

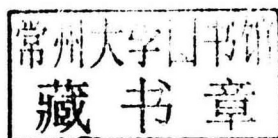
Boao Forum for Asia
Asian Competitiveness
Annual Report 2018



对外经济贸易大学出版社



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Preface

In the past two decades, the developing economies in Asia registered an average annual growth rate of 6.8%, representing a higher growth rate than other regions. The historical development experiences indicate such a loose external environment is indispensable to Asia's development and prosperity where the openness and competition among different Asian economies would promote economic development efficiency. But the close cooperation between different economies is more important. Especially, the small-sized economies featuring the export-oriented economy should rely upon the integrated development with their external economies and make efforts to pursue their own development space during the process of the openness and competition.

The trade protection would not secure an ever-lasting impetus for economic development, but instead, impose restrictions on the sustainability of the economic development. Except for avoiding falling into the trade protection trap, Asia's export-oriented economies should further improve their comprehensive competitiveness in the protectionist competition, adapt to the new changes of the external environment in a fast manner and take proactive measures to explore new growth points based upon innovation. With the development center of world economy transferring eastward, the developing economies in Asia present stronger economic resilience in recent years, thus playing a role of engine in terms of the growth rate, driving force and development potential. Asia's more developed economies have also continuously strengthened their comprehensive competitiveness based upon advanced infrastructure capability and social development level, and are looking forward to playing a more important role in promoting regional economic development. The differentiated development stages, resource endowments, policies and systems of Asia's economies have resulted in their differentiated comprehensive competitiveness to some extent.

The *Boao Forum for Asia Asian Competitiveness Annual Report 2018* evaluates and analyzes the comprehensive competitiveness of 37 Asian economies. Based upon the comprehensive competitiveness rankings, such open and mature economies as Singapore, China's Hong Kong, the Republic of Korea (hereinafter referred to as Korea) and China's Taiwan rank atop; the rankings of such emerging economies featuring a higher growth rate as China, Malaysia and Vietnam are rising up fast. In accordance with the comprehensive competitiveness evaluation results in the last eight fiscal years, the rankings of the comprehensive competitiveness of Asian economies keep overall stable, with such developed economies as Japan, Australia, New Zealand and Israel ranking atop based upon their accumulated strengths including infrastructure level, social development, human capital and innovation capability during their long development history. However, most midstream economies are small- and medium-sized economies with a comparatively large fluctuation range in their comprehensive competitiveness rankings. The similar development stage, different internal reform performance and extensive exposure to external environment of the midstream economies have resulted in their lagging behind the developed economies in the economic and social development stability. The comparatively large economic and social foundation gap between less developed economies and developed economies determines that it is hard for the less developed economies to raise their comprehensive competitiveness rankings in a short period of time.

From economic development perspective, Asian economy remains to be the core for global economic growth and becomes more resilient against the global economic crisis. The Asian economies still have more cooperation than competition, and especially the differences in the development stages, resource endowments, policies and systems of Asian economies engender stronger economic complementarity and mutually beneficial

cooperation benefiting the interests of all the parties involved. Economic globalization is indispensable to the development and prosperity of Asian economy. With international trade remaining to be one of the important engines for global economic growth, the economic development of Asian economies all benefits from the evolution of free trade against the backdrop of economic globalization. In face of the anti-globalization, Asian economies should continue to stick to the direction of trade liberalization and investment facilitation, and make greater efforts to push forward the regional integration.

The “One Belt, One Road” Initiative provides a new channel and method for confronting the challenges arising from the anti-globalization, both being an effective policy and instrument in adapting to and resolving the issues arising from the economic globalization, and being an efficient platform and channel in sharing economic and social development experiences and achievements. The integration of the “One Belt, One Road” Initiative and economic globalization would help Asian economies to further intensify their competitiveness. That’s why the “One Belt, One Road” Initiative should be given top priority and actively pushed forward among the Asian economies.

During the past eight years, Boao Forum for Asia has been undertaking this evaluation and research work. Based upon the eight-year comprehensive competitiveness rankings, we have witnessed the growth of Asian economy and the promotion of Asia’s international influence. As one of the flagship publications released by Boao Forum for Asia, this report has attracted extensive attention from both domestic and overseas media organizations. It should be reiterated that the purpose of this evaluation is to encourage Asian economies to co-create more economic dividends, share their development achievements with the world, and invite the whole world to experience Asia’s vitality, dynamics and excellence.



