



ASIAN ECONOMY AND THE WORLD ECONOMIC OUTLOOK

A report based on the webinar of Sept. 19.2024

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Asian Economy and the World Economic Outlook

A report based on the webinar of Sept. 19. 2024
organized by

Singularity Academy & Swiss-Asian Chamber of Commerce

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Message from Asian Economy and World Economic Outlook

The rise of Asia as a pivotal force in the global economy is undeniable, with markets like China, India, and ASEAN reshaping the future of international trade, investment, and growth. As Asia's influence expands, the global economic landscape faces opportunities and challenges. The interconnectedness of Asian economies with the rest of the world, as highlighted by recent market disruptions, showcases the region's critical role in driving growth and maintaining financial stability. Amidst concerns like deflation, shifting supply chains, and evolving geopolitical tensions, Asia's economic resilience and adaptability will determine not only its future but also the trajectory of the world economy. This outlook emphasizes the importance of strategic reforms, investments, and policy cooperation to harness Asia's growth potential while navigating the complexities of a rapidly changing global environment.

Video of the Webinar: <https://youtu.be/W4GhufQi-G4>

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Zurich, Switzerland



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The Swiss-Asian Chamber of Commerce (SACC) in Switzerland is a prominent business organization dedicated to fostering economic and trade relations between Switzerland and the diverse economies of Asia. Through a range of events, forums, and trade missions, the chamber facilitates cross-border partnerships, enhances market access, and supports members in navigating the complexities of international business, making it a key driver of Swiss-Asian economic engagement.


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Contributors

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Prof. Dr. Anant Kamath	Indian Economist, Assistant Professor, National Institute of Advanced Studies (NIAS), Bangalore, India	
Prof. Dr. Ouyang Min	Chinese Economist, Associate Professor, Tsinghua University, China	
Mads Pedersen	Swiss Economist, Human Edge Investment Technology (Former Head of Global Asset Allocation at UBS), Switzerland	



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1. Introduction

The webinar, moderated by Dr. Urs Lustenberger, took place on 09.19.2024 and focused on Asia's growing influence on global markets. It aimed to address how key Asian economies such as China, Japan, India, and ASEAN are shaping the global financial landscape. The backdrop of the discussion was the August 5th disruption in the Japanese stock market, which sent ripples through global markets, underlining Asia's interconnectedness with the world economy.

Dr. Urs Lustenberger highlighted the importance of understanding both the risks and opportunities presented by these economies. The panel featured four distinguished experts:

Speakers



Mads Pedersen
Swiss Economist



Min Ouyang
Chinese Economist



Anant Kamath
Indian Economist



Seah Kiat Seng
ASEAN Economist

- Seah Kiat Seng – Managing Director & CIO of Millennia Investment Management, Singapore
- Professor Dr. Anant Kamath – Assistant Professor at the National Institute of Advanced Studies, Bangalore
- Professor Dr. Ouyang Min – School of Economics and Management, Tsinghua University, China
- Mads Pedersen – Global Economics Expert and Portfolio Manager

Each speaker provided detailed insights into their respective regions, followed by a panel discussion and a Q&A session where audience questions were addressed.



2. Presentation Summaries

2.1 Seah Kiat Seng (Managing Director & CIO, Millennia Investment Management, Singapore)

Seah Kiat Seng provided an overview of the economic opportunities and challenges in the ASEAN region, Japan, and China, emphasizing the strategic importance of each area in the global economic landscape.

Part 1: ASEAN Economic Potential

- Seng highlighted ASEAN's position as a rapidly growing economic bloc, predicting it will become the world's fourth-largest economy by 2030. He detailed the region's favourable demographics, its role in global supply chain diversification, and its rising influence in sectors such as tourism and infrastructure.

Key Dialogue:

- Seng: "ASEAN is projected to generate close to \$4 trillion in GDP, and by 2030, it will likely overtake Germany to become the fourth-largest economy globally, driven by its young workforce, resource wealth, and strategic position in global trade."

Part 2: China's Economic Challenges and Future Potential

- Seng acknowledged that China faces near-term challenges, particularly around its real estate market, deflation, and debt. However, he expressed confidence that China's government has the tools necessary to navigate these difficulties and emphasized the country's critical role in driving global economic growth.

Key Dialogue:

- Seng: "Despite current issues, China remains a critical driver of global growth. Its focus on high-tech industries and innovation, particularly in electric vehicles and AI, positions it well for long-term success."

