social safety net and protection system
 - Retraining and adjustment program
- Greater support to multilateral trading system and liberalization

Thank You