



Asia's Economic Transformation

a half century journey



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Economic Shifts: 1970 to 2022

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Over the last half century we have witnessed a global economic transformation.

A few countries that once held predominant influence in the world's economic landscape during the early 1970s have gradually relinquished their positions to emerging economies. These emerging economies have increased their shares in the world economy, both in significance and pace.

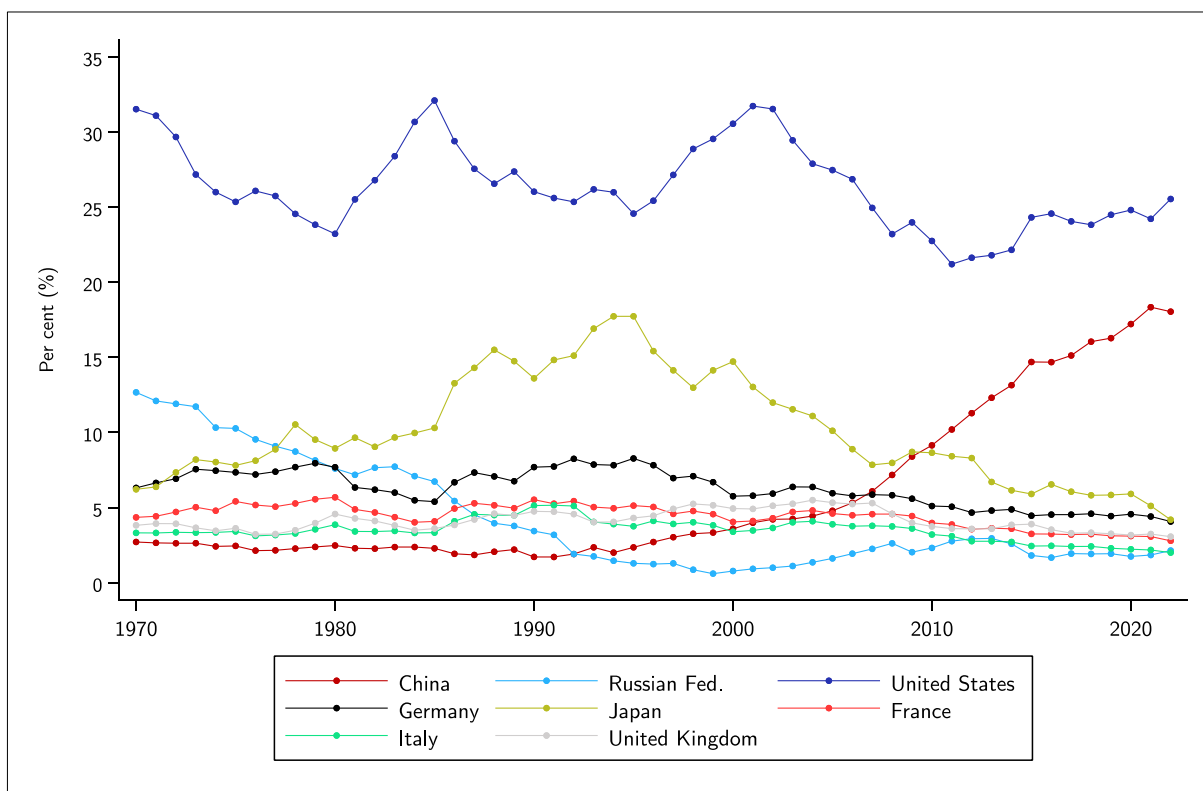
The shift is evident in their declining global shares across four key economic metrics:

- Total output (gross domestic output, GDP)
- Trade in goods
- Manufacturing value added
- Foreign direct investment (FDI)

