

Centennial Asia Weekly Insights

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REGIONAL INTEGRATION WILL PROVIDE MORE SYNERGIES FOR ASIA

- Deeper integration in the Asia–Pacific region provides a boost to growth in Southeast Asia.
- Regional integration continues its slow but steady pace in Asia across various dimensions including flows of trade, investments, and labour, as well as institutional frameworks.
- However, integration still lags behind other regional blocs such as Europe and the Americas. The outsized role of China also masks stagnating progress in the rest of Asia.
- Further integration is expected to benefit from global trends such as the prevalence of trade agreements, the prominence of economic clusters, and improved connectivity.
- As the global economy faces the risk of fragmentation, stronger degrees of integration fortify Asian economies’ resilience if the risks are appropriately managed by policy.

AS CHINA ATTEMPTS DIPLOMATIC COMEBACK, HOW MAY THE WORLD BENEFIT?

- The Saudi–Iran deal brokered by Beijing is part of China’s strategy to reverse setbacks in its global strategic position inflicted by its prior self–isolation and foreign policy missteps.
- Beijing will have its eyes on the Russo–Ukrainian conflict for its next diplomatic win. A decisive peace deal is unlikely, but a smaller deal such as on grain shipping is possible.
- The Belt and Road Initiative will be recalibrated to address prior vulnerabilities and account for changes in domestic and global trends. The Initiative will be smaller, but smarter.
- A more accommodative stance in debt negotiations is also on the cards, as Beijing realizes that its prior intransigence leads nowhere. Some leniency will win it substantial goodwill.

REGIONAL UPDATES

- China’s recovery continues, but the uneven pace reflects deeper wounds inflicted by years of misguided policy. An ideological focus on security only compounds the downsides.
- Trade figures for key Asian economies show that there are signs that the trade slowdown is showing signs of easing. However, uncertainties remain due to global turbulence.
- Indonesia’s central bank keeps its benchmark rate unchanged as inflation and currency pressures ease. An upgraded outlook hints at optimism of continued economic strength.

Centennial Asia Advisors is an independent research and advisory firm focused on emerging economies in the Asia Pacific. We specialize in the intersection of economics, politics, and international affairs.

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