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The **[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. Through the **[Asia Brief]**, we aim to empower SACC's members with enhanced strategic positioning and informed decision-making, fostering success for Swiss and Asian businesses within the dynamic Asian market.

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Bahrain: Bahrain's non-oil sector grew by 4.8%, with financial services leading the expansion. The Central Bank of Bahrain's digital currency initiatives have attracted new fintech investments. Inflation reached 3.2% due to increased import costs, particularly in food and raw materials. Bahrain is strengthening its financial services sector through new collaborations with Saudi Arabia and the UAE, aiming to develop a regional fintech hub.

Bangladesh: Economic growth decelerated to 5.1% amid declining global demand for Bangladeshi garments, a key export. The textile sector's slowdown has been exacerbated by logistical disruptions. Inflation at 8.9% is driven mainly by food prices, particularly rice and edible oils. The government is diversifying trade by negotiating new agreements with the EU and Japan to boost exports of pharmaceuticals and electronics.

Bhutan: Bhutan's GDP grew by 4.3%, supported by hydropower exports to India, which now constitute 45% of Bhutan's total exports. Tourism has been slow to recover, with only a 10% increase in tourist arrivals. Inflation is stable at 2.1%. Bhutan's recent trade agreement with Bangladesh is set to enhance the export of organic agricultural products and traditional handicrafts, creating new market opportunities.

Brunei: Brunei's oil and gas exports saw a 9% increase in revenue, reaching $2.5 billion due to higher global crude oil prices. The Sultanate is advancing economic diversification through new projects in eco-tourism, including a $150 million investment in a luxury eco-resort. A regional cooperation agreement with Malaysia and Indonesia is focused on developing a joint eco-tourism park.

Central Asian Region:

The economic landscape in Central Asia in August 2024 has been marked by significant efforts to attract foreign investments, especially in renewable energy, logistics, and agriculture. Countries like Uzbekistan have received considerable investments, notably over $12 billion from Qatar in sectors such as energy and agriculture. Kazakhstan, Kyrgyzstan, and Tajikistan continue to strengthen ties with Gulf Cooperation Council (GCC) states, seeking further collaboration in areas such as green energy, digitalisation, and tourism.

Arab-Central Asia Economic Forum: The 3rd Arab-Central Asia Economic Forum held in Qatar in April 2024 emphasised building stronger economic ties between the GCC and

Central Asian nations. This forum provided a platform for strengthening trade relations, fostering joint investment, and addressing common economic challenges. There is a shared focus on energy cooperation, agriculture, and infrastructure development, aiming to create sustainable partnerships between the two regions.

- **Mongolia:** Mongolia's economy grew by 2.9% in August, supported by mining exports, particularly to China. However, challenges in the agriculture and livestock sectors remain significant due to internal climate issues. Mongolia signed agreements with Japan and South Korea to improve infrastructure and attract foreign investment.
- **Kazakhstan:** The economy grew by 3.5%, bolstered by a 10% increase in oil production and a rise in wheat exports. The government is pursuing a $5 billion infrastructure project to expand its rail network to China. Trade agreements with China and Russia aim to enhance Kazakhstan's agricultural exports and attract investment in manufacturing.
- **Uzbekistan:** Economic growth accelerated to 6.1%, driven by a 12% increase in agricultural output and a 15% rise in service sector activities. New reforms include tax incentives for foreign investors. A major trade agreement with Turkey focuses on expanding textile exports and improving agricultural trade logistics.

China: China's economy showed a contraction in exports, falling 8.8% year-on-year due to global demand uncertainties. Domestic consumption struggled, with retail sales growth slowing to 2.5%. The real estate sector continued to suffer with a 5% decline in housing prices. The government's response includes a $200 billion infrastructure investment plan and new fiscal stimulus measures targeting technology startups and small businesses.

- **Chinese Taipei (Taiwan):** Semiconductor exports grew by 6.5%, with significant orders from major tech firms in the U.S. and Japan. However, machinery and consumer electronics exports fell by 4% due to decreased global demand. Taiwan's semiconductor agreement with the U.S. aims to advance chip manufacturing technology and strengthen supply chains, including a $10 billion investment in R&D facilities.
- **Hong Kong:** The economy contracted by 2.3% in real estate, with property prices declining by 4% and a reduction in new property transactions. The finance and trade sectors showed resilience, with a 3% increase in trade volumes. The government introduced a $5 billion fiscal relief package, including tax breaks for small businesses

and subsidies for startups, focusing on fintech and tech innovation in partnership with mainland China.