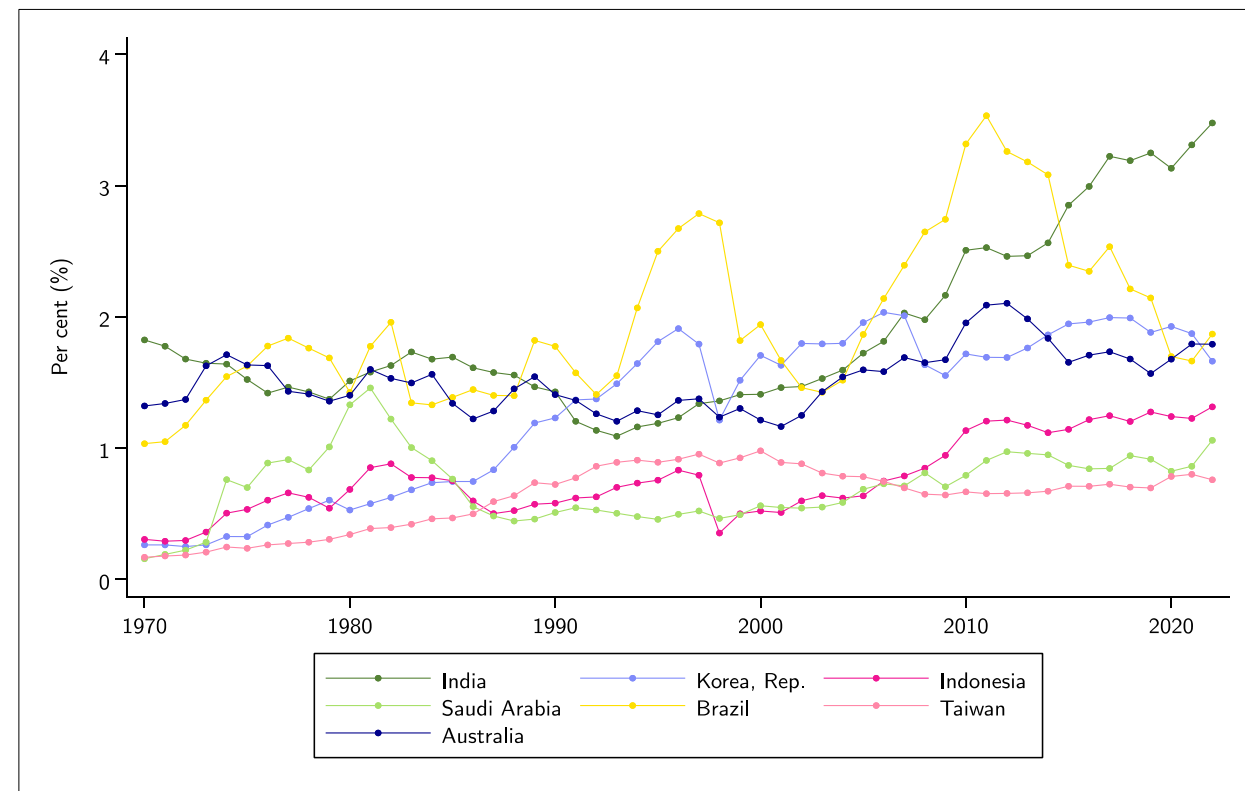
Source: Ing and Lin, Economic Transformation in 'New Global Economic Order' eds. Lili Yan Ing and Dani Rodrik [forthcoming in July, 2024]

