

Boao Forum for Asia



Asian Economic Outlook and Integration Progress Annual Report 2024



对外经济贸易大学出版社
University of International Business and Economics Press

Boao Forum for Asia
Asian Economic Outlook and Integration Progress
Annual Report 2024

对外经济贸易大学出版社
中国·北京

图书在版编目 (CIP) 数据

博鳌亚洲论坛亚洲经济前景及一体化进程 2024 年度报
告 = Boao Forum for Asia Asian Economic Outlook
and Integration Progress Annual Report 2024: 英文.
—北京: 对外经济贸易大学出版社, 2024.2
ISBN 978-7-5663-2585-3

I. ①博… II. III. ①经济一体化—研究报告—亚洲
—2024—英文 IV. ①F13

中国国家版本馆 CIP 数据核字 (2024) 第 029887 号

Boao Forum for Asia Asian Economic Outlook and Integration Progress Annual Report 2024

责任编辑: 谭利彬

出版发行: 对外经济贸易大学出版社
社 址: 北京市朝阳区惠新东街 10 号
网 址: www.uibep.com
资源网址: www.uibepresources.com

邮政编码: 100029
邮购电话: 010-64492338
发行部电话: 010-64492342
E-mail: uibep@126.com

成品尺寸: 215mm×278mm
印 张: 9.75
字 数: 329 千字
ISBN 978-7-5663-2585-3

印 刷: 北京博海升彩色印刷有限公司
版 次: 2024 年 2 月北京第 1 版
印 次: 2024 年 2 月第 1 次印刷
定 价: 200.00 元

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 United 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.



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.

LIST OF CONTRIBUTORS

Zhang Yuyan, Editor-in-Chief, Institute of World Economics and Politics, Chinese Academy of Social Sciences

Feng Weijiang, General Office of the Chinese Academy of Social Sciences

Xu Xiujun, Institute of World Economics and Politics, Chinese Academy of Social Sciences

Xiong Aizong, Institute of World Economics and Politics, Chinese Academy of Social Sciences

Jia Zhongzheng, Institute of World Economics and Politics, Chinese Academy of Social Sciences

Lin Guijun, Editor-in-Chief, University of International Business and Economics

Pei Jiansuo, Renmin University of China

Deng Shizhuan, Beijing University of Architecture

Wang Chunrui, University of International Business and Economics

Zhang Meng, Capital University of Economics and Business

Zhan Jinyong, Capital University of Economics and Business

Gao Kailin, University of International Business and Economics

Jiang Jiatong, University of International Business and Economics

Deng Haowen, HSBC Business School, Peking University

Cao Li, Editor-in-Chief, Boao Forum for Asia Academy

Wang Qianzheng, Boao Forum for Asia Academy

Rewan · Tuohedaer, Boao Forum for Asia Academy

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

TABLE OF CONTENTS

FOREWORD.....	IX
PREPARATION NOTES AND ACKNOWLEDGEMENTS.....	XI
LIST OF CONTRIBUTORS	XIII
ACRONYMS.....	XV

Part I Asian Economic Outlook and Policies

Chapter 1 Asian Economic Prospects	003
1.1 Overview	003
1.2 Economic Growth Prospects.....	004
1.3 Employment and Income Prospects	008
1.4 Alleviation of Inflation Pressure	011
1.5 Moderate Improvement Projected for Trade and Investment Growth	013
1.6 A Promising Financial Market.....	016
Chapter 2 Economic Policy Outlook for Major Asian Economies	023
2.1 External Macro Policies	023
2.2 Fiscal Policies	026
2.3 Monetary Policies	031

Part II Asian Economic Integration Progress

Chapter 3 Merchandise Trade Integration in Asia	037
3.1 Incremental Progress in Integration	037
3.2 Integration of Factory Asia.....	049
Chapter 4 Service Trade Integration of Asian Economies.....	063
4.1 Current Status of Service Trade in Asia.....	063
4.2 Asia's Service Trade Integration	073
4.3 Digital Trade in Asia and the Regulation of Cross-Border Data Flows	080
4.4 Key Service Industry Analysis (Tourism as Example)	087

