Boao Forum for Asia

Asian Economic Outlook and Integration Progress Annual Report 2024

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FOREWORD

In 2023, the Russia-Ukraine conflict persisted, and a new round of conflicts erupted between Palestine and Israel. Trade protectionism disrupted the international economic and trade order, leading to increased risks of economic fragmentation and decoupling. Developed economies continued to raise interest rates, impacting global demand, weakening direct investment momentum, and increasing debt pressure on some developing economies. The world economy struggled to return to pre-pandemic growth trajectories. Amid various uncertainties, Asian countries experienced heightened economic volatility, but they also demonstrated tremendous resilience. By steadfastly advancing regional economic integration and firmly upholding multilateral economic and trade rules, Asia has proven capable of adapting to historic changes never seen before, emerging as a stabilizing force in this turbulent world.

Asia stands as a cornerstone for global economic growth in the post-pandemic era. The International Monetary Fund (IMF) estimates that the world economy will grow by 3.1% this year, remaining consistent with the previous year, while developing Asian economies are expected to achieve a growth rate of 5.2%. Asia's share of global exports exceeds 35%, and 43% of global trade of value chain products, particularly intermediate goods, relies on Asia. Digital service export from Asia constitutes 27% of the global total, with the highest growth rate among all continents. Asian economies, including China, India, Indonesia, Malaysia, the Philippines, Thailand, and Bangladesh, are set to achieve economic growth rates of over 4%. China will remain a major contributor to global economic growth, with the entire world benefiting from its massive market. India is expected to sustain rapid growth and has the potential to surpass some major economies. Most ASEAN economies are steadily recovering, driven by domestic consumption, increased tourism, and foreign investment. Western Asian countries like Saudi Arabia and the Untied Arab Emirates are accelerating economic diversification, to actively seize new growth opportunities.

Asia will play a crucial role in advancing equitable and orderly multipolarity and inclusive economic globalization. In a changing global landscape, Asian economies are pragmatically promoting regional economic integration and supporting economic globalization through both physical and soft connectivity. Various regional strategic initiatives are brought into alignment, such as China's Belt and Road Initiative, the Master Plan on ASEAN Connectivity, the efficient transport corridor concept of the Shanghai Cooperation Organization member states, and the green development agendas of Gulf countries, The China-Europe Railway Express now functions as a vital international transportation artery bridging Asia and Europe. The China-Laos Railway is flourishing in both passenger and freight traffic, and the Jakarta-Bandung High-Speed Rail maintains high ridership. The Laos-Thailand-Malaysia-Singapore Power Integration Project has been officially launched, and the regional power cooperation in the Lancang-Mekong River region has made steady progress. In response to economic fragmentation, new trade agreements such as Regional Comprehensive Economic Partnership (RCEP), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and Digital Economy Partnership Agreement (DEPA) are being put into action. These agreements have promoted the liberalization and facilitation of digital and green trade and investment in goods and services within and outside the region. They have also lowered market thresholds and unlocked potential for economic growth, allowing more people to benefit from economic globalization. The recently concluded 13th WTO's Ministerial Conference resulted in the Investment Facilitation for Development Agreement, the world's first multilateral investment agreement. This agreement has significant implications for developing and the least developed countries in need of sustainable investment flows. The Asian approach is an important contributor to facilitating negotiations and achieving outcomes in the process.

The *Asian Economic Outlook and Integration Process Annual Report* is a traditional flagship report of the Boao Forum for Asia. This year's report provides a panoramic scan of economic prospects in Asia, conducting in-depth analyses of the processes of trade and production integration, as well as the mutual fusion of services, investment, and finance in Asia, despite the risks of economic fragmentation. The report places special emphasis on hot issues such as economic governance in the Global South, global value chain interdependence, new trends in foreign direct investment, the prospects of upgrading RCEP, and the proliferation of artificial intelligence. We hope that this annual report will continue to inspire readers with our in-depth thinking on Asian economic issues and provoke attention and discussions from various communities on related matters.

Li Baodong

Secretary General of Boao Forum for Asia

PREPARATION NOTES AND ACKNOWLEDGEMENTS

This annual Report is co-edited by Professor Zhang Yuyan, Director of the Institute of World Economics and Politics of Chinese Academy of Social Sciences, Professor Lin Guijun, former Vice President of the University of International Business and Economics, and Cao Li, Vice President of the Boao Forum for Asia Academy. Vice President Cao Li is also responsible for the overall organization and coordination of the Report.

Mr. Li Baodong, the Secretary General of Boao Forum for Asia, provided comprehensive guidance and assistance during the conceptualization and writing of the Report. Four experts, including Mr. Yao Wang, former Executive Director of Boao Forum for Asia Academy and Deputy President of the Western Returned Scholars Association, Dr. Wan Cunzhi, Counselor of the People's Bank of China, Dr. Sang Baichuan, Director of the Institute of International Economics of the University of International Business and Economics and Dr. Ding Yifan, Research Fellow at the Development Research Center of the State Council made professional comments on the Report. We would like to express our sincere gratitude to the Secretary General of the Forum and the review experts for their contributions to the Report.

