

# Understanding Asia

Presented by Rita Hadden

Proprietary: do not share without  
written permission

# Reminder for this course

- Do not use the Zoom CHAT function
- Use the RAISE HAND function (Participants, Raise Hand)
- Co-host will call your name in turn
- Email Rita, after class as needed, if not enough time for all questions.
- Leave your camera/video on. 1 short break if feasible.

# Asia Overview

- Brief Look at Colonization in Asia
- World Foreign Direct Investments (FDI)
- China FDI
- Trade\*
- Allies, Threats
- Miscellaneous\*

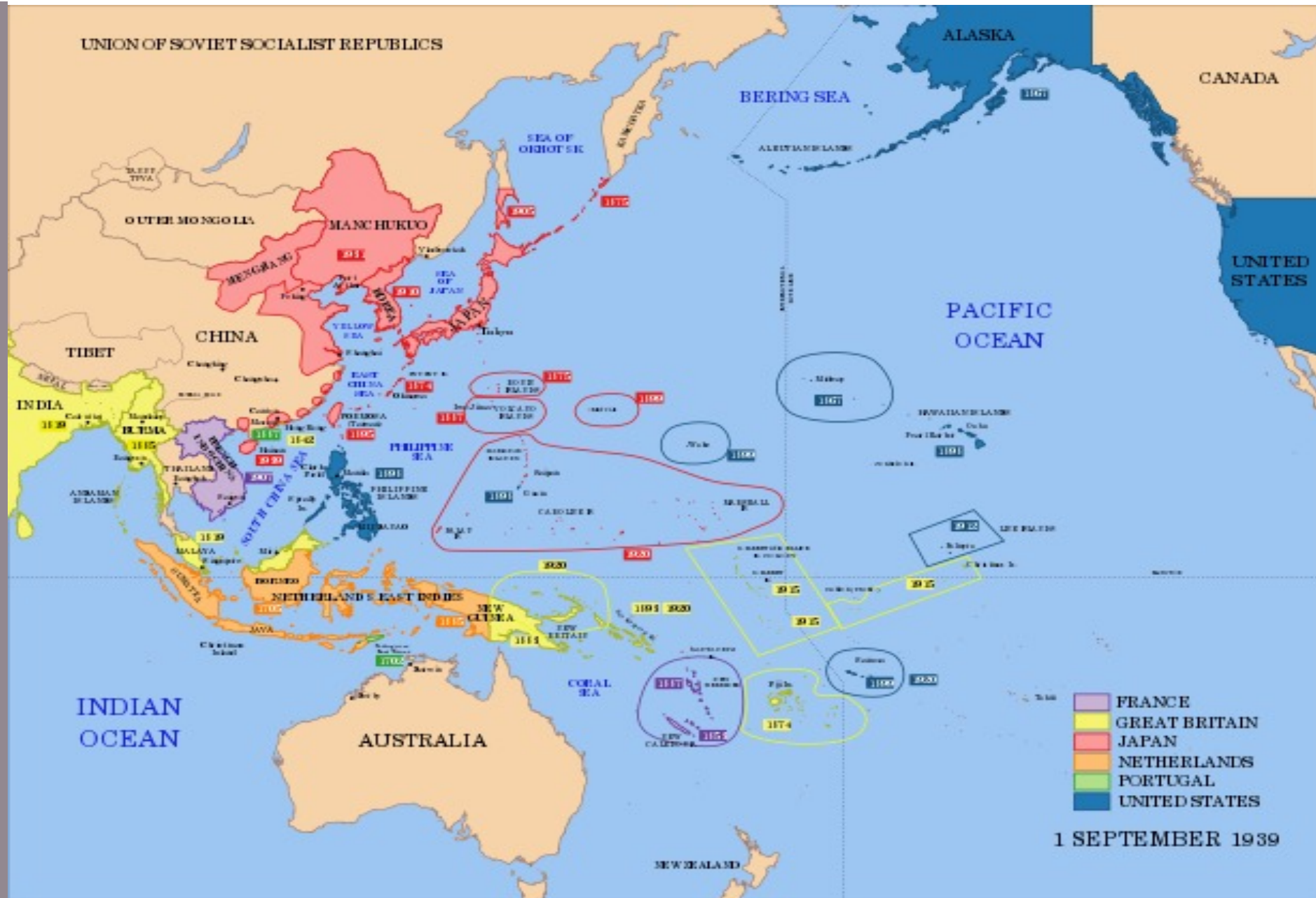
\* = Q&A follows

# Brief Look at Colonization in Asia

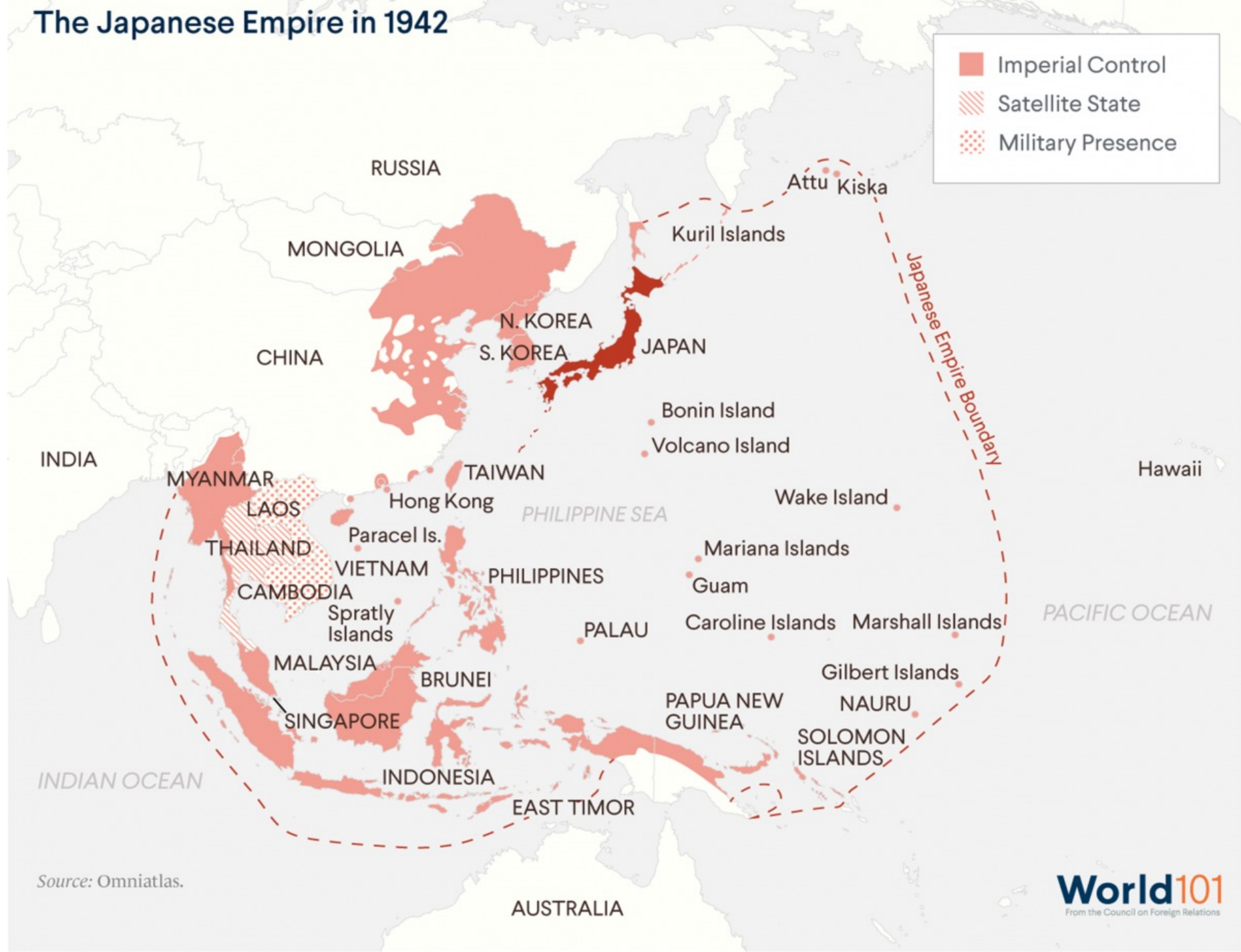
# Colonies in Southeast Asia 1895



# Asia Colonizers (1939): GB, FR, NE, PO, JP, US



# The Japanese Empire in 1942



Source: Omniatlas.