Share (%) in World's GDP, 1970-2022

Top 7 Decliners, except China



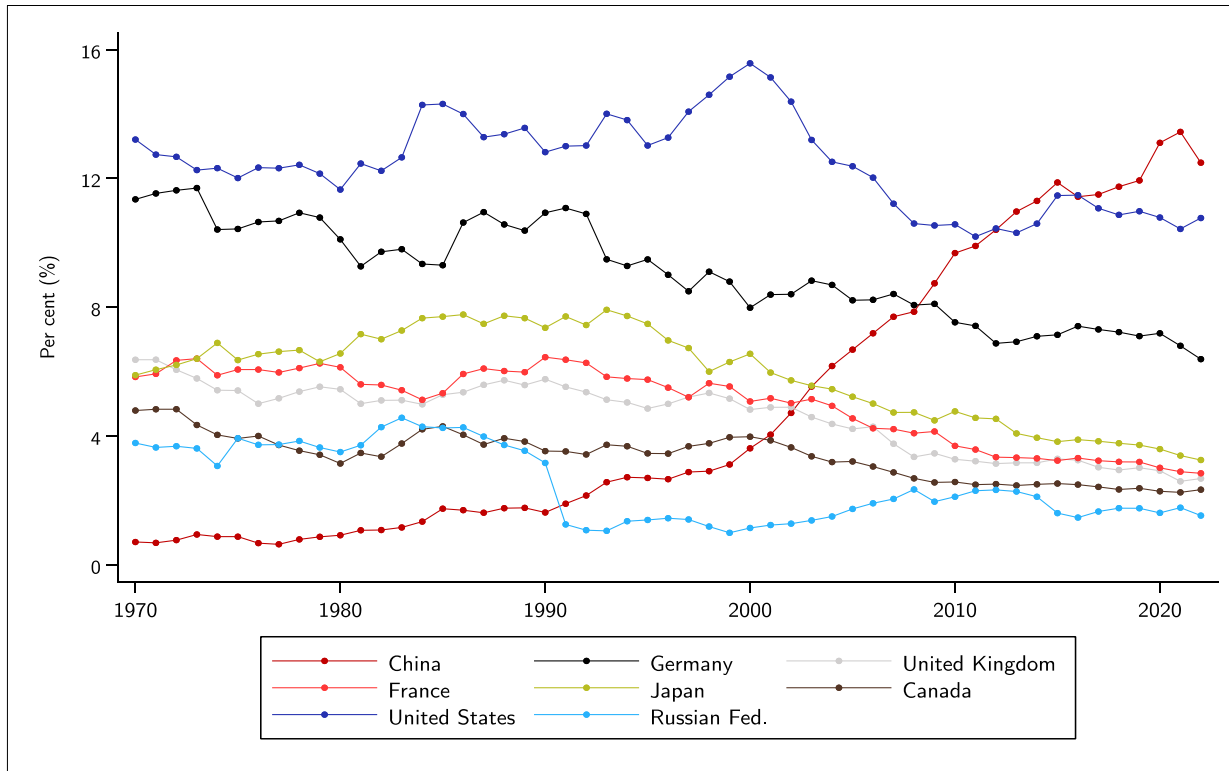
Top 7 Gainers (excluding China)



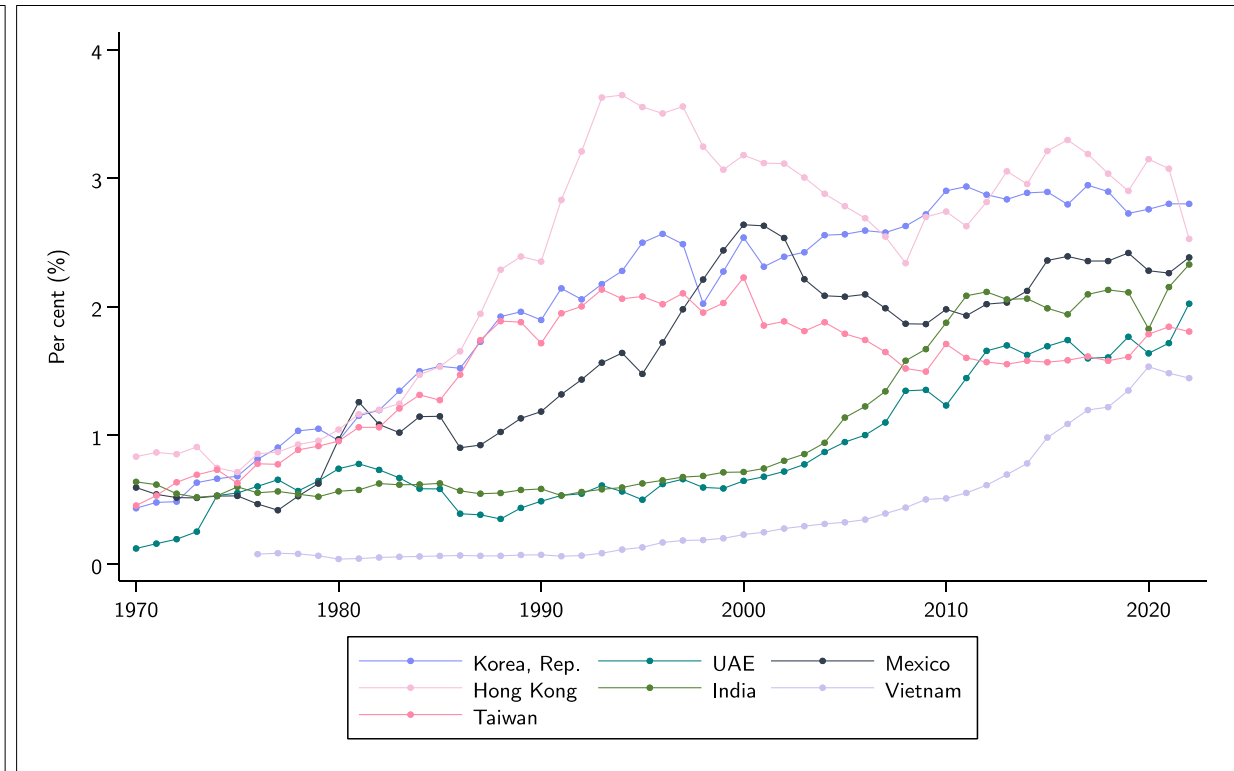
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Share (%) in World's Trade, 1970-2022