Part 3: Japan's Economic Resilience

- Seng concluded by discussing Japan's resilience, noting that the weak yen has attracted foreign investment into sectors such as real estate and logistics. However, he also pointed out that Japan faces challenges in maintaining



competitiveness in the global automotive market, especially with rising competition from China's EV sector.

Key Dialogue:

- Seng: "Japan has managed to attract significant foreign investment, but its future competitiveness, particularly in the automotive industry, may depend on how well it navigates the shift toward electric vehicles."

2.2 Professor Dr. Anand Kamath (National Institute of Advanced Studies, Bangalore, India)

Professor Dr. Anand Kamath provided an in-depth analysis of India's growth story, highlighting its successes and ongoing structural challenges.

Part 1: India's Economic Growth and Success

- Dr. Kamath began by emphasizing India's rapid emergence as the world's fifth-largest economy. He attributed this growth to strong infrastructure investments, digital financial inclusion, and a booming export market in pharmaceuticals and high-value manufacturing.

Key Dialogue:

- *Kamath*: "India's digital financial revolution has been transformative. Even rural areas are embracing digital payments, showcasing the deep penetration of technology and its role in driving growth."

Part 2: India's Structural Challenges

- Dr. Kamath also addressed India's significant challenges, including income inequality, an underdeveloped education system, and the rural-urban divide. He argued that while India's growth figures are impressive, much of this progress is concentrated in urban centers, leaving rural populations behind.

Key Dialogue:

- Dr. Kamath: "While India's growth potential is enormous, our challenge lies in ensuring that this growth is inclusive. Without addressing disparities in education and social security, we risk leaving large parts of the population behind."



2.3 Professor Dr. Ouyang Min (School of Economics and Management, Tsinghua University, China)

Professor Dr. Ouyang Min provided a detailed analysis of China’s economic trajectory, acknowledging current challenges but emphasizing the opportunities that lie ahead.

Part 1: China’s Past Economic Growth

- Dr. Ouyang opened by reflecting on China’s remarkable economic transformation over the past three decades, which lifted millions out of poverty and turned the country into the world’s second-largest economy.

Key Dialogue:

- Dr. Ouyang: “China’s growth story is unparalleled in modern history. The speed and scale of our transformation are extraordinary, and while we face hurdles today, they are part of a natural transition.”

Part 2: Opportunities Amid Challenges: Deflation and Debt

- While deflation and debt are pressing concerns, Dr. Ouyang expressed confidence that the government has ample tools to address these issues. She pointed out that China’s high savings rate and large domestic market provide a strong buffer against external shocks.

Key Dialogue:

- Dr. Ouyang: “Deflation is a challenge, but it reflects China’s shift to a more consumption-driven economy. The government’s fiscal and monetary policies are well-positioned to stabilize the situation.”

Part 3: Innovation and Long-Term Growth

- Dr. Ouyang was highly optimistic about China’s future, particularly in industries like electric vehicles (EVs), green technology, and artificial intelligence. She stressed that these sectors would drive China’s next phase of growth, positioning the country as a global leader in technology and innovation.

Key Dialogue:

- Dr. Ouyang: “China is leading the world in electric vehicles and is making significant strides in AI and green tech. These industries will not only fuel domestic growth but also ensure China’s continued leadership in the global



economy.”

2.4 Mads Pedersen (Swiss Economist, Portfolio Manager and Global Economics Expert from Switzerland)

Mads Pedersen provided an investor’s perspective on Asian markets, focusing on the current risks and opportunities.

Part 1: Market Volatility and Risk Factors

- Pedersen discussed the recent market volatility, particularly the ripple effects from the August 5th Japanese market drop. He highlighted the interconnectedness of global markets, noting that events in Asia can quickly spread to other regions.

Key Dialogue:

- Pedersen: “The August 5th disruption showed how deeply interconnected global markets are. Investors must remain vigilant, particularly when it comes to Asian markets, which are becoming increasingly pivotal.”

Part 2: Investment Opportunities in Asia

- Pedersen identified Taiwan, India, and Korea as promising regions for investment, citing their strong growth in sectors such as technology and consumer goods. He also noted that while China faces short-term challenges, it remains a high-risk, high-reward market for long-term investors.

Key Dialogue:

- Pedersen: “Taiwan’s tech sector, India’s consumption growth, and Korea’s innovation make them attractive investment opportunities. For those willing to navigate volatility, China’s market, though risky, could offer substantial returns in the coming years.”



3. Discussion and Q&A Highlights

The Q&A session provided further insights into the presentations, with the speakers addressing audience questions.

3.1 China's Future: Stability and Innovation

- Several questions focused on China's ability to manage its current challenges. Both Dr. Ouyang and Seah Kiat Seng emphasized that China's government has a proven track record of navigating economic crises and that its focus on innovation will drive future growth.