## Decolonization

- 
- Independence gained 1945-1948  
Philippines 1946, India 1947,  
Pakistan 1947, Burma 1948
  - Independence gained 1949-1955  
Indonesia 1949, Cambodia 1953,  
Laos 1954, North, South Vietnam 1954
  - Independence gained 1956-1965  
West New Guinea, occupied by  
Indonesia 1963; Malaysia 1963.  
Singapore 1965
  - Independence gained after 1965  
Papua New Guinea 1975;  
East Timor occupied by Indonesia  
1975, independent 2002; Brunei 1984
  - never been under colonial rule



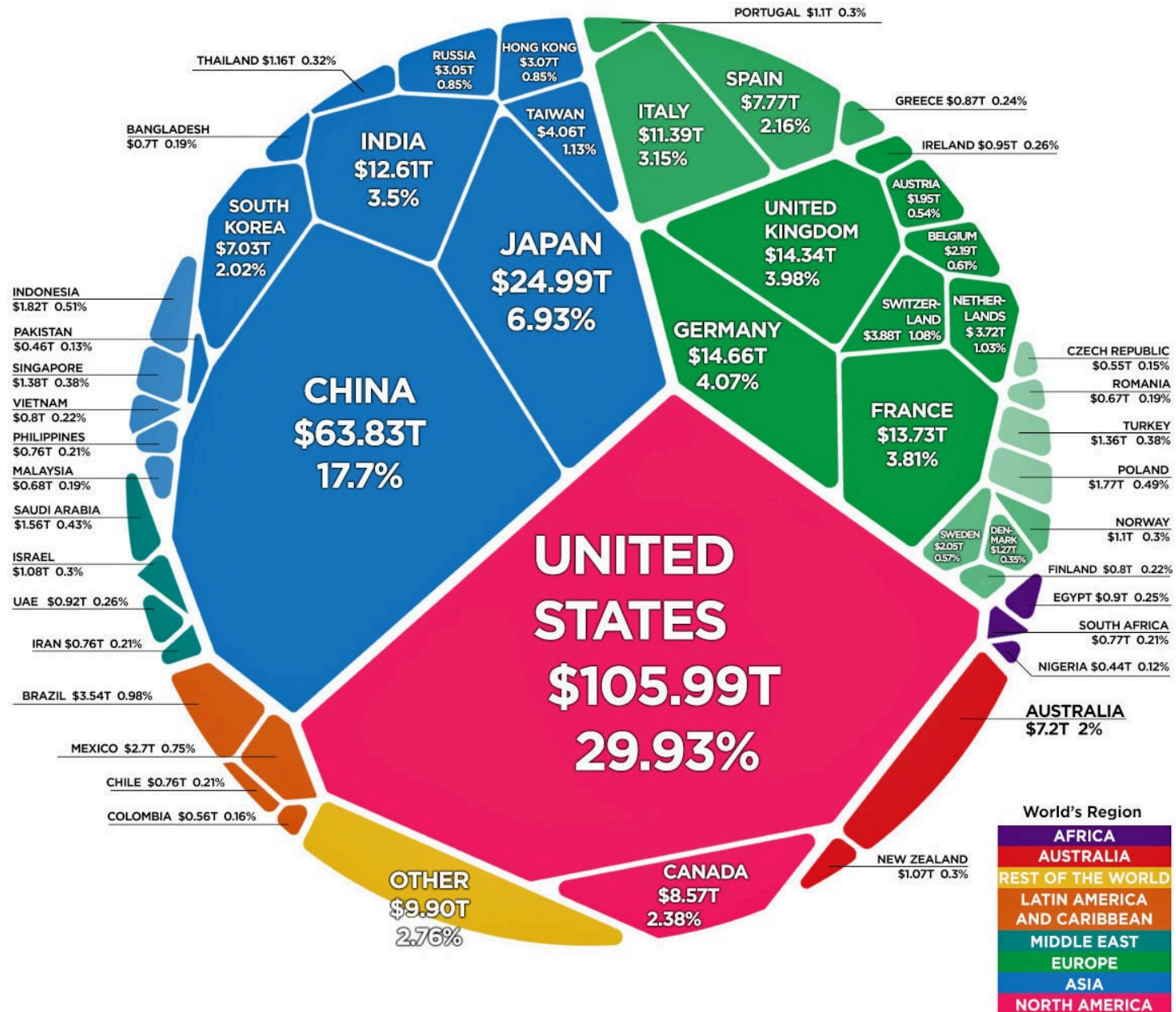
# World

# Foreign Direct Investments

# (FDI)

Investment that involves controlling ownership in a business in one country by an entity based in another country. Expected to decline by 40% due to 2020 pandemic.