Zhou Wenzhong
Secretary-General
Boao Forum for Asia

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Chapter 1

An Overview of Asian Economy

Against the backdrop of global economic recovery, the US interest rate hike boasts the foremost global economic event at present. According to the historical development experience, with the US interest rate hike cycle initiated, the US dollar index maintains a rising trend while the “seesaw effect” occurs between developed and developing economies over time, that is, with the US dollar flowing back into such developed economies as the US, the economy of its external economies enters into a deflation period and a chaotic situation. However, the 2017 US dollar index didn't skyrocket with the US interest rate hike, but instead encountered a ceiling; as an economic cluster of external economies, the overall economy of Asia didn't fall into a chaotic situation, but instead embraced a promising situation where Asian economy began to stabilize and recover, Asian security situation gained good momentum and Asian international relationship was further restructured and reshaped.

Since the global financial crisis, Asian economies have taken forestalling the financial risks as a top priority, strengthened the breakwater for mitigating international financial market turbulence risks, decreased the costs of the cross-border international trade and pushed forward the stability and prosperity of regional economy based upon such regional financial cooperation, self-reliance and coordination measures as currency exchange, joint foreign exchange reserve pool and among others. This has also enhanced the independence of Asian economy and Asia's capability in guarding against the impacts imposed by the international capital flow, thereby laying a solid foundation for Asian

economy to gain a stable growth momentum in 2017 against the backdrop of reflow of capital.

1.1 Asian Economy Gains a Stable Growth Momentum in 2017

Asian economy gains a stable growth momentum with the pace of global economic recovery. With the global financial environment improved and market demand recovered since the beginning of 2017, economic cyclical factors integrated with stronger organic growth impetus of diverse economies, the economy of major economies maintained a rapid economic growth, and the world economy presented a comparatively stronger recovery. The total output of G20 members rose 3.6% year on year in Q2 2017, reaching a record high since the Q1 2015. In the first half of 2017, 33 out of 45 economies surveyed by Organization for Economic Cooperation and Development (OECD) registered a higher economic growth rate from the same period a year earlier. The economic growth rates of emerging markets and developing economies also accelerated at the same period. International Monetary Fund (IMF) raised the world economic growth forecast in the *World Economic Outlook* released on October 10, 2017. This report concludes that world economy rose 3.6% year on year in 2017, up 0.4 percentage point over 2016 and reaching a three-year record high. The developed economy was expected to rise 2.2% year on year in 2017, up 0.5 percentage point over 2016 with Eurozone, Japan and Canada registering a higher

growth rate and the US a lower growth rate; the economic growth rates of emerging markets and developing economies accelerated, rising 4.6% year on year in 2017, up 0.3 percentage point over 2016. However, the emerging markets and developing economies showed a divergent trend of economic growth: Asia's emerging economies maintained a stable growth momentum while the economy of energy resource exporting economies was in the doldrums. In general, Asian economy had been gaining a stable growth momentum in 2017.

1.1.1 Economic Situation of East Asian Economies

First of all, as a center for further integrating international trade in Asia, China's economy maintained

a stable growth momentum. China's contribution to world economy accounted for 31% on average and 50% at the highest point in the recent five years. Supported by ever-lasting strong driving forces and continuous deepening of supply-side structural reform, the emerging sectors grew fast, new driving forces became stronger, financial trade environment was further improved and the attraction to international capital was intensified continuously. As shown in Figure 1.1, China's size of foreign exchange reserves had maintained a rising trend for the 11th consecutive month and amounted to USD3.14 trillion as of the end of December 2017, representing an increase of USD20.7 billion or 0.66% over the end of November.



Figure 1.1 Change Trend of China's Size of Foreign Exchange Reserves

Source: Financial and economic data released by China Finance Information Network

Under the circumstances of markedly improved external demand and continuously deepening supply-side structural reform, China's Economic Sentiment Index obviously climbed based upon the concurrent effect of traditional and new driving forces in 2017. As shown in Figure 1.2, China's Business Climate Index has bottomed out and rebounded rapidly since March 2016. This has introduced a strong underpinning for China's economic growth with its 2017 Gross Domestic Product (GDP) growth rate registered at 6.9%. Looking forward and under the premise of forestalling economic risks, China is committed to achieving the transformation of traditional and new driving forces and pushing forward the industrial

