[Swiss-Asian Chamber of Commerce | Asia Brief]

The **[Swiss-Asian Chamber of Commerce | Asia Brief]** is meticulously crafted to give Swiss-Asian business stakeholders a comprehensive understanding of Asia's rapidly changing economic and business landscapes. This region presents a dynamic blend of challenges and opportunities crucial for Swiss businesses and their global counterparts. Major economies like China, Japan, and India remain central to global trade, while Southeast Asian nations such as Vietnam, Indonesia, and the Philippines are increasingly significant in global supply chains. Countries like Saudi Arabia and the UAE are experiencing robust growth in the Middle East, propelled by ambitious economic diversification strategies. Simultaneously, smaller economies such as Laos and Cambodia focus on infrastructure development and economic diversification to secure sustainable growth. Through the **[Swiss-Asian Chamber of Commerce | Asia Brief]**, we aim to empower our members with enhanced strategic positioning and informed decision-making, fostering success for Swiss and Asian businesses within the dynamic Asian market. **[Asia Brief]** is scholarly, supported by *the Singularity Academy, and distributed by the Swiss-Asian Chamber of Commerce*.

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Here below, we are trying to brief each of the Asian countries and its economy and business overview recently in an alphabetical order:

Bahrain's economy is resilient, with a 3.3% GDP growth in the first quarter of 2024, primarily driven by non-oil sectors. The hospitality sector, in particular, saw robust growth fueled by a significant increase in tourism. Bahrain's government is continuing its push towards economic diversification, with efforts to attract foreign investment and reduce reliance on oil revenues. The country's economic outlook remains stable, supported by ongoing reforms and strategic investments.

Bangladesh is enhancing its economic relationships with major global economies, particularly Japan and South Korea. The proposed EPA with Japan is a significant step towards integrating Bangladesh into the global value chain, particularly as it prepares to graduate from its Least Developed Country (LDC) status in 2026. This agreement is expected to boost trade and investment significantly. Moreover, Bangladesh is also exploring similar agreements with South Korea, which could further enhance its economic prospects.

Bhutan's economic landscape has also seen some noteworthy developments. The country is actively working towards its Vision 2029 goal of achieving a $5 billion economy. A key part of this plan includes significant investments across seven identified sectors, which are expected to contribute substantially to the GDP. Bhutan's government continues to leverage technology and enhance economic resilience, which has become even more crucial in global economic challenges.

Brunei: There have been no significant economic updates specific to Brunei in the past week. However, Brunei's economy generally remains stable, driven by its energy exports. The country continues to focus on diversifying its economy, though it relies heavily on the oil and gas sector.

Central Asian Region:

- **Kazakhstan and Uzbekistan** are expected to maintain strong economic growth despite temporary slowdowns. Kazakhstan's GDP is projected to grow by 5.9% in 2025, following a slight dip in 2024 due to external shocks like severe weather and reduced trade with Russia. Uzbekistan is also on a robust growth trajectory, with an expected GDP increase of 6.5% in 2024. These countries benefit from increased public and private investments, especially in transport, logistics, and manufacturing.
- **Central Asia** is becoming an investment battleground as Middle Eastern countries ramp up their investments, notably Saudi Arabia, Qatar, and Turkey. These investments are part of broader efforts by Central Asian nations to diversify their economies away from reliance on Russia and China. This shift has geopolitical implications, as these regions have historically been dominated by Russian and Chinese influence.
- **Arab-Central Asia Economic Forum:** Qatar recently hosted the 3rd Arab-Central Asia Economic Forum, which focused on enhancing trade and economic cooperation between the Gulf Cooperation Council (GCC) countries and Central Asia. This forum is part of ongoing efforts to strengthen ties between these regions and promote sustainable development and economic diversification.

China: China's economy continues to face challenges, with growth expected to slow to around 5% in 2024. The country struggles with lagging consumer demand and a persistent real estate crisis, weighing heavily on economic recovery. The government is cautious about implementing broad stimulus measures due to concerns about debt and fiscal stability, especially at the local level.

- **Taiwan (Chinese Taipei):** Taiwan's economic outlook was marked by cautious optimism. The government revised its 2024 GDP growth forecast upwards, largely due to exports recovering, particularly in the high-tech and AI sectors. The island's trade-dependent economy is expected to grow around 3-3.5% this year, driven by strong domestic consumption and investments. However, there are concerns about slowing global trade, which could impact Taiwan, given its heavy reliance on exports. Additionally, geopolitical tensions remain a background concern, particularly with the upcoming presidential election and the ongoing US-China rivalry, which could affect Taiwan's economic stability and its critical role in global supply chains.