Chapter 5 Asian Economic Integration in Terms of Direct Investment	095
5.1 The Status of Asian Economic Integration in Terms of Direct Investment	095
5.2 Cross-Border Investment Outlook for Asia	101
Chapter 6 Financial Cohesive Progress in Asia.....	105
6.1 Opening of Asia's Financial Markets.....	105
6.2 Cross-Border Payments Are Growing Fast in Asia.....	112

Part III Hot Issues of Asian Economies

Chapter 7 Hot Topics Concerning the Asian Economy	123
7.1 Coping with Global Economic Fragmentation (GEF) Through RCEP Upgrade	123
7.2 Global South and Global Economic Governance.....	126
7.3 Development of Service Trade Agreements in Asia	130
7.4 Artificial Intelligence: Progress and Challenges	133

LIST OF TABLES

Table 1.1	Year-on-Year Growth Rates of Imports and Exports in Asia (%).....	014
Table 1.2	Changes in the 10-Year Treasury Yields of Some Asian Economies	021
Table 2.1	Inflation Rates in the US and Benchmark Interest Rate Adjustments by the Fed	024
Table 2.2	Base Rate Adjustments in Some Asian Economies, 2023 (basis point).....	032
Table 3.1	Export Reliance Indexes on Asia for Selected Economies, 2018-2022	039
Table 3.2	Trade Interdependence Indexes for Selected Asian Economies, 2022 (%)	041
Table 3.3	Economies with Their Largest Goods Trading Partner from Asia, 2022	045
Table 3.4	Trade Flows Among Asian Economies and Growth Rate Year-on-Year, 2022 (USD billion).....	046
Table 3.5	Growth Rate Year-on-Year Among Asian Economies (%)	047
Table 3.6	Merchandise Exports by Asian Regions, 2021 (USD billion).....	048
Table 3.7	Trade Dependence of Global Value Chain on Asian and Major Economies, 2017-2022.....	051
Table 3.8	Interdependence Indexes of Intermediate Products Trade in Factory Asia, 2022.....	052
Table 3.9	Interdependence Indexes of Intermediate Products Trade in Factory Asia, 2021	053
Table 3.10	Trade Dependence of 22 Parts and Components on China, 2017-2022.....	055
Table 3.11	Trade Dependence of 22 Parts and Components on ASEAN, 2017-2022.....	056
Table 3.12	Trade Dependence of 22 Parts and Components on Mexico, 2017-2022	057
Table 3.13	The Top 22 Intermediate Goods in Factory Asia, Based on the Value of Exports, 2022	058
Table 3.14	The Top 22 Intermediate Goods in Factory Asia, Based on the Value of Exports, 2021	059
Table 3.15	The Dependence Indexes of Top 22 Intermediate Goods on Major Asian Economies, EU (27), USMCA, and CPTPP, 2022.....	060
Table 3.16	The Dependence Indexes of Top 22 Intermediate Goods on Major Asian Economies, EU (27), USMCA, and CPTPP, 2021	061
Table 3.17	The List of Product Categories Where China Possessed Competitive Advantages, 2022	062
Table 4.1	Composition of Service Trade Exports and Imports in Asia.....	065
Table 4.2	Comparative Advantages of Various Industries in Asian Service Trade (TC index).....	066
Table 4.3	Service Trade Overview for Major Asian Economies, 2022	067
Table 4.4	Service Trade Growth Rate of Major Asian Economies, 2018-2022	068
Table 4.5	Distribution of Service Trade Industries in Major Asian Economies (%)	069
Table 4.6	Comparative Advantage of Service Trade by Industry in Major Asian Economies, 2022.....	071