- **Macao:** Macao's tourism sector rebounded with a 45% increase in visitor numbers, driven by a surge in Chinese tourists. However, the gaming industry is still recovering from previous declines. Efforts are underway to diversify beyond gaming, with new investments in cultural tourism and convention centers. There is a push to develop additional revenue streams and economic stability beyond the tourism sector.

Cambodia: The economy grew by 3.1%, with garment manufacturing contributing 40% of total exports. Exports to the U.S. declined slightly due to global market shifts. The government is enhancing agricultural trade through a new cooperation agreement with Vietnam, which includes shared infrastructure projects and joint agricultural ventures to boost exports of rice and coffee.

India: India’s economy expanded by 6.7%, driven by a 10% increase in manufacturing output and a 7% rise in services. Inflation, particularly in food items like vegetables and cereals, remained a concern at 6.3%. New agreements with Saudi Arabia and the UAE focus on expanding trade and investment in technology and energy sectors, including a $2 billion investment in renewable energy projects.

Indonesia: The economy grew by 5.2%, supported by a 12% increase in mining product exports and strong domestic consumption. The government is prioritizing digital economy development with a new $4 billion initiative to enhance digital infrastructure. A business agreement with South Korea will establish a joint electric vehicle manufacturing plant, expected to boost the sector significantly.

Japan: Japan saw a 3.2% increase in technology and automotive exports, driven by high demand for EV components. A 6% rise in energy costs heightened inflation concerns. The Bank of Japan maintained its accommodative policy, while the government launched a $15 billion green energy initiative. Japan’s expanded business cooperation with Europe focuses on electric vehicle battery production.

Laos: Laos faced economic challenges, with inflation hitting 7.8% and rising external debt. Hydropower and mining exports to neighbouring countries remained steady, but declining foreign reserves are a concern. A financial cooperation agreement with China includes a

$1.5 billion infrastructure development fund to stabilise foreign reserves and improve transportation networks.

Malaysia: Malaysia's economy saw stable growth, with electronics exports rising by 8% due to strong demand from China and the U.S. Tourism grew by 18%, with a notable increase in Chinese visitors. The government's tax relief measures for SMEs include a $2 billion fund to support post-pandemic recovery. Business cooperation with China has expanded, focusing on green energy projects and technology transfer.

Middle East Region:

The Middle Eastern economies, particularly the Gulf Cooperation Council (GCC) states, continue to focus on diversification strategies as part of their Vision 2030 goals. Saudi Arabia, the UAE, and Qatar have been making strides in renewable energy, healthcare, and tourism sectors. Despite global economic headwinds, GCC states have maintained steady growth, supported by rising oil prices and increased investments in non-oil sectors. In 2024, the GCC's economic strategies have revolved around boosting non-oil sectors, especially in renewable energy and digital economies. Saudi Arabia's Vision 2030 and other national strategies across the GCC countries have prioritized green energy projects, AI integration, and economic reforms aimed at reducing dependency on oil. Investment in Central Asia has become a focal point, with Saudi companies, for instance, participating in renewable energy and agricultural projects in Uzbekistan and Kazakhstan.

- **Saudi Arabia:** Saudi Arabia's economy grew by 4.9%, with oil prices driving a 15% increase in oil revenues. The government is advancing Vision 2030 through new infrastructure projects, including a $20 billion investment in smart cities. Recent agreements with China and the U.S. focus on developing AI and infrastructure technology.
- **United Arab Emirates (UAE)**: The UAE's economy grew by 5.3%, bolstered by strong real estate and tourism sectors. The government is expanding its non-oil economy with $3 billion in renewable energy projects and fintech innovations. New agreements with international partners emphasize renewable energy and technology development.

Myanmar: Myanmar's economic activity remained heavily affected by ongoing political instability and international sanctions. Since the military coup in 2021, the country has faced significant economic challenges, with foreign investment plummeting. Foreign investment had fallen to just $150 million for the year, compared to $3.8 billion in 2020. Factors such as inflation, difficulties with foreign exchange, and a lack of basic infrastructure have further impeded growth. The agricultural and manufacturing sectors have been targeted for investment, but instability and lack of investor confidence continue to stifle progress.