- **Hong Kong:** Hong Kong's economy is resilient amid global uncertainties. The city is gearing up for a series of mega-events in 2024, expected to inject approximately HK$4.3 billion into the local economy. These events are part of broader efforts to boost tourism and consumer spending, key drivers of Hong Kong's economic recovery post-pandemic. Additionally, there is a strong emphasis on sustainable development, with initiatives such as the Green Revolution, which aims to position Hong Kong as a leader in environmental sustainability. The city is also navigating challenges related to its education system, particularly in addressing the impacts of a significant "brain drain," as thousands of teachers have left their positions, straining the system.
- **Macao:** Macao's economy is expected to grow robustly by nearly 14% in 2024, driven by the recovery of the gaming sector and strong private investments. However, growth is projected to slow to around 9.6% in 2025 as the economy stabilises and returns to pre-pandemic levels. The Macao government continues to focus on economic diversification to reduce reliance on the gaming industry, with support from Chinese leadership for these initiatives. The diversification efforts are aimed at leveraging Macao's strategic location in the Greater Bay Area and promoting digitalisation and innovation.

Cambodia's garment sector, a major contributor to the economy, has shown signs of recovery. After facing challenges due to the global pandemic and rising competition, the sector gradually regains footing with increased orders from international buyers. Cambodia has also seen a notable rebound in tourism, especially with the reopening of borders and easing of COVID-19 restrictions. The Cambodian government has actively promoted investment in renewable energy projects, particularly solar power. This is part of a broader strategy to reduce reliance on traditional energy sources and to promote sustainable development.

India: India has been active on multiple fronts. In its dealings with South Korea, India is working to address the significant trade deficit, which has become a point of contention. Concurrently, India is exploring deeper strategic and economic cooperation with Japan, particularly in high-tech sectors like semiconductors. These efforts are part of India's broader strategy to strengthen its ties with key global partners and address its trade imbalances.

Indonesia: Indonesia's economy remains resilient, with a GDP growth of 5.05% in Q2 2024. Unlike Vietnam, Indonesia's growth is primarily driven by domestic demand rather than exports. The country is focusing on domestic consumption and government spending as it heads into the 2024 presidential elections, which is expected to stimulate the economy further.

Japan: Japan's economic landscape was notably impacted by the weak yen, which has been a double-edged sword. While it boosted exports by making Japanese goods cheaper abroad, it also increased import costs, particularly for energy and raw materials, leading to concerns over inflation. The Bank of Japan (BOJ) has signaled potential interest rate hikes later this year to counter inflationary pressures, marking a significant shift from its traditionally dovish stance. Additionally, Japan is in the process of negotiating an Economic Partnership Agreement (EPA) with Bangladesh, aiming to deepen trade ties and integrate Bangladesh more effectively into global value chains.

Laos has been focusing on strengthening its economic resilience amid global and regional challenges, including debt management (Laos continues to grapple with its high external debt, particularly to China, which has raised concerns about its financial stability). The government has been working on debt restructuring plans and seeking assistance from international financial institutions to manage the situation effectively. The Lao government has been promoting economic diversification to reduce dependence on a few key sectors, such as hydropower. There has been an increased emphasis on developing the agriculture and tourism sectors to create more sustainable economic growth. Lao's significant efforts are also being made to improve infrastructure, especially transportation. Projects like the Laos-China Railway are expected to boost trade and tourism, providing much-needed economic stimulus.

Malaysia: Malaysia's economy is recovering, with GDP growth expected to reach around 4-5% in 2024. Strong domestic spending, an improving labour market, and rising tourism drive this growth. The government is also optimistic about a recovery in the electronics sector, particularly semiconductors, which are crucial for Malaysia's economy.