structure upgrading based upon the continuously deepening supply-side structural reform. Chinese government would continue to maintain the stability and continuity of its macroeconomic policy in 2018 with its fiscal policy providing more support for the innovation, environmental protection and poverty alleviation, and its monetary policy, along with macro-prudential and regulatory policies, seeking to secure the steady increase of money and credit, enhance the regulatory coordination, prevent and control financial risks, promote economic development quality, consolidate the foundation of economic development and build a modernized economic system. Therefore, China is expected to concentrate on promoting its economic development quality,

make arduous efforts to consolidate a sound foundation for its future economic development, realize an annual GDP growth rate of around 6.7%

and maintain an overall stable growth momentum in 2018.¹

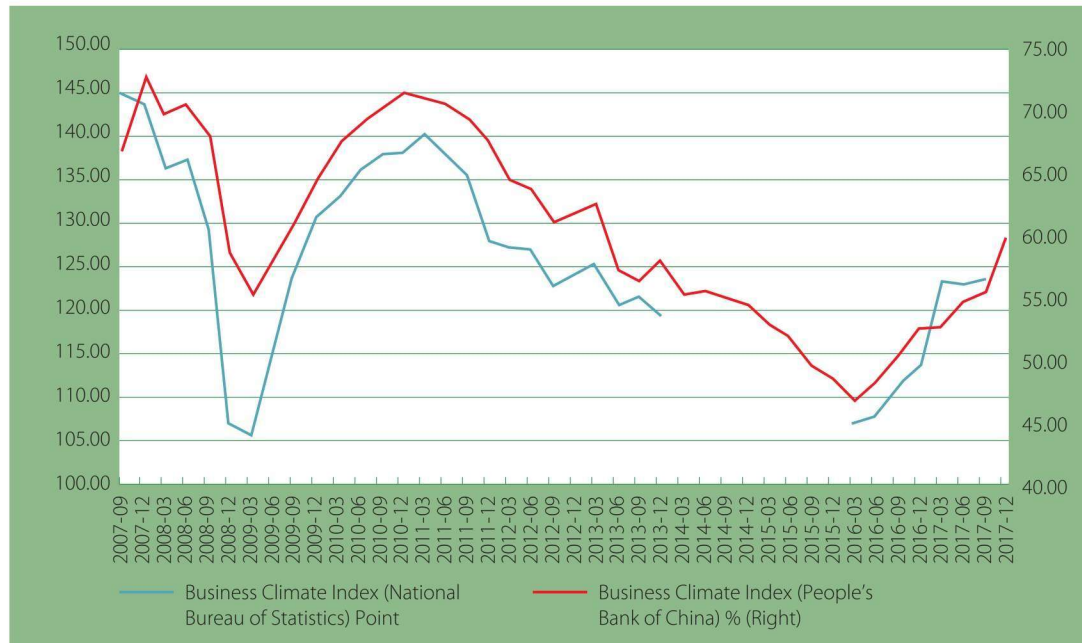


Figure 1.2 Change Trends of China's Business Climate Indexes

Source: Wind Info

Secondly, overall economic performance of the other East Asian economies also maintained a stable growth momentum based upon the strong stimulation of external demand growth. 1) Japan's economy began to stabilize and recover. Based upon the statistical results of Japan's Ministry of Finance, Japan's current account surplus amounted to JPY11.5 trillion between April and September of 2017, representing a year-on-year increase of 11.7% and reaching a nine-year-and-a-half record high. In Q3 2017, the exports' contribution to Japan's total GDP accounted for 0.5%, higher than domestic demand's contribution of -0.2%. Based upon the statistical data released by Cabinet Office, the Q3 GDP of Japan, adjusted for price changes, had a quarter-on-quarter growth of 0.6% or a year-on-year growth of 2.5% in real terms, representing an economic growth for seven consecutive quarters. The IMF forecast the GDP of Japan had a year-on-year growth of 1.5% in 2017.

2) Korea's economy began to stabilize and recover. In the first three quarters of the year 2017, the GDP of Korea had a year-on-year growth of 3.6%, reaching a record high since 2012 and with its annual growth rate ranked second among the OECD countries; Korea had a foreign trade export growth rate of 18%, almost twice the average global growth rate of 9.2%, ranking first in the world for three consecutive quarters. 3) Mongolia's economy began to stabilize and recover. Mongolia's economy began to stabilize and recover at present by adopting the effective and efficient response measures to guard against the economic and social impacts arising from the capital outflow. Based upon the statistical data released by National Bureau of Statistics, the GDP of Mongolia had a year-on-year growth of 5.3% in real terms in the first half of 2017; the total import and export volume had a year-on-year growth of 36.4%; the trade surplus of Mongolia amounted to USD1.2 billion, representing a year-on-year growth of 69.5%. All in all, Mongolia's economy had stabilized and recovered markedly. Undoubtedly, except for the unique economic situation in Democratic People's

¹ See Institute of International Finance, Bank of China: *China's Economic and Financial Outlook Report 2018* at http://www.boc.cn/fimarkets/summarize/201711/t20171130_10800151.html.