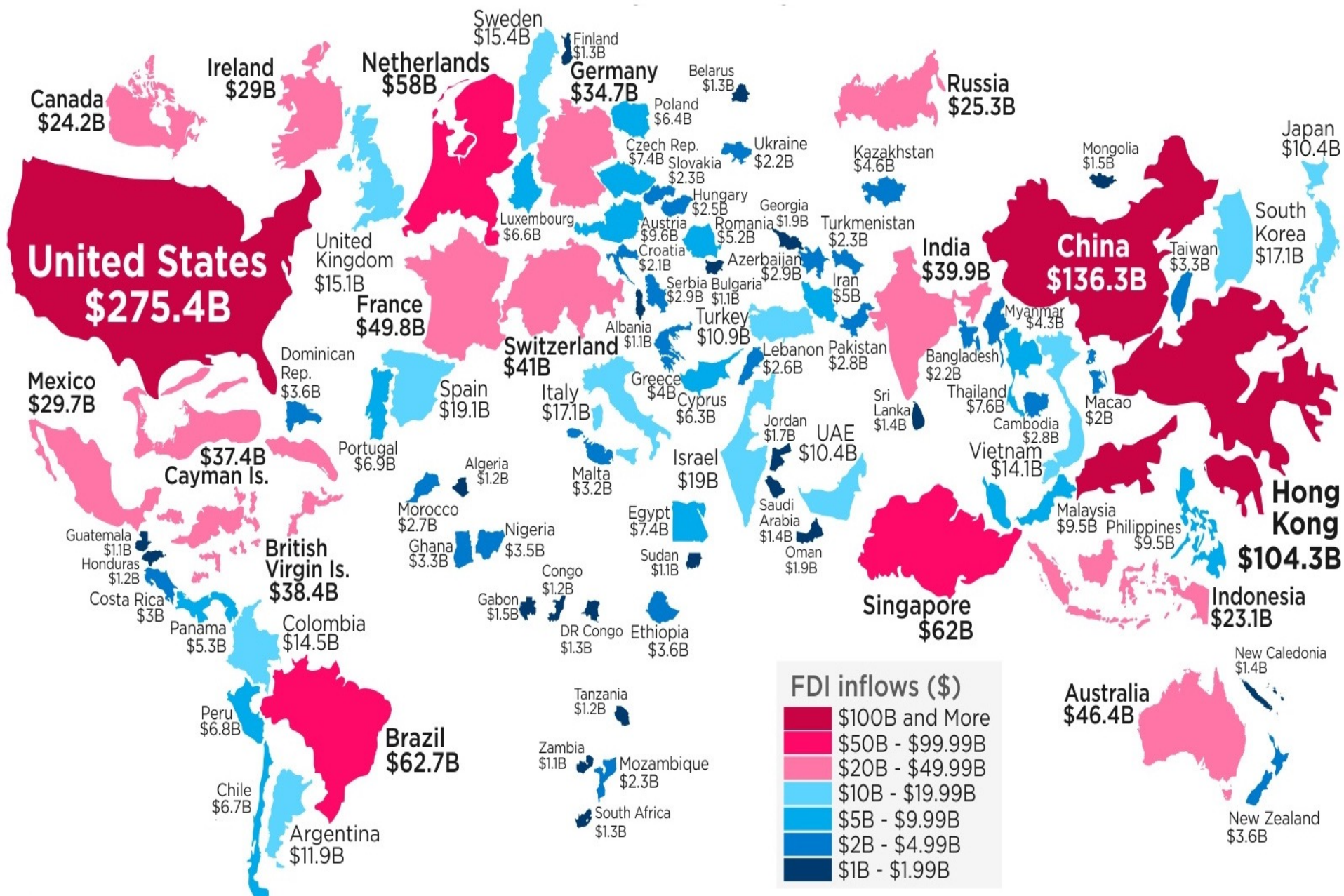
# Total Wealth by Country in 2019



**Article and Sources:**

<https://howmuch.net/articles/distribution-worlds-wealth-2019>  
 Credit Suisse - <https://credit-suisse.com>

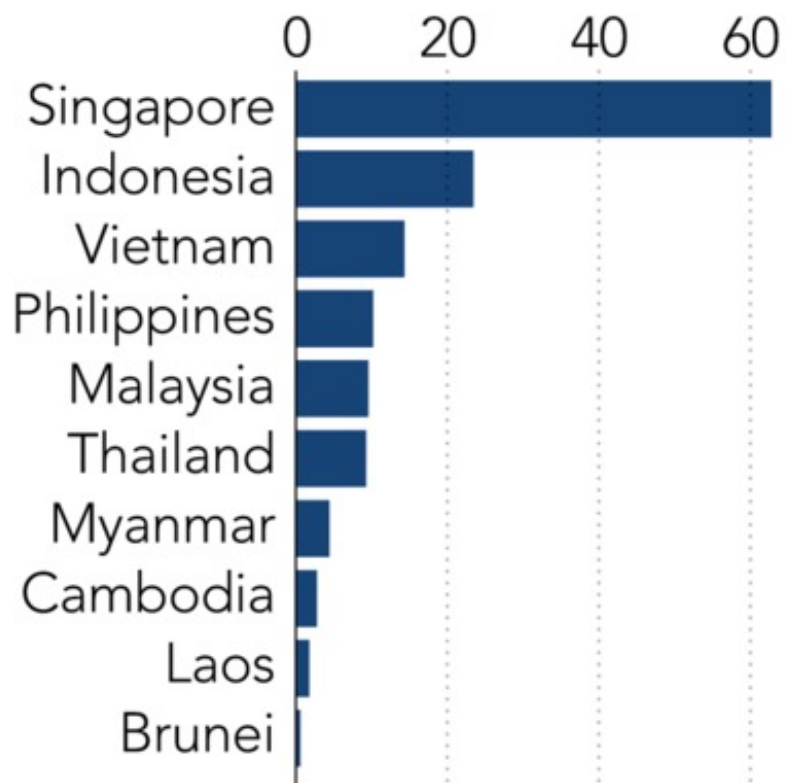
# FDI Inflows from the World (2019)



# FDI Flows into ASEAN (2017-2018)

## FDI flows into ASEAN member states

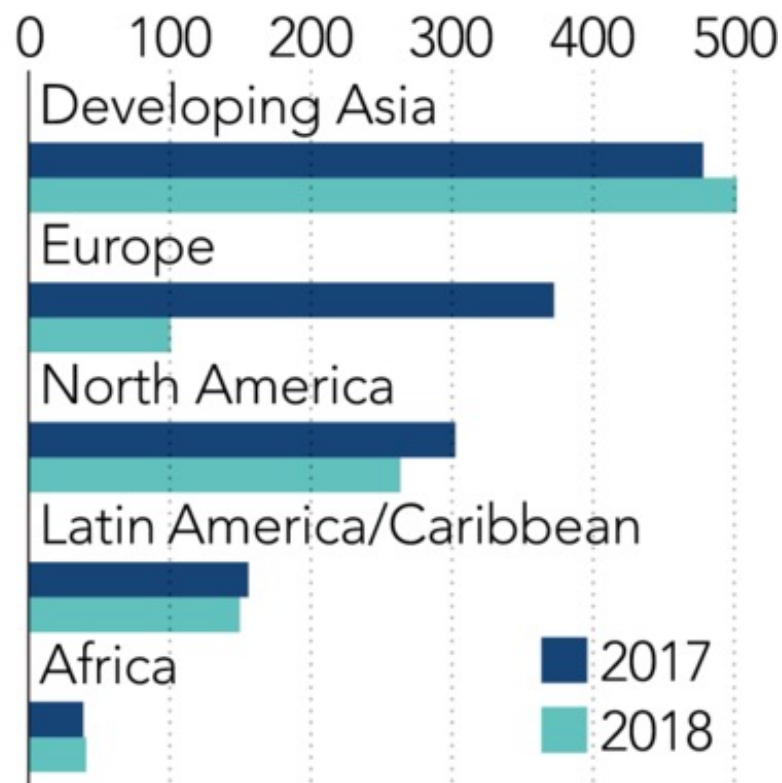
(in billions of dollars)



Source: ASEAN Secretariat (2017)

## FDI inflows by region

(in billions of dollars)