Top 7 Decliners, except China



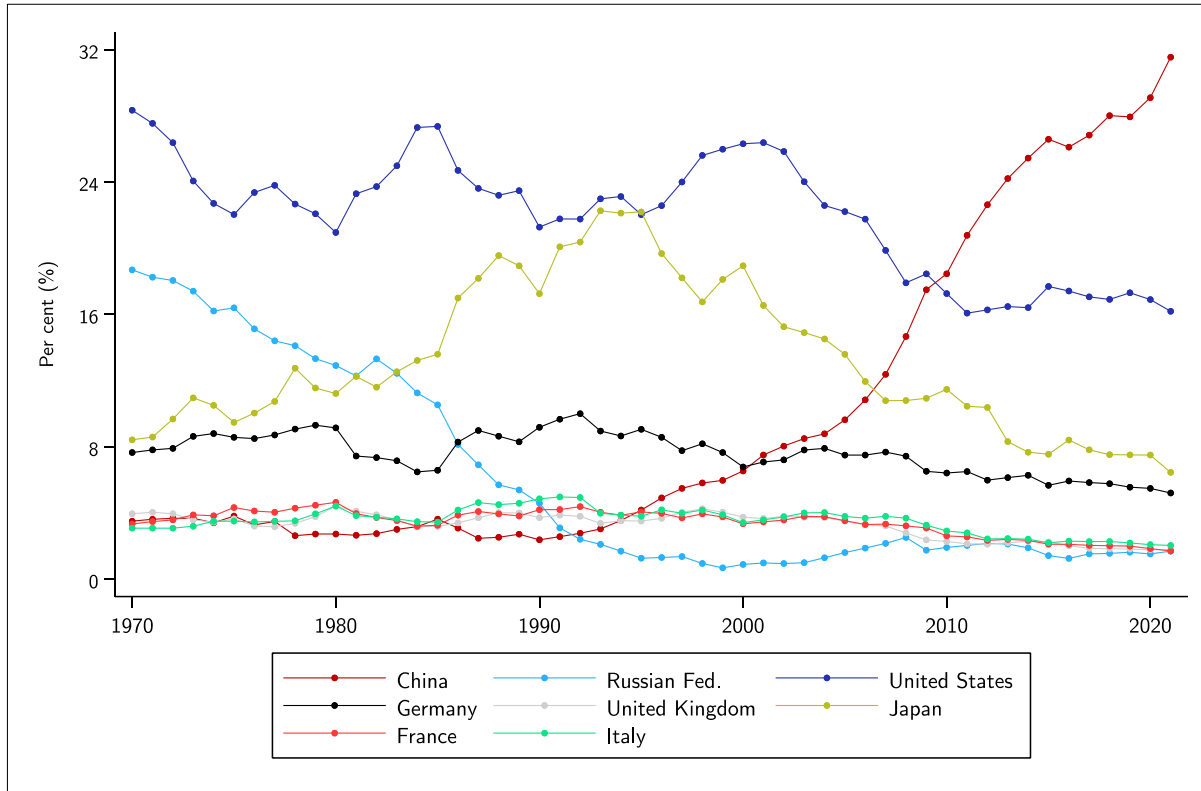
Top 7 Gainers (excluding China)