Table 4.7	Revealed Comparative Advantage in Service Trade by Industry for Major Asian Economies, 2022	072
Table 4.8	Service Exports of 25 Selected Economies (in Gross Terms and Terms of Service Value-Added), 2022	075
Table 4.9	Service Imports of 25 Selected Economies (in Gross Terms and Terms of Service Value-Added), 2022	076
Table 4.10	The Service Content and Composition of the Manufacturing Export in Selected Asian Economies, 2022	078
Table 4.11	Trade Balance of Services in 25 Asian Economies, 2020 (USD100 million)	079
Table 4.12	Top Ten Economies by Total Import and Export Value of Digital Trade in Services, 2022.....	084
Table 4.13	Regulations on Data Protection and Consent for the Cross-Border Transfer of Personal Data in Selected Economies	085
Table 4.14	Tourism Dependence Indexes on Asia and the Pacific Region for Selected Economies, 2017-2022 (%)	091
Table 4.15	Interdependence Among Different Asian and the Pacific Economies, 2022 (%).....	091
Table 5.1	The FDI (Inflows + Outflows) Dependence Indexes of Selected Asian Economies, 2022 (%)	097
Table 5.2	The IFDI Dependence Indexes of Selected Asian Economies and the US, 2022 (%)	098
Table 5.3	The Internal FDI Dependence Indexes of Selected Asian Economies, 2016-2022 (%)	099
Table 5.4	Amount of Manufacturing IFDI and Its Share in Total IFDI of Selected Developing Economies, 2018-2022.....	100
Table 5.5	The OFDI Dependence Indexes of Selected Asian Economies and the US, 2022 (%).....	100
Table 5.6	Selected Economies' Investment Amount in/Dependence on Asia, 2018-2022.....	101
Table 6.1	The Stock of Portfolio Investment of Asian Economies and the Amount of Portfolio Investment to Asia, by 2022 (USD million)	107
Table 6.2	Total Average Remittance Prices by Regions of the World (%).....	113
Table 6.3	Selected Third-Party Cross-Border Payment Platforms in Asia.....	116
Table 7.1	Number and Proportion of Service RTAs by Global Region	131

LIST OF FIGURES

Figure 1.1	Weighted Real GDP Growth Rates of Economies in Different Sub-Regions of Asia.....	006
Figure 1.2	Employment Growth Rates of Economies in Different Sub-Regions of Asia	009
Figure 1.3	Unemployment Rates of Economies in Different Sub-Regions of Asia.....	010
Figure 1.4	Trajectory of the Inflation Rates in Different Sub-Regions of Asia.....	011
Figure 1.5	Stock Indexes in Selected Asian Economies, 2023	017
Figure 1.6	Exchange Rate Changes of Some Asian Currencies Against the US Dollar, 2023 (direct pricing).....	019
Figure 3.1	Export Reliance Indexes on Asia: Trends, 2012-2022	038
Figure 3.2	Trade Dependence Indexes of Selected Economies, 2018-2022	044
Figure 3.3	Number of Economies with Their Largest Goods Trading Partners from Asia	045
Figure 3.4	Trends of Asian and Major Economies' Integration into Global Value Chain, 2017-2022	050
Figure 3.5	Trend of Trade Dependence of 22 Parts and Components on ASEAN, 2017-2022.....	056
Figure 4.1	Trend Chart of Asia's Service Trade Development, 2005-2022	064
Figure 4.2	Conceptual Framework of Digital Trade	080
Figure 4.3	Retail E-Commerce Sales of Global Major Countries, 2023.....	081
Figure 4.4	Top Ten Global E-Commerce Companies by Market Capitalization as of the End of 2023	082
Figure 4.5	Share of Digital Trade in Services by Continent, 2010-2022.....	083
Figure 4.6	Growth Rate of Digital Trade in Services by Continent	083
Figure 4.7	Year-on-Year Changes in the Number of Inbound Tourists in Various Regions of the World, 2022-2023	088
Figure 4.8	Changes in the Number of Inbound Tourists in Various Regions Worldwide, 2019-2023 (VS 2019).....	088
Figure 4.9	Year-on-Year Changes in the Number of Inbound Tourists in Major Asia-Pacific Economies, 2022.....	089
Figure 4.10	Ranking of the Dependence on the Asian Market for Tourism Exports of Some Asia-Pacific Economies, 2022.....	090
Figure 4.11	Tourism Dependence Indexes on China for Selected Economies, 2019-2022.....	092
Figure 5.1	Quarterly IFDI of Major Economies, 2022-H1 2023	102
Figure 5.2	Quarterly OFDI of Major Economies, 2022-H1 2023.....	103
Figure 6.1	Global Portfolio Investment Outflows and Year-on-Year Growth Rate, 2018-2022.....	106