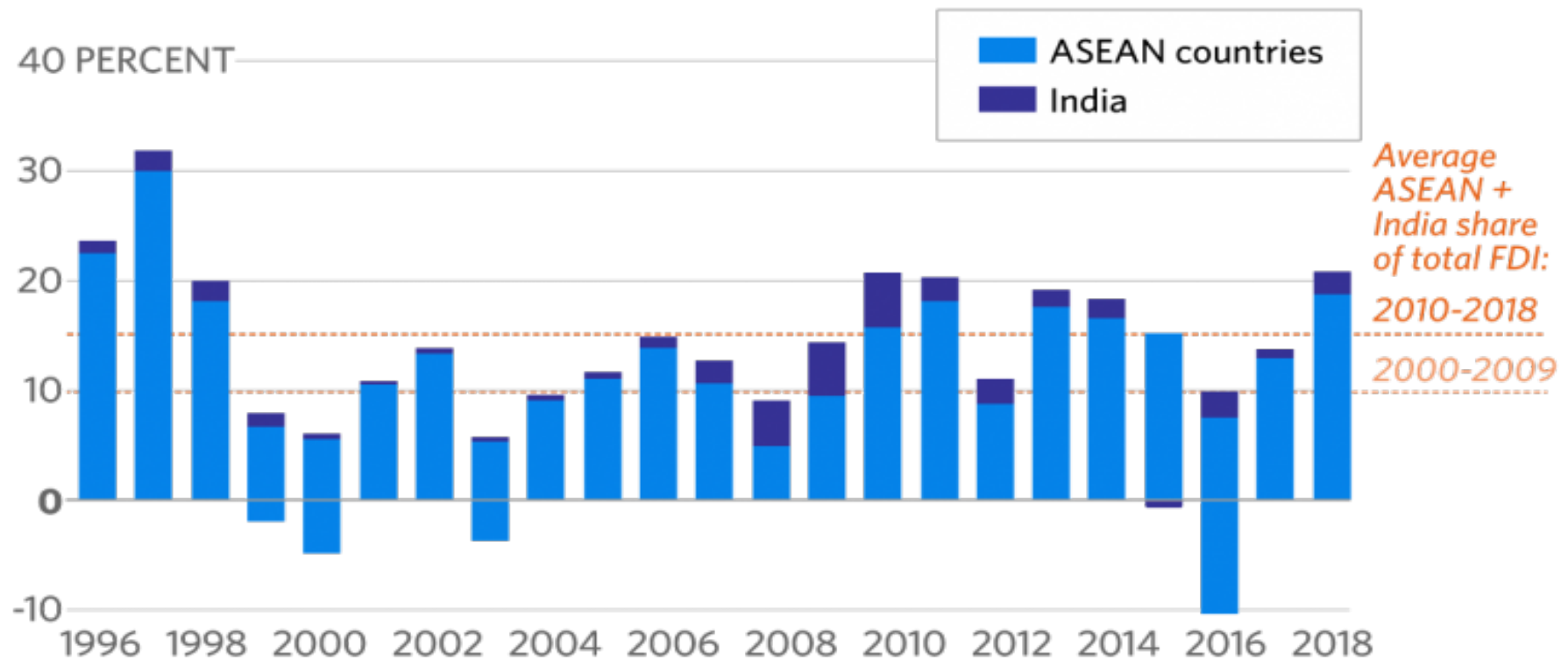


Source: UNCTAD estimates

# Japan FDI to ASEAN, India (1996 - 2018)

## Japan's Regional Foreign Direct Investment

The upswing in the share of Japan's total foreign direct investment into India and members of the Association of Southeast Asian Nations (ASEAN) highlights renewed Japanese interests in the region.



The ASEAN countries are Indonesia, Vietnam, Philippines, Malaysia, Thailand, Singapore, Cambodia, Myanmar, Brunei and Laos

# Japan's Infrastructure Investm in SE Asia (2019)

<b>SE ASIAN COUNTRY</b>	<b>JAPAN</b>	<b>CHINA</b>
Vietnam	\$208B USD	\$69B USD
Indonesia	74	92
Philippines	43	
Singapore	19	28
Thailand	15	
Malaysia		34

NOTE: ADB estim. SE Asia economies need \$210B/yr in infrastructure investment from 2016 - 2030 to maintain current level of economic growth. Data from ADB/Bloomberg



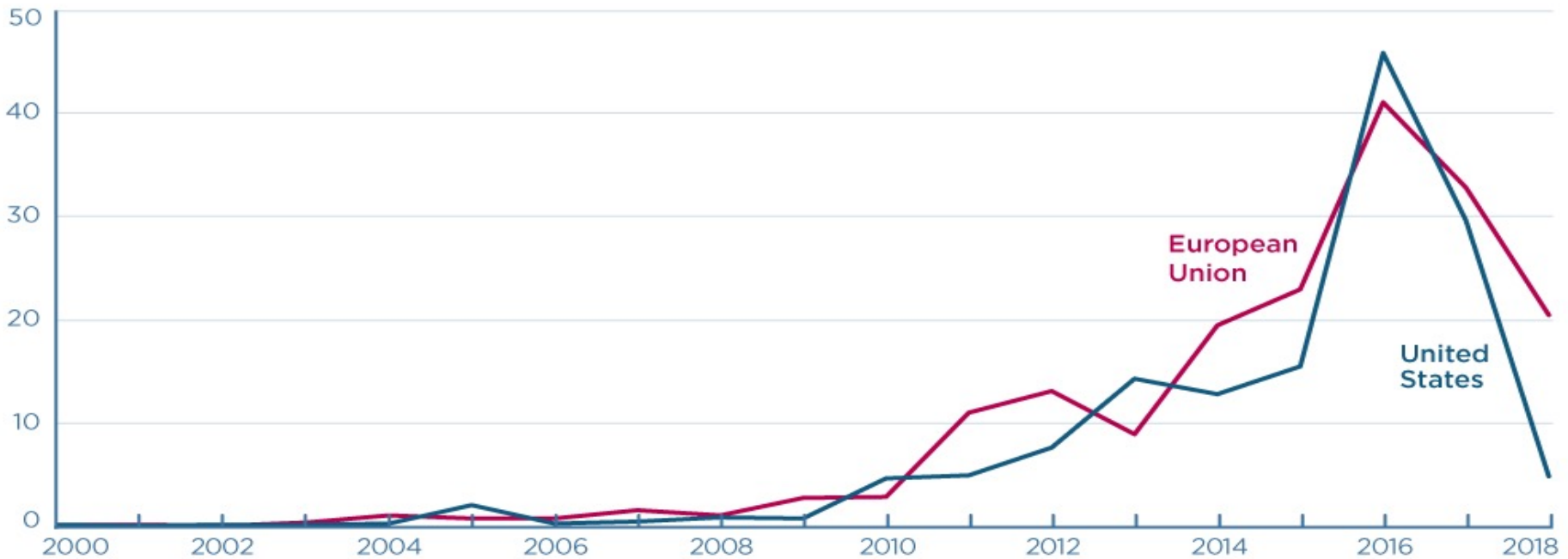
# China

# Foreign Direct Investments (FDI)

# China Investm in USA in 2018 plummeted by 88% (comp to 2017) to \$5.4B

## Chinese Investment into the US and EU Has Plummeted since 2016

Annual Chinese outward foreign direct investment (FDI), billions of dollars



#PIIECharts

Learn more at [pie.com/research/pie-charts](https://www.pie.com/research/pie-charts)



**Note:** Shows the combined value of direct investment transactions by mainland Chinese companies, including greenfield projects and acquisitions that result in significant ownership control (>10 percent of equity).