Republic of Korea (DPPK), the economy of East Asian economies began to stabilize and recover as well as present a robust economic recovery in 2017.

1.1.2 Economic Situation of Southeast Asian Economies

With the Association of Southeast Asian Nations (ASEAN) growing to be the world's sixth largest economy in 2017 based upon such favorable economic factors as external investment and export growth, Southeast Asian economy began to stabilize and recover, and stepped into the benign development track. Firstly, Indonesia's economy began to stabilize and recover. According to the news released by *Bisnis Indonesia* on January 3, 2018, Indonesia's central bank declared that the GDP of Indonesia had a year-on-year growth of 5.05% in 2017, higher than 4.9% and 5.02% for 2015 and 2016, respectively. This demonstrated that Indonesia's economy had gained a stable growth momentum. Secondly, Malaysia's economy began to stabilize and recover. According to the news released by *Oriental Daily News* on December 15, 2017, the World Bank had adjusted the year-on-year GDP growth of Malaysia in 2017 from 5.2% to 5.8% based upon its strong domestic demand and continuous improvement of export demand for primary and manufactured products, representing the highest year-on-year GDP growth since 2014. Thirdly, Thailand's economy began to stabilize and recover. Thailand's economy presented a rising trend in 2017 under the circumstances of robust exports and tourism growth. Based upon the survey results released by Bloomberg and the scientific estimates presented by nine economists, the 2017 GDP of Thailand rose 3.8% compared with the same period in 2016, representing the highest year-on-year GDP growth since Q1 2013. Fourthly, Vietnam's economy began to stabilize and recover. In accordance with the information released by Ministry of Planning and Investment, Vietnam's 13 socioeconomic development objectives were estimated to be fulfilled or overfulfilled in 2017 based upon such favorable factors as increasing domestic demand, significant growth of processing and manufacturing industry and continuously recovering agriculture. Significant growth, steady macroeconomic environment and continuously improved business environment represented three highlights of 2017 economic development in Vietnam. In Q1, Q2 and Q3 2017, the GDP of Vietnam had a year-on-year growth of 5.15%,

6.17% and 7.46%, respectively.¹ According to the latest data released by the General Statistics Office on January 8, 2018, it was estimated that the GDP of Vietnam had a year-on-year growth of 6.81% in 2017. Fifthly, Laos's economy began to stabilize and recover. Based upon the news released by *Economy and Society News* on November 20, 2017, Laos's macroeconomy overall stabilized and recovered through presenting an overall stable macroeconomic performance, with its GDP having an average year-on-year growth of 6.83%, its inflation rate maintaining at 1.2% and its exchange rate fluctuating in a small range. Sixthly, Cambodia's economy began to stabilize and recover. According to the statistical data released in *The Report on 2017 Work Summary and 2018 Work Objectives* Promulgated by Cambodia's central bank on January 4, 2018, the GDP of Cambodia had a year-on-year growth of 6.9% and continuously maintained a strong development momentum in 2017 based upon robust development of garment, tourism, construction and financial industries. Seventhly, Singapore's economy began to stabilize and recover. Based upon the statistical data published by the Ministry of Trade and Industry on January 2, 2018, the GDP of Singapore had a year-on-year growth of 3.5%, higher than that of 2% for 2016, and overall maintained a strong development momentum in 2017. Eighthly, the Philippines' economy began to stabilize and recover. According to the economic information launched by National Economic and Development Authority (NEDA) on December 14, 2017, the GDP of the Philippines was estimated to have a year-on-year growth of between 6.7% and 6.9% and continuously maintained a robust growth momentum based upon the steady internal macroeconomic fundamentals in 2017.

By and large, driven by the steady and robust world economy development trend, Southeast Asian economy began to recover and maintained a stable growth momentum, thus presenting a picture of general prosperity.