The Report is divided into three parts. Part 1 is titled "Asian Economic Outlook and Policies" and is edited by Professor Zhang Yuyan. In terms of division of the writing, Part 1 was written by Xu Xiujun (1.1 and 2.1), Feng Weijiang (1.2, 1.3 and 2.2), Xiong Aizong (1.4, 1.5 and 2.3), and Jia Zhongzheng (1.6). Part 1 was finally proofread by Zhang Yuyan and Xu Xiujun. Part 2 is on "Asian Economic Integration Progress", co-edited by Professor Lin Guijun and Vice President Cao Li. In terms of division of the writing, Part 2 was written by Pei Jiansuo and Zhang Meng (3.1), Deng Shizhuan (3.2), Zhan Jinyong (4.1), Pei Jiansuo and Jiang Jiatong (4.2), Gao Kailin (4.3), Deng Haowen (4.4), Wang Chunrui (5), Wang Qianzheng (6.1), and Rewan·Tuohedaer (6.2). Part 3 is on "Hot Issues of Asian Economies", the writing team included Jia Zhongzheng (7.1 and 7.4), Xu Xiujun (7.2), and Zhan Jinyong (7.3). From the formulation to the conclusion of the Report, all

members of the writing team worked diligently and cooperatively to ensure the smooth delivery of the Report with outstanding professionalism and enthusiasm.

We thank the team of the University of International Business and Economics Press for their professional editing and publishing job.

Despite full efforts, the Report is liable to mistakes or omissions due to our limited knowledge. The authors take responsibility for the contents.

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ACRONYMS

ACI	American Certification Institute
AGI	Artificial General Intelligence
AI	Artificial Intelligence
AMRO	ASEAN+3 Macroeconomic Research Office
AREO	ASEAN+3 Regional Economic Outlook
BIS	Bank for International Settlements
BOK	Bank of Korea
CAGR	Compound Annual Growth Rate
CAITEC	Chinese Academy of International Trade of Economic Cooperation
CBDC	Central Bank Digital Currency
CBEC	Cross-Border E-Commerce
CBO	Congressional Budget Office
CCPA	California Consumer Privacy Act
CDIS	Coordinated Direct Investment Survey
CEWC	Central Economic Work Conference
ChatGPT	Chat Generative Pre-Trained Transformer
CIPS	Cross-Border Interbank Payment System
CNN	Cable News Network
CPI	Consumer Price Index
CPIS	Coordinated Portfolio Investment Survey
CPMI	Committee on Payments and Market Infrastructures
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSI	China Security Index
DEFA	Digital Economy Framework Agreement
DEPA	Digital Economy Partnership Agreement
EAEU	Eurasian Economic Union
EC	European Council
ECA	Employment Conditions Abroad

e-CNY	Digital Yuan
EDB	Eurasian Development Bank
ERI-ASIA	Export Reliance Index on Asia
ETF	Exchange Traded Funds
FDI	Foreign Direct Investment
FPS	Faster Payment System
FSB	Financial Stability Board
FTA	Free Trade Agreement
FTE	Full-Time Equivalent
G20	Group of 20
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GEF	Global Economic Fragmentation
GSX	Georgia Stock Exchange
GVC	Global Value Chain
HHI	Herfindahl-Hirschman Index
HKICL	Hong Kong Interbank Clearing Limited
HKMA	Hong Kong Monetary Authority
IAPP	International Association of Privacy Professionals
IATA	International Air Transport Association
IFDI	Inward Foreign Direct Investment
IIF	Institute of International Finance
ILO	International Labor Organization
IMF	International Monetary Fund
KEB	Korea Exchange Bank
KPMG	Klynveld Peat Marwick Goerdeler
LPR	Loan Prime Rate
MAS	Monetary Authority of Singapore
mBridge	Multilateral Central Bank Digital Currency Bridge
MLF	Medium-Term Lending Facility
MOU	Memorandums of Understanding
MPI	Multidimensional Poverty Index
MSCI	Morgan Stanley Capital International
NAFR	National Administration of Financial Regulation
NDF	National Development Fund
NPCI	National Payments Council of India
NPL	Non-Performing Loan
NUCC	Nets Union Clearing Corporation
OECD	Organization for Economic Cooperation and Development

OFDI	Outward Foreign Direct Investment
OPHI	Oxford Poverty and Human Development Initiative
P/E	Price Earnings
PBOC	People's Bank of China
PIF	Public Investment Fund
PIPC	Personal Information Protection Commission (the Republic of Korea)
PPP	Purchasing Power Parity
QR	Quick Response
RBI	Reserve Bank of India
RCA	Revealed Comparative Advantage
RCEP	Regional Comprehensive Economic Partnership
RPC	Regional Payment Connectivity
RTA	Regional Trade Agreement
RTP	Real-Time Payments
SAFE	State Administration of Foreign Exchange
SCD	Supply Chain Differentiation
SCO	Shanghai Cooperation Organization
SET	Stock Exchange of Thailand
SMEs	Small and Medium-Sized Enterprises
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TC	Trade Competitiveness
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNWTO	United Nations World Tourism Organization
UPI	Unified Payments Interface
VAT	Value Added Tax
WB	World Bank
WEF	World Economic Forum
WTO	World Trade Organization
YCC	Yield Curve Control

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