**Source:** Rhodium Group.



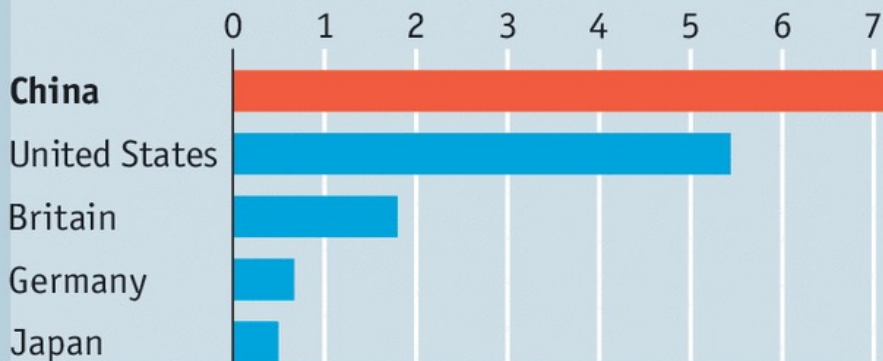
# Chinese Investm by Technology (2016, in \$Bn, Fintech, AI, VirR, Ed Tech, Robotics, Autonomous Driving)

## A good place to startup

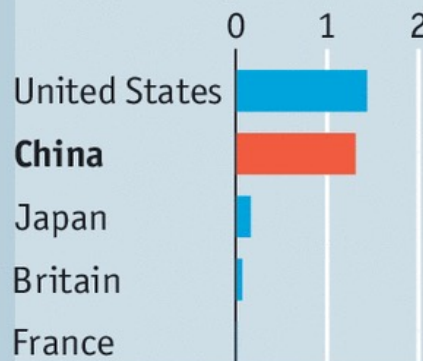
1

Chinese venture-capital investment by technology, 2016, \$bn

### Fintech



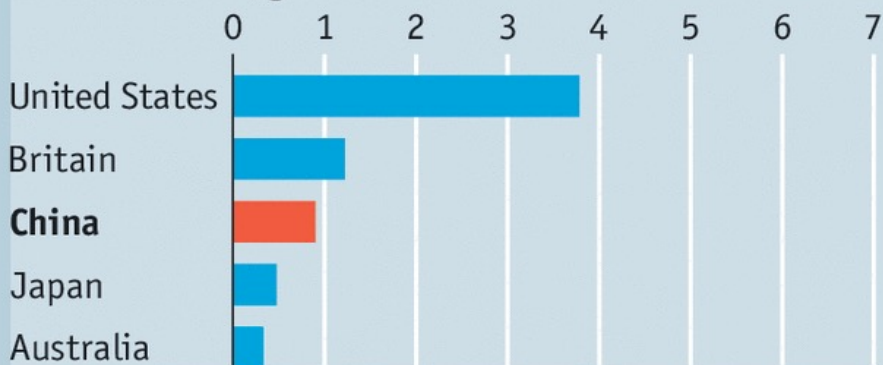
### Virtual reality



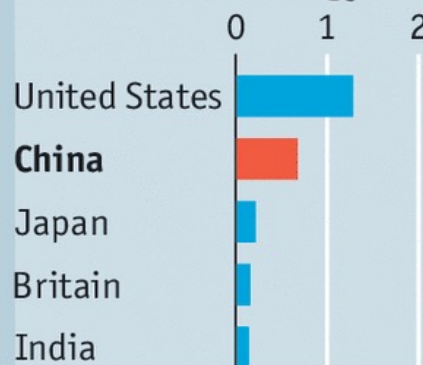
### Robotics and drones



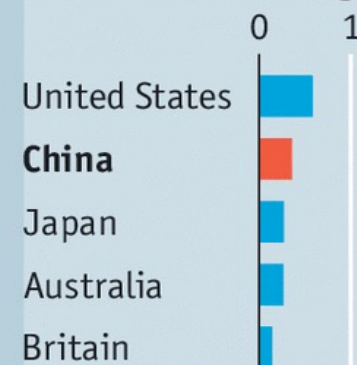
### Artificial intelligence



### Education technology

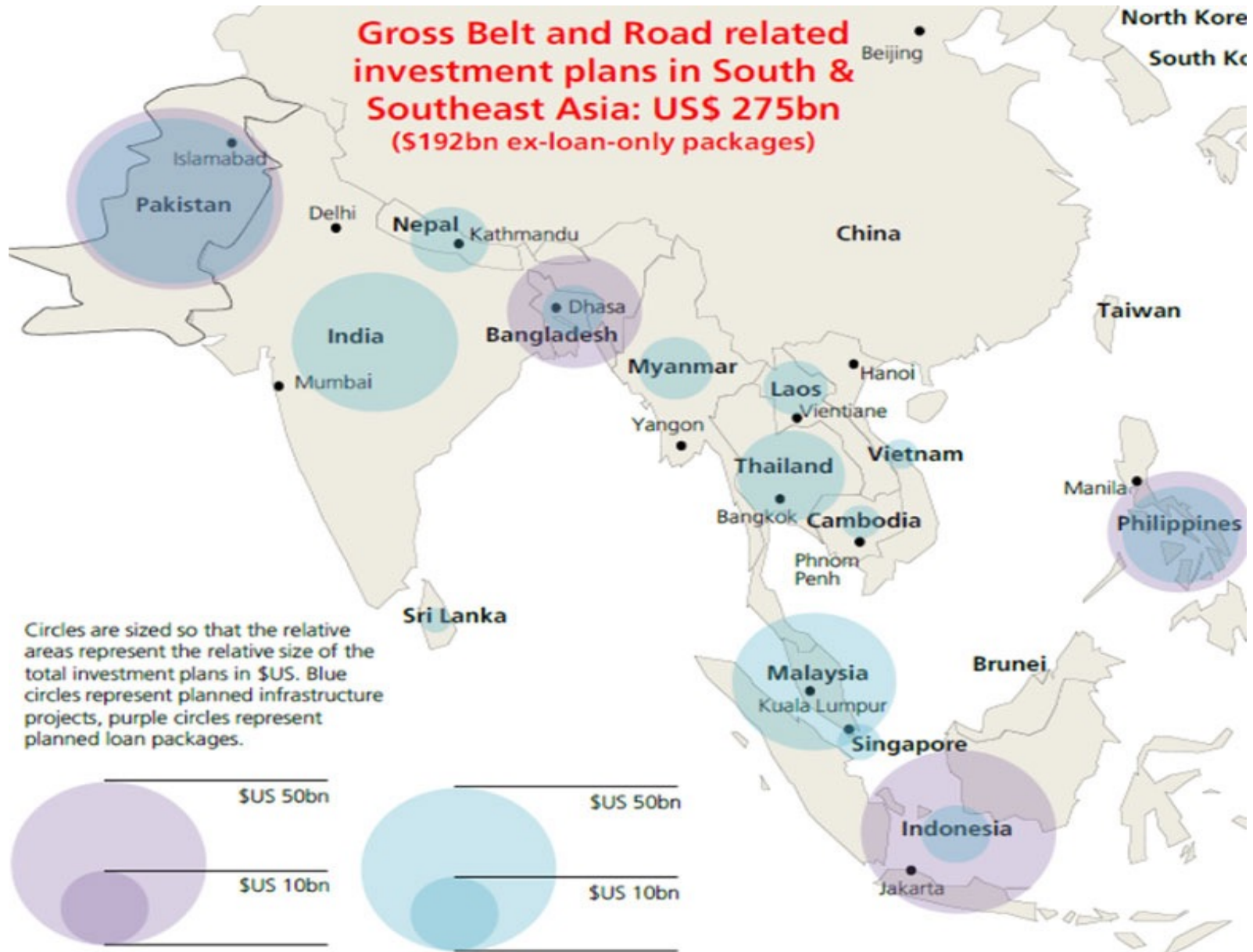