1.1.3 Economic Situation of South Asian Economies

First of all, India's economy began to rebound and stabilize. As shown in Figure 1.3, such economic

1 Data source: *Summary: Three Highlights for Vietnam's 2017 Economic Development* by Wang Di and Tao Jun, http://news.xinhuanet.com/world/2017-12/15/c_1122119460.htm.

indicators of India as GDP growth, industrial production index and Consumer Price Index (CPI) began to stabilize and recover after bottoming out recently. In Q1, Q2 and Q3 2017, the GDP of India had a year-on-year growth of 6.1%, 5.7% and 6.3%, respectively. A Reuters' survey estimated that the GDP of India will have a year-on-year growth of 6.7% and 7.4% in the 2017-2018 and 2018-2019 fiscal years, respectively. Experiencing a period of rapid growth, the GDP of India still maintained a comparatively high growth rate, although presenting a clear sign of slowing down. Secondly, Pakistan's economy began to stabilize and recover. In the 2016-2017 fiscal year, the GDP of India continuously maintained a steady and robust economic development trend with its agriculture returning to normal growth, manufacturing industry growth speeding up, tertiary industry continuing to maintain a stable growth momentum with a higher growth rate than expected, its year-on-year growth in real terms amounting to 5.28%, reaching a record high since the 2006-2007 fiscal year. Thirdly, Sri Lanka's economy began to stabilize and recover. Despite of grave natural disaster and financial distress, the GDP of Sri Lanka still had a

year-on-year growth of 4.7% in 2017, beyond the expectation of its government of 3%-3.5%. Fourthly, Bangladesh's economy began to stabilize and recover. In accordance with the economic information published by Export Promotion Bureau, Bangladesh's exports totaled USD17.92 billion during the first six months of the fiscal year (July-December, 2017), climbing 7.15% year-on-year and up 0.23% than the expected growth target, benefiting from the robust exports growth of garment, jute products and furniture. The GDP of Bangladesh still had a strong year-on-year growth of 7.1% during the 2016-2017 fiscal year. Based upon the news released by *Financial Express* on December 28, 2017, Standard Chartered Bank projected the GDP of Bangladesh will still have a strong year-on-year growth in the 2018 fiscal year. Standard Chartered Bank believed Bangladesh enjoys strong fundamentals of economic growth in terms of asset, debt and current account surplus. However, taking into account the negative impacts upon economic growth imposed by the flood disaster and general election, the GDP of Bangladesh is estimated to have a year-on-year growth of 6.9% in the 2018 fiscal year.

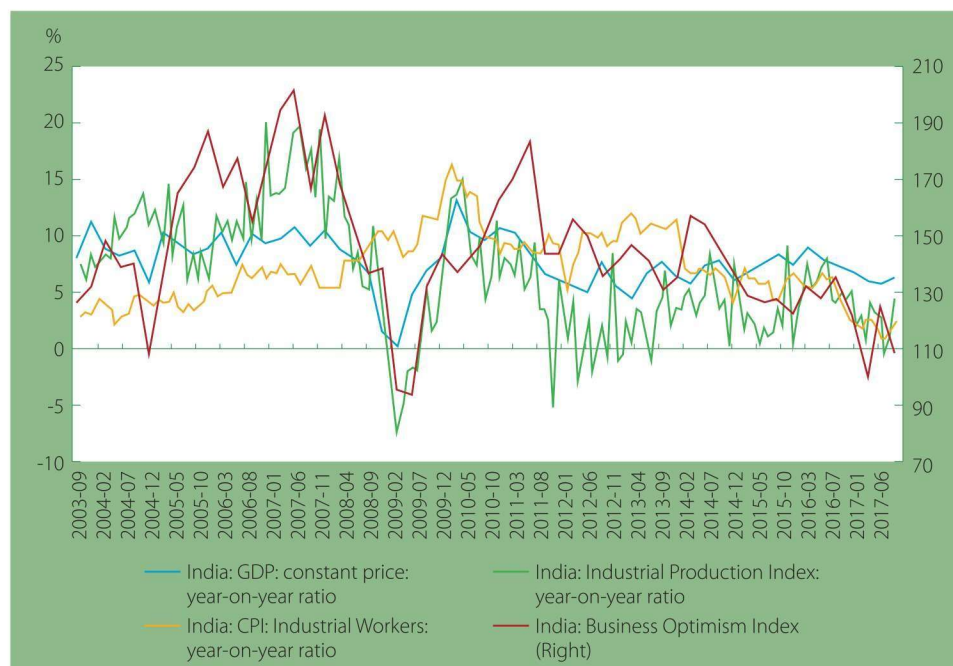


Figure 1.3 Overall Trends of India's Economic Development

Source: Wind Info

All in all, although not so strong as Southeast Asian economy, the economy of major South Asian

economies began to recover and maintained a stable growth momentum.