Key Dialogue:

- *Dr. Ouyang:* "China's government has successfully navigated crises before, and there's no reason to believe they won't do so again. Our focus on high-tech industries, such as electric vehicles and AI, will ensure that we continue to lead on the global stage."

3.2 Hong Kong's Currency Peg: Stability or Change?

- Seng addressed questions about the stability of Hong Kong's currency peg to the U.S. dollar, stating that it is unlikely to change soon given the risks involved.

Key Dialogue:

- *Seng:* "The currency peg has been a cornerstone of Hong Kong's financial system. I don't foresee any significant changes soon as it remains essential for financial stability."



4. Key Learnings

4.1 China's Resilience and Innovation-Driven Growth

- China's current challenges, particularly around deflation and debt, are significant but manageable. The country's leadership in sectors such as electric vehicles, AI, and green technology provides a strong foundation for future growth. China's transition from an industrial-based economy to an innovation-driven one is well underway, and the government has the tools to address short-term concerns while focusing on long-term gains.

4.2 ASEAN's Strategic Role

- ASEAN's young population, growing infrastructure, and strategic importance in global trade make it a region of immense potential. The bloc's intraregional trade and economic integration and its strategic position in global supply chains offer significant opportunities for investors and businesses. ASEAN's favorable demographics, particularly its young workforce, ensure that it will continue to be a growth engine in the years ahead.

4.3 India's Domestic Growth and Global Ambitions

- India's growth trajectory is largely driven by its domestic market, particularly in areas such as digital finance, infrastructure development, and a rapidly growing middle class. However, to become a global economic powerhouse, India must address its structural challenges, including inequality, education, and rural poverty. Policymakers need to focus on inclusive growth strategies to ensure that the benefits of economic expansion are more widely shared.

4.4 Japan's Resilience and Strategic Shifts

- Japan continues attracting foreign investment due to the weak yen, which has boosted interest in real estate and logistics sectors. However, Japan faces challenges in maintaining its competitiveness in the global automotive market, particularly in the electric vehicle space. The country's focus on hydrogen technology offers a potential advantage, but it must navigate the global shift toward electrification to remain a key player.



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4.5 Investment Risks and Opportunities Across Asia

- While Asia presents immense opportunities, it also comes with risks. Investors must carefully consider the volatility of markets like China, where short-term challenges are significant but may also offer long-term rewards. Taiwan, India, and Korea, on the other hand, offer more stable investment opportunities, particularly in technology and consumer-driven sectors. U.S. Federal Reserve policies will continue to influence capital flows into Asia, making it critical for investors to stay attuned to global economic trends.



5. Prospect of Asia

5.1 China's Future: A New Era of Growth and Innovation

- Despite its current economic headwinds, China's future remains bright, particularly in industries like electric vehicles, artificial intelligence, and green technology. The government's proven ability to implement effective policies, combined with its focus on innovation, will likely help China overcome short-term challenges and position itself as a continued global economic leader. China's transition to an innovation-driven economy offers substantial opportunities for both domestic and international investors.

5.2 ASEAN and India: Key Drivers of Regional Growth

- ASEAN's demographic dividend and India's rapidly expanding digital economy make them key drivers of regional growth in Asia. Both regions have significant potential, but they will need to address structural issues such as inequality, education, and infrastructure gaps to ensure sustainable and inclusive development.

5.3 Japan's Position in a Changing Global Landscape

- Japan's resilience and its strategic investments in key sectors such as real estate, logistics, and hydrogen technology will help it maintain a strong position in the global economy. However, Japan must continue to adapt to shifts in global technology trends, particularly in the electric vehicle market, to ensure its long-term competitiveness.

5.4 Final Takeaways for Investors and Policymaker

- Asia's role in the global economy is growing, but the region's future success will depend on the ability of its governments to implement structural reforms and manage the risks associated with rapid growth and technological change. Investors should focus on emerging sectors like electric vehicles, AI, and green technology in China, while also considering the stable growth prospects in ASEAN, India, and Korea. Policymakers, in turn, must focus on fostering innovation, ensuring inclusive growth, and addressing key structural challenges to sustain long-term economic prosperity.



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In conclusion, the webinar offered a comprehensive view of Asia's current economic landscape and its potential for future growth. As Asia continues to grow in importance on the global stage, understanding its markets, risks, and opportunities will be crucial for investors and policymakers in the future.

The webinar closed with Dr. Urs Lustenberger thanking the panelists for their insights and the participants for their engagement.