### Autonomous driving



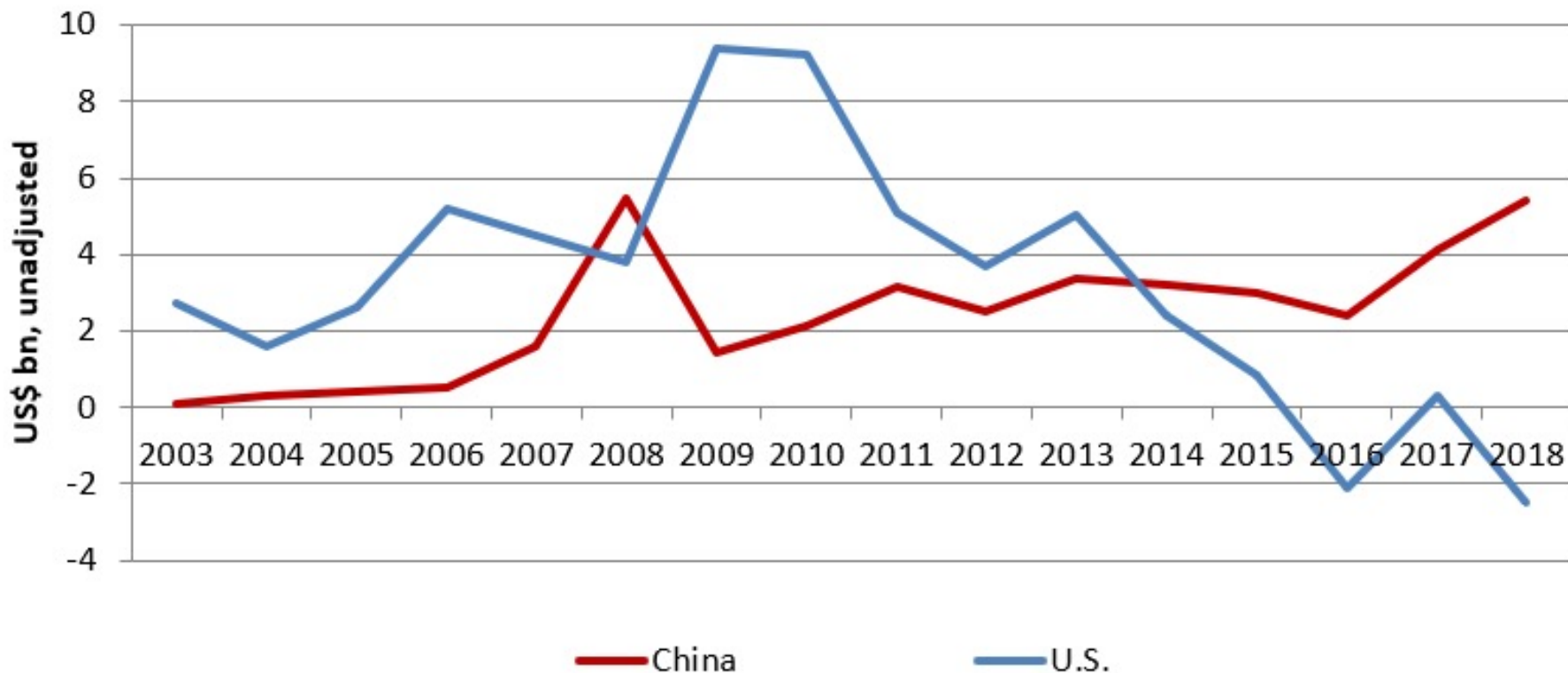
Source: McKinsey Global Institute

# Chinese FDI in SE Asia, S.Asia (2017)



# China's Investm. in Africa (2018)

## Chinese FDI vs. US FDI to Africa, Flow



Feb 2019

Source: The Statistical Bulletin of China's  
Outward Foreign Direct Investment, UNCTAD  
Bilateral Debt Statistics

**CHINA★AFRICA**  
RESEARCH INITIATIVE

  
JOHNS HOPKINS  
SCHOOL of ADVANCED  
INTERNATIONAL STUDIES

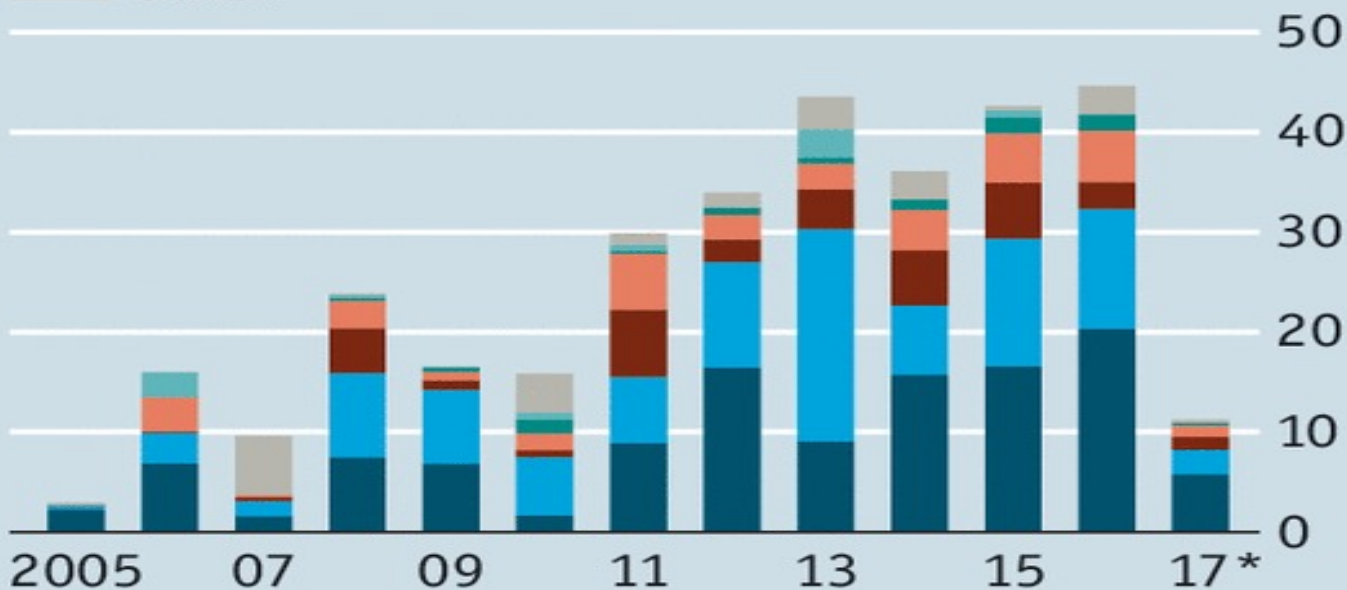
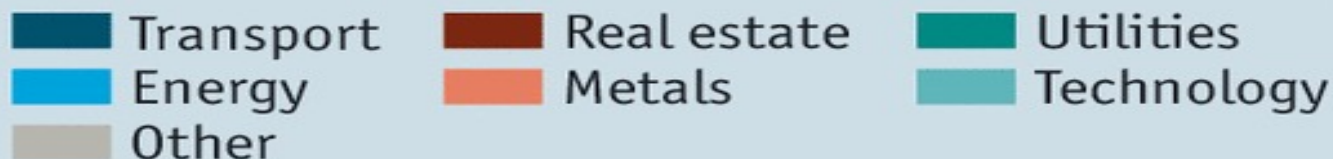
Proprietary: do not share without  
written permission