1.1.4 Economic Situation of Central Asian Economies

First of all, Turkmenistan's economy began to stabilize and recover. According to the news released by the Russian version of the government newspaper *Neutral Turkmenistan Daily* on December 30, 2017, Turkmenistan's President Berdimuhamedow declared on the last government conference of 2017 that the GDP of Turkmenistan was estimated to have a year-on-year growth of 6.5% and maintained a stable growth momentum in 2017. Secondly, Uzbekistan's economy began to stabilize and recover. In the first half of 2017, the GDP of Uzbekistan had a year-on-year growth of 7.0%. Based upon the *Q3 2017 Development Prospects Report for Central Asian Economies* launched by European Bank for Reconstruction and Development in November, 2017, the GDP of Uzbekistan had and was projected to have a year-on-year growth of 5.4% and 6.2% in the fiscal years 2017 and 2018, respectively. Thirdly, Kyrgyzstan's economy began to stabilize and recover. According to the data published by National Statistics Commission, Kyrgyzstan's GDP amounted to Som382.6 billion (USD5.565 billion), climbing 3.9% year on year during the first ten months of 2017 benefiting from the development of industry, construction and service industries. Based upon the *Q3 2017 Development Prospects Report for Central Asian Economies* released by European Bank for Reconstruction and Development in November, 2017, the GDP of Kyrgyzstan had and was projected to have a year-on-year growth of 4.4% and 4.2% in the fiscal years 2017 and 2018, respectively. According to the economic data published in *Tajikistan Socioeconomic Development Report for the First Half of 2017*, Tajikistan's GDP amounted to TJS 24.023 billion (USD2.73 billion), climbing 6% year on year during the first six months of the year. Fourthly, Kazakhstan's economy began to stabilize and recover. According to the news released by Interfax News Agency in Astana on December 12, 2017, Sulaimanov, Minister of Kazakhstan's Ministry of National Economy declared on a government conference that the GDP of Kazakhstan had a year-on-year growth of 3.9% during the first eleven months of the year, benefiting from such favorable factors as strong domestic investment, robust development of six major fundamental sectors and steady prices. The fixed-asset investment rose 5.7% from a year earlier, and annual inflation rate was maintained at the level of

7.3%. Under such circumstances, the GDP of Kazakhstan is projected to have a year-on-year growth of 4% in 2017, beyond the expectation of Kazakhstan's Ministry of National Economy of 3.4%. Fifthly, the war-ravaged Afghanistan's economy began to stabilize and recover. In accordance with the economic information provided by the World Bank, the GDP of Afghanistan had a year-on-year growth of 1.3% and 1.1% in 2014 and 2015, respectively. The report published by the World Bank in June 2017 estimated that the GDP of Afghanistan had a year-on-year growth of 2.6% in 2017, climbing 0.4 percentage point from a year earlier. It also estimated that the GDP of Afghanistan will have a year-on-year growth of 3.4% and 3.1% in 2018 and 2019, respectively. Afghanistan's economy began to recover and maintained a stable growth momentum.

As a whole, driven by the moderate growth of global economy in 2017, the GDP of the five Central Asian economies had a differentiated year-on-year growth, thereby maintaining a stable growth momentum.

1.1.5 Economic Situation of West Asian Economies

First of all, Iran's economy began to stabilize and recover. In the 2016-2017 fiscal year, the GDP of Iran had a year-on-year growth in real terms of 6.6%. The International Monetary Fund projected that the GDP of Iran will have a year-on-year growth of 4.2% in the 2017-2018 fiscal year. Following the official lift of nuclear-related sanctions against Iran, Iran's economy gained a robust growth momentum with its inflation rate maintaining at a lower level and foreign exchange market beginning to stabilize. Secondly, Turkey's economy began to slow down, but stabilize and recover. In accordance with the primary data launched by Turkish Statistics Institute on September 11, 2017, Turkey's economic recovering trend moderately slowed down in the first half of 2017; the GDP of Iran, adjusted for price changes, increased 5.1% in real terms compared with the same period of the previous year, slightly dropping 0.1 percentage point from the first quarter and rising 0.2 percentage point from the same period a year earlier. Turkish President Erdoğan disclosed on December 12, 2017 that the GDP of Turkey was projected to have a year-on-year growth of 7.5% in 2017, thereby maintaining a stable growth momentum. Thirdly, Saudi Arabia's economy began to slow down and stabilize. Given the decreasing growth of petroleum