North Korea: North Korea's economy continues to suffer under international sanctions as of August 2024, with agricultural production hindered by poor weather conditions, including droughts, which reduced crop yields by approximately 20% compared to pre-pandemic levels. The government's reliance on the Juche ideology emphasizes self-reliance, but food security remains a critical issue, affecting 40% of the population. International sanctions have further exacerbated the situation, reducing vital oil imports by 90%, which has impacted industries reliant on energy, such as fertilizer production. In response, North Korea has engaged in limited economic partnerships with neighboring countries like China to address food shortages and infrastructure needs.

Pakistan: Pakistan's economy grew by 3.4%, facing high inflation and political instability. The government is implementing economic reforms and seeking international assistance to stabilize the economy, with a focus on revitalizing the textiles and agriculture sectors. New trade agreements aim to enhance export capabilities and investment inflows.

Philippines: The Philippines' economy grew by 5.4%, driven by a 7% increase in services and a rise in remittances. The government is investing in a $3 billion infrastructure development plan, including new digital economy initiatives. Business cooperation with regional and international partners is expanding, particularly in technology and trade.

Singapore: Singapore's economy grew by 4.1%, with finance and trade sectors performing strongly. The government's focus on innovation includes a $2 billion investment in fintech and green energy. Singapore has also strengthened business ties with ASEAN countries and global partners, emphasizing regional economic integration and technological advancement.

South Korea: South Korea's economy grew by 3.7%, supported by a 9% increase in technology and automotive exports. The government is investing $4 billion in digital and green technologies. New trade agreements with ASEAN countries and the EU aim to enhance economic cooperation and technology exchange, including initiatives in EV battery production.

Thailand: Thailand's economy grew by 4.2%, with tourism and manufacturing sectors leading the recovery. The government is focusing on a $6 billion infrastructure development plan and digital economy initiatives. New business agreements with regional and international partners aim to boost growth, particularly in tourism and technology sectors.

Vietnam: Vietnam's economy grew by 4.7%, with manufacturing, particularly in electronics and textiles, driving growth. The government is actively attracting foreign investment and has signed agreements with Japan and South Korea to enhance technology transfer and strengthen the tech sector. Despite export challenges, digital economy initiatives are expanding.

Challenges and Opportunities

In August 2024, several significant challenges are shaping the economic and business landscape across Asia:

1. China's Property Sector Slowdown: One of the critical risks for the region is the continued downturn in China's property market, which threatens to weaken demand and potentially trigger deflation. China's property correction could impact neighbouring economies through reduced demand and pressure on export prices, especially for countries with similar export structures.

2. Inflation Pressures and Policy Divergence: While inflation has declined across much of Asia, it remains uneven. Countries like South Korea and Australia are dealing with persistent inflation in services, while others, such as China and Thailand, face deflationary risks. This divergence challenges central banks, which must carefully manage interest rates to avoid capital outflows and currency depreciation.

3. Geopolitical Tensions and Trade Disruptions: Ongoing geopolitical tensions, such as Ukraine and the Middle East, create volatility in global supply chains. Rising freight costs and shipping delays strain trade-reliant Asian economies, which may experience slower growth.

4. Energy Prices and Inflation: The global rise in energy prices since early 2024 has renewed concerns about inflation, especially for countries like Malaysia that are adjusting fuel subsidy policies. This could lead to higher inflation rates, pressure governments to manage costs while supporting economic growth.

5. Southeast Asia's Growth Surge: On a more positive note, Southeast Asia is projected to outpace China in both GDP and foreign direct investment (FDI) growth over the coming decade, with countries like Vietnam and the Philippines leading the way. The region's manufacturing and technology sectors increasingly attract investment, positioning Southeast Asia as a significant growth hub.

Asia's economy remains resilient, but policymakers must navigate diverse challenges to ensure sustained growth. Despite existing challenges stemming from geopolitical conflicts, there are open opportunities for investment and entrepreneurial business.

In September 2024, key investment opportunities in Asia include green infrastructure projects such as **renewable energy** and water management in Southeast Asia, driven by the region's sustainability goals. The rapid adoption of **AI and digital technologies** presents further opportunities, especially in sectors like cloud computing and cybersecurity. Additionally, there is a growing demand for **green finance and tailored SME banking services**, creating lucrative prospects for financial institutions.

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