# Chinese Investm. In Africa (2017)

## Across the board

Chinese investments and contracts in Africa

By sector, \$bn



Source: American Enterprise Institute

\*To May

Economist.com

Proprietary: do not share without  
written permission

# Trade

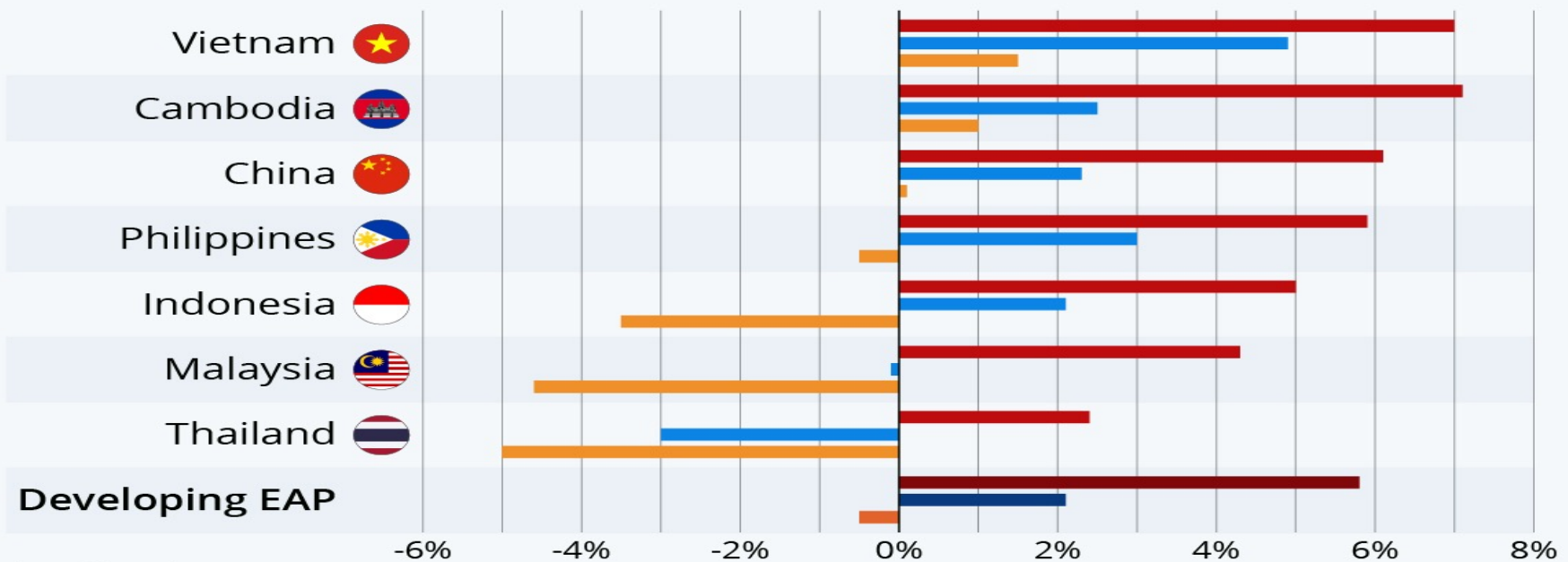
Proprietary: do not share without  
written permission

# GDP Losses Expected in SE Asia (2020, COVID impact)

## Growth Regions in Asia Expected to Suffer GDP Losses

2019 GDP growth and 2020 expected GDP growth for developing countries in East Asia

■ 2019\*   ■ 2020 baseline scenario   ■ 2020 lower case scenario



\* estimates

Source: World Bank East Asia and Pacific Economic Update (April 2020)