GDP, it was estimated that Saudi Arabia's non-petroleum GDP was to climb, but its GDP dropped to a year-on-year growth in real terms of almost zero. Fourthly, Israel's economy began to slow down, but stabilize and recover. According to the primary data launched by Central Bureau of Statistics on November 16, 2017, the GDP of Israel had a year-on-year growth of 4.1% in the third quarter of 2017, markedly higher than 0.9% and 2.5% for the first and second quarters of the year. Based upon the latest official statistical results, the GDP of Israel had a year-on-year growth of 3% in 2017, dropping 1 percentage point from a year earlier. Fifthly, Kuwait's economy began to stabilize and recover. According to the news released by *Arab Times* on September 18, 2017, the GDP of Kuwait was projected to have a year-on-year growth of 4.1% in the first half of 2017, markedly higher than the average growth level of 2.6% in 2016. Kuwait will present an obvious economic growth trend with its year-on-year growth climbing to 4.5%-5% in the 2017-2018 fiscal year. Sixthly, the economy of the United Arab Emirates (UAE) began to stabilize and recover. According to the news published by *United Daily News* on November 1, 2017, the International Monetary Fund projected based upon 2017 year-on-year growth of 1.3%, the GDP of UAE will have a year-on-year growth of 3.4% in 2018. Seventhly, Qatar's economy began to stabilize and recover. According to statistical data released by Ministry of Development Planning and Statistics, the GDP of Qatar maintained a steady growth trend in 2017 with its nominal Q2 GDP rising 8.5% year on year and dropping 3.1% from the previous quarter; its nominal Q3 GDP rising 7.4% year on year and climbing 3.9% from the previous quarter. Eighthly, Georgia's economy began to stabilize and recover. Based upon the economic data released by National Bureau of Statistics, the GDP of Georgia had a year-on-year growth of 4.8% during the first 11 months of the year. Ninthly, Armenia's economy began to slow down and stabilize. *The World Economic Situation and Prospects 2018* published by the United Nations (UN) in December 2017 estimated that the GDP of Armenia had and will have a year-on-year growth of 5.8%, 3.8% and 3.6% in the fiscal years of 2017, 2018 and 2019, respectively, thus presenting a steady growth trend. Tenthly, Azerbaijan's economy began to slow down and stabilize. According to the news released by Interfax News Agency in Azerbaijan on December 14, 2017,

the statistical data provided by Azerbaijan's National Statistics Commission indicated that the GDP of Azerbaijan had a year-on-year decrease of 0.2% during the first 11 months of the year. Samir Sharifov, Minister of Azerbaijan's Ministry of Finance estimated in late December that the GDP of Azerbaijan will have a year-on-year growth of 1.5% in 2018. Eleventhly, Oman's economy began to stabilize and recover. According to the statistical information released by National Center for Statistics and Information, driven by increasing petroleum prices, the GDP of Oman had a year-on-year growth of 12.3% in the first half of 2017. The World Bank disclosed in *the Economic Monitoring Report for MENA Region* (October 2017) that Oman's economy will maintain a sluggish recovery trend in the medium term with its oil-gas sectors continuously recovering and economic diversification strategy promoting the sound development of non-petroleum sectors. Twelfthly, Jordan's economy began to stabilize and recover. The GDP of Jordan had a year-on-year growth of 2.5% in 2017. *The Al-Rai Daily and World Economic Situation 2018* recently published by the UN projected that the GDP of Jordan will have a year-on-year growth of 2.8% in 2018, thus presenting a robust growth momentum.

By and large, most West Asian economies started to stabilize and recover with the petroleum prices continuously increasing in 2017. West Asian economy gains a stable growth momentum with the international community achieving a substantial victory in the anti-terrorism war and the national construction conditions of such war-ravaged economies in West Asia as Iraq and Syria continuously improving. However, sensitive to regional security situation, West Asian economies should make arduous efforts to forestall and mitigate the inducements of regional and international tense situations, safeguard the hard-earned peace and bring benefit to the regional inhabitants.