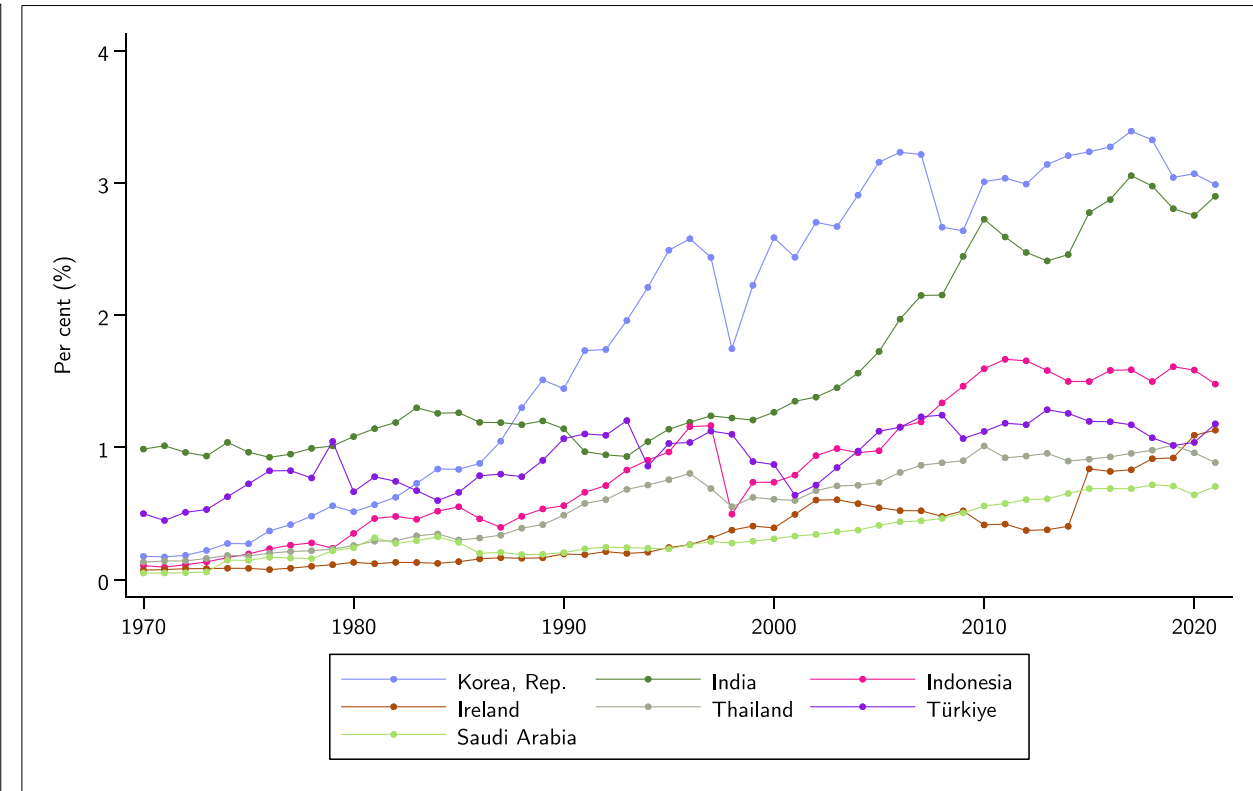
Source: Ing and Lin, Economic Transformation in 'New Economic Order' eds. Lili Yan Ing and Dani Rodrik [forthcoming in July 2024]

Share (%) in World's Manufacturing Value Added, 1970-2022

Top 7 Decliners, except China



Top 7 Gainers (excluding China)



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Challenges for Asia

Challenges for Asia

Rising protectionism continues...

- Geopolitical tensions and
 - US —China trade tensions (now extended to technology, strategic industries, and security), Wars in Ukraine and Middle east
 - Stalled Multilateral Trading System (WTO)
 - Trade coercions and sanctions
- Rising anti-globalization and protectionism
 - Securitizing economic measures. Increasing protectionist measures: export and import bans, local content requirements, investment barriers, picking Winner policies, non-automatic licensing system, etc.
- Climate change

Challenges for Asia

Value added...

- How to level up Asia's value added?
 - *Other than China and Japan* the ratio of value added of Asian countries to total world value added were still less than 3% (South Korea and India).
 - Many of Asian countries still rely their exports on natural resource-intensive goods (Indonesia, Malaysia) intensive and relatively low skilled labour-intensive goods (Bangladesh, Nepal, Cambodia).