Middle East Region:

- **The Middle East** is experiencing an uneven economic recovery. Growth in the region is expected to improve slightly to 2.8% in 2024, up from 2% in 2023. However, this recovery is fragile, with persistent inflation and lower oil production in key economies like Saudi Arabia. Geopolitical risks, including conflicts in the region, continue to pose significant threats to stability.
- **GCC Economic Strategies:** GCC countries are actively engaging with Central Asia, not just to diversify their own economies but also to counterbalance traditional power players like China and Russia. This is part of a broader strategy to secure economic and geopolitical influence through investments in strategic sectors in Central Asia.
- **Saudi Arabia** continues to push forward with its economic diversification efforts under Vision 2030. The country is seeking new technologies to support its ambitious construction projects, particularly the $500 billion Neom development. Additionally, Saudi Arabia's real GDP is expected to grow by 2.5% in 2024, driven largely by non-oil activities. The Kingdom also saw a significant increase in expatriate remittances, with $3.2 billion sent abroad in June 2024, reflecting the robust job market and attractive salary levels for expatriates.
- **United Arab Emirates (UAE)'s** economy is projected to grow by 5% in 2024, bolstered by ongoing economic reforms and significant foreign direct investment (FDI) inflows. The Abu Dhabi Developmental Holding Company (ADQ) made headlines by acquiring a minority stake in Sotheby's, signalling the UAE's commitment to expanding its global presence in the

arts and luxury sectors. This move is part of broader efforts to diversify the economy beyond oil and enhance the UAE's status as a global financial and cultural hub.

Myanmar: Myanmar's business and economic situation remains challenging due to ongoing political instability and international sanctions. While specific updates from last week were limited, the overall environment continues to be marked by economic difficulties, with many businesses struggling to operate under the current conditions. International investment remains subdued, and these ongoing challenges heavily impact the local economy.

Pakistan: While specific major developments in Pakistan's economy last week were less highlighted in the sources, the country continues to navigate its economic challenges amidst broader regional dynamics. Pakistan's economic policies and relationships, particularly with neighboring countries, remain crucial as it deals with fiscal deficits and other economic pressures.These updates illustrate the active and dynamic economic interactions across these Asian countries, with each focusing on strategic partnerships and trade agreements to bolster their economic positions globally.These developments illustrate a mixed but generally positive economic outlook for most of Southeast Asia, with some countries like Vietnam and Indonesia leading the way, while others like Thailand face more significant challenges.

Philippines: The Philippine economy demonstrated strong performance in the second quarter of 2024, with a GDP growth rate of 6.3%, up from 5.8% in the first quarter. This growth was driven primarily by government spending and investments, particularly in infrastructure, which saw significant expansion under the "Build Better More" program. Despite this, the agriculture sector contracted by 2.3% due to the adverse effects of the El Niño phenomenon. However, the economic landscape was also challenged by rising inflation, which accelerated to 4.4% in July 2024, driven by higher power, fuel, and food costs. This increase in inflation is likely to weigh on consumer spending, a critical component of the Philippine economy. While the economy is on track to meet its full-year growth target of 6-7%, ongoing concerns about inflation and high interest rates may pose challenges in the coming quarters.

Singapore: After a sluggish 2023, Singapore's economy is poised to rebound in 2024, supported by recovering global export demand and a more favourable interest rate environment. The country's export-led manufacturing sector has struggled recently, but analysts predict a turnaround as global economic conditions improve.

South Korea: South Korea is focusing on expanding its strategic influence beyond East Asia, particularly through joint development projects with India in countries like Bangladesh and Sri Lanka. This aligns with Seoul's broader "New Southern Policy," which seeks to deepen economic and strategic ties with ASEAN countries and India. However, South Korea is also facing trade tensions with India, as India has raised concerns about the growing trade deficit between the two countries.

This issue underscores the complexities in their bilateral economic relationship, especially given the significant import-export imbalance.

Thailand: Thailand's economy is experiencing difficulties, showing signs of being trapped in a "middle-income trap." The country's growth remains sluggish, with a mere 2.8% GDP growth forecast for 2024, significantly lower than its Southeast Asian peers like Indonesia and Vietnam. Major hurdles include high household debt, low productivity, and an education system not well-aligned with modern economic needs. The new government under Prime Minister Srettha Thavisin faces the challenge of reviving economic confidence while addressing these deep-rooted issues.

Vietnam: Vietnam continues to climb the high-tech manufacturing ladder, becoming a significant hub for electronics production. The country is attracting substantial foreign direct investment (FDI), particularly in the tech sector, with companies like Apple increasing their manufacturing presence. Vietnam's economic growth is expected to remain robust, driven by high-tech exports and its strategic position in global supply chains.