1.1.6 Economic Situation of Russia's Economy

Russia's economy began to stabilize and recover. The World Bank indicated in semi-annual World Economic Prospects report published in November 2017 that the GDP of Russia had a year-on-year growth of 1.7% in 2017; it is estimated that Russia's economy will maintain a sustainable growth trend over the next two years mainly due to the increased exports and strong domestic demand, and the GDP of Russia will have a year-on-year growth of 1.7% and 1.8% in 2018

and 2019, respectively. The official website of Eurasian Economic Commission disclosed on August 4, 2017 that the statistical data submitted by the member states of Eurasian Economic Union indicated that the average monthly nominal wage of Russian residents amounted to USD666, climbing 7.2% year on year; that of Kazakhstan's residents amounted to USD455, climbing 5.1% year on year; that of Belarus's residents amounted to USD405, climbing 9.5% year on year; that of Armenia's residents amounted to USD387, climbing 1.3% year on year and that of Kyrgyzstan's residents amounted to USD209, climbing 5.5% year on year in the first half of 2017.¹ According to the news released by RIA Novosti on August 7, 2017, the management survey data of large- and medium-sized enterprises indicated that 71% Russian entrepreneurs believed Russia's domestic economy began to stabilize and recover, representing the highest economic indicator during the past two years. Most respondents agreed Russia would maintain political and economic stability, including investment field in recent years. At the same time, those thinking global economy began to stabilize and recover accounted for around 56%.² It indicated that business community is optimistic about Russia's future economic development prospects. In the past year, Russia's official reserve assets have kept rising steadily. Russia's international reserves had reached USD447.735 billion as of August 1.³ Undoubtedly, economic sanctions had dragged down significantly the size of Russia's foreign exchange reserves; however, the size of Russia's foreign exchange reserves had bottomed out and began to increase on the backdrop of continuously increasing oil prices and Russia's efforts to expand its exports. PRIME's official website reported on August 11, 2017 that Russia's Ministry of Finance estimated between January and July, Russia's budget deficit would reach RUB423.7 billion (USD7.06 billion), accounting for 0.8% of the total GDP; Russia's budget revenue RUB8,369.0 billion

(USD139.48 billion), accounting for 57% of the total revenue as prescribed in Russia's 2017 Budget Act; Russia's budget expenditure RUB8,793.0 billion (USD146.56 billion), accounting for 53% of the total annual budget expenditure estimated.⁴ This implied that Russia had impressively enhanced its capability in guarding against financial risks and laid a solid foundation to further stabilize and recover its national economy. As a whole, Russia's economy had gained a stable growth momentum in this critical year of economic development.

1.1.7 Economic Situation of Oceanian Economies

First of all, Australia's economy began to stabilize and recover. The statistical data released by Australian Bureau of Statistics indicated that the GDP of Australia increased 0.6% from the previous quarter and 2.4% year on year in Q3 2017; rose 0.8% from the previous quarter and 1.8% year on year in Q2 2017; climbed 0.3% from the previous quarter and 1.7% year on year in Q1 2017. Michael Blythe, an economist of Commonwealth Bank of Australia (CBA), projected in early 2018 that the GDP of Australia would jump 2.75% to 3% year on year in 2018. Secondly, New Zealand's economy began to stabilize and recover. The economic data released by Statistics New Zealand indicated that the GDP of New Zealand increased 0.6% year on year, subject to correction, in Q1 2017; 0.8% year on year in Q2 2017; 0.6% year on year in Q3 2017. Most financial organizations estimated that the GDP of New Zealand increased 0.4% year on year in Q4 2017, thus realizing an annual GDP growth rate of 3% in 2017. In general, on the backdrop of the continuous rebound of global economy, Oceanian economy had gained a stable growth momentum.

As a whole, against the backdrop of the moderate recovery of global economy, the major economies in the Asia-Pacific region had gained a stable growth momentum. Although it hadn't been restored to the level achieved before 2008 global financial crisis, world economy has been transforming from the weak recovery to moderate recovery, with 75% major economies realizing the positive growth and a 10-year-long declining tendency of the world

1 Source: *Residents' Income Level of Eurasian Economic Union Member States Climbs Year on Year in the First Half of the Year* released by Economic and Commercial Counsellor's Office of China in the Russian Federation on August 7, 2017.

2 Source: *Russian Entrepreneurs Believed Russia's Domestic Economy Began to Stabilize and Recover*, released by Economic and Commercial Counsellor's Office of China in the Russian Federation on August 9, 2017.

3 Source: Wind Info.

4 Source: *Russian Federation's January-July Budget Deficit Accounted for 0.8% of the Total GDP*, released by Economic and Commercial Counsellor's Office of China in the Russian Federation on August 14, 2017.