Way Forward

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Extend to non-traditional markets and improve cooperation

1. Deepen trade and investment ties with existing and potential partners

- Ensure well functioning WTO and optimize the use of bilateral and regional FTAs

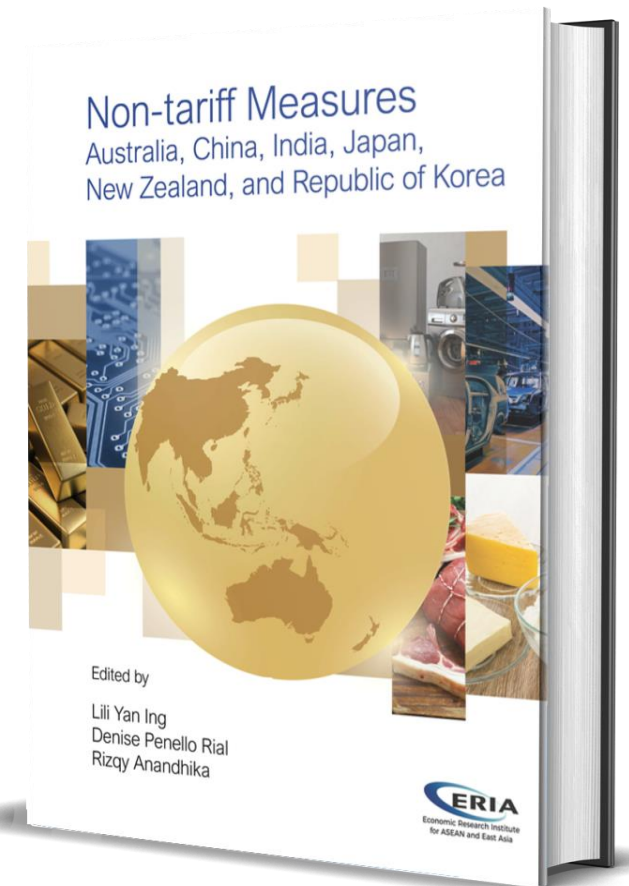
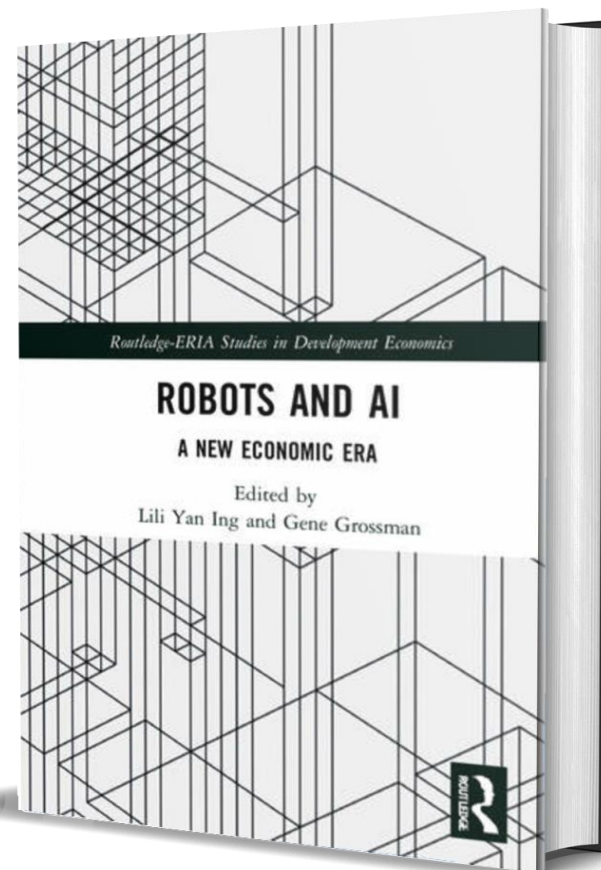
2. Improve trade and investment climate

- Create conducive environment to all sectors and industries (*Not picking the winners*)
- Improve transparency in licensing, permits, and regulatory process by implementing corporate governance standards

3. Optimize the use of digital technologies

- Optimize the use of digital technologies to increase productivity in all sectors
- Invest in effective infrastructure (physical and digital connectivity) and human capital

4. Sustainable development



Thank You

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