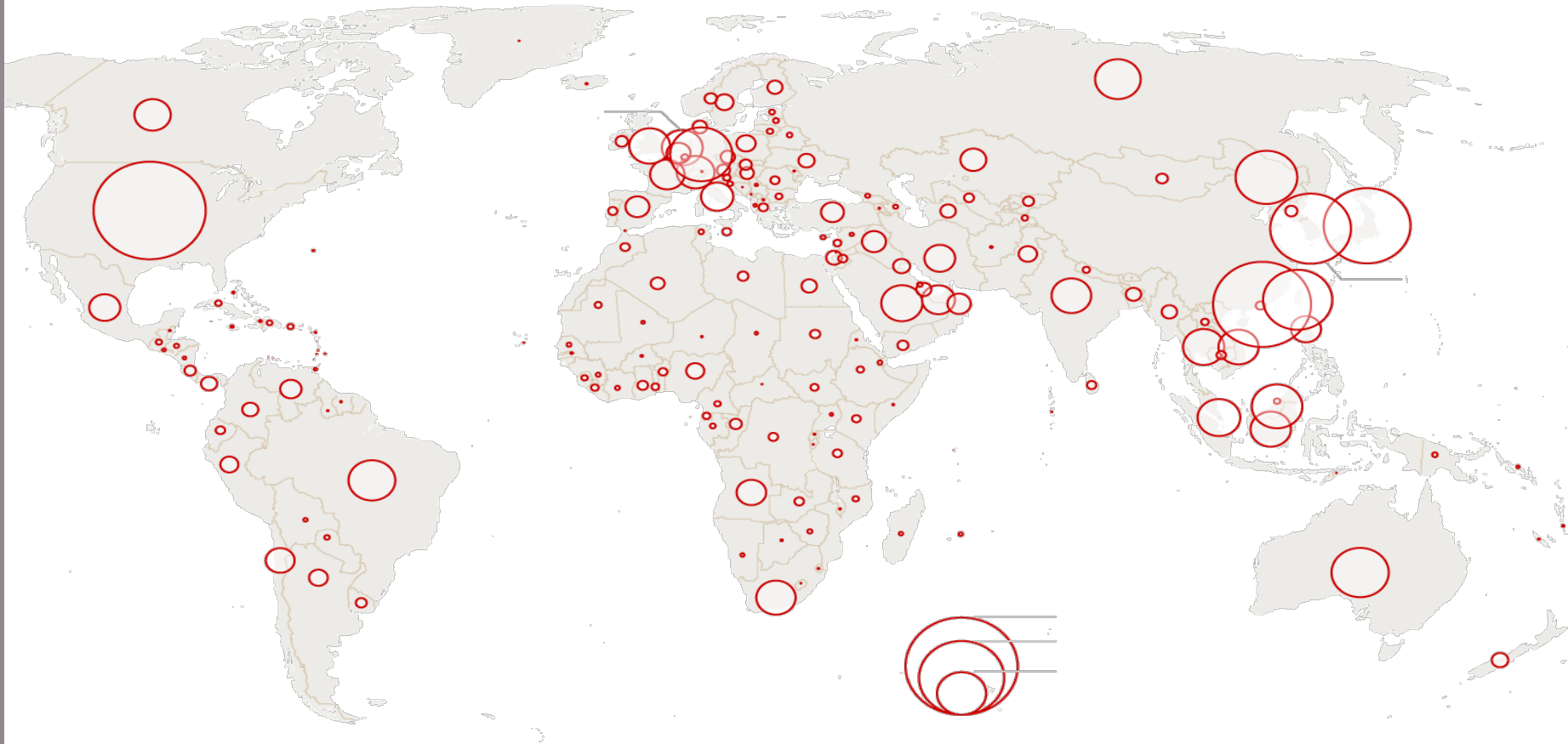


# COVID-19 Economic Recovery Scorecard

Country Scorecard		Asian nations expected to recover faster than Western peers										
(35 countries) Weighting		15%	15%	10%	10%	10%	10%	10%	10%	5%	5%	100%
Company	Nominal GDP (\$bn) 2019	2-year GDP growth rate (%)	COVID-19 cases per million population	Inflation rate (%) forecast 2021	Unemployment rate (%) forecast 2021	Stimulus as a % of GDP	Equity index YoY change (%)	Household consumption expenditure growth (%) forecast 2021	Industrial production YoY change (%)	Manufacturing PMI	Merchandise export YoY change (%)	Country ranking
China	14,792	5.3	65	1.4	4.3	5.6	4.3	9.1	7.3	51.9	18.1	1
South Korea	1,580	1.2	1,653	1.2	4.3	24.3	6.5	3.5	2.1	52.9	12.6	2
Singapore	330	-0.2	11,962	0.8	2.5	22.3	2.3	6.2	14.3	50.5	4.5	3
Malaysia	337	1.0	8,411	1.9	4.3	21.5	-0.3	9.1	-0.5	49.1	5.5	4
Japan	4,945	-1.3	3,321	-0.1	2.8	58.2	11.1	2.3	-2.4	49.7	-0.1	5
Ireland	366	0.7	52,778	0.6	6.0	7.9	-2.1	10.7	41.6	57.2	19.5	6
Israel	380	0.4	91,822	0.6	5.3	14.2	8.1	5.5	0.1	57.1	-13.4	7
India	2,920	0.5	8,081	4.4	8.4	11.4	8.1	10.2	-1.9	56.4	0.1	8
Indonesia	1,017	1.9	4,622	2.3	5.8	4.9	2.0	5.2	-0.8	51.3	9.4	9
Australia	1,191	-0.2	1,204	1.6	7.0	21.1	3.0	4.0	-2.0	57.2	2.2	10
Norway	332	0.9	13,403	2.5	4.5	5.0	3.5	4.1	-0.7	51.9	-7.8	11
Poland	544	0.3	43,153	2.3	5.6	14.7	2.5	3.8	3.4	51.5	16.8	12
Sweden	491	-0.5	61,787	1.4	7.8	23.7	7.5	2.5	-0.8	64.9	8.6	13
Italy	1,812	-2.4	45,660	0.7	11.0	56.6	5.0	5.4	-2.5	52.8	8.3	14
Netherlands	854	-0.8	61,712	1.5	4.3	14.6	8.9	3.2	-2.0	58.2	5.7	15
Austria	421	-1.4	54,517	1.6	5.8	13.4	8.3	4.7	-0.5	53.5	9.9	16
Germany	3,640	-1.2	28,692	1.7	4.8	38.5	2.5	3.5	-3.5	57.0	5.8	17
Czech Republic	222	-1.3	1,09,965	2.2	3.0	21.6	4.0	4.6	0.1	54.4	13.1	18
Canada	1,557	-0.5	22,610	1.8	7.9	17.3	5.6	4.9	-8.1	57.9	-1.6	19
Denmark	334	0.0	41,174	1.0	5.7	13.9	1.6	4.5	2.0	41.9	-3.4	20
Switzerland	682	-0.4	68,035	0.3	4.8	11.4	1.6	3.8	-1.6	58.0	12.9	21
Belgium	496	-1.7	67,226	1.2	6.1	16.5	5.2	4.7	-0.4		3.7	22
Turkey	722	0.5	31,732	12.6	14.2	10.2	3.2	4.5	10.2	50.8	15.5	23
USA	20,649	0.3	84,857	2.3	7.9	28.5	6.3	4.8	-5.5	57.1	-7.3	24
Philippines	369	0.4	5,210	3.2	10.3	16.2	-3.2	7.8	-11.3	49.2	3.0	25
UAE	403	-1.7	39,459	1.1	2.8	19.6	1.3	1.8		51.2		26
France	2,524	-1.4	53,764	1.2	9.2	27.4	3.5	6.0	-4.6	51.5	-0.6	27
UK	2,532	-3.1	61,672	1.6	5.5	27.5	2.7	4.8	-5.6	52.9	0.5	28
Saudi Arabia	769	-1.3	11,314	2.6	6.2	7.5	5.0	4.4	-13.4	57.0	-14.9	29
South Africa	272	-2.3	26,213	3.9	33.3	12.0	11.4	4.1	-2.6	52.6	12.9	30
Brazil	1,470	-1.2	47,474	4.4	13.4	16.1	0.5	3.9	4.0	61.5	-0.7	31
Spain	1,283	-2.9	67,312	1.0	16.7	24.1	0.7	5.2	-3.8	51.0	6.2	32
Russia	1,388	-0.5	27,955	3.8	5.7	4.2	4.3	3.4	-2.8	49.7	-16.9	33
Portugal	220	-2.0	78,856	0.9	7.6	14.3	-3.3	4.7	-3.6		6.7	34
Mexico	1,007	-2.3	15,840	3.5	5.2	3.9	0.0	4.7	-3.3	42.4	2.3	35
<b>Median</b>		<b>-0.5</b>	<b>39,459</b>	<b>1.6</b>	<b>5.8</b>	<b>16.1</b>	<b>3.5</b>	<b>4.7</b>	<b>-1.6</b>	<b>52.6</b>	<b>4.5</b>	

# China's Trade Worldwide (in Bs, 2016, pretradewar)

EU: \$546.8, USA: 519.7, HK&Taiwn: 483, E.Asia: 527.7, Germany: 151.3, Australia: 136.3, Malaysia: 108.2, India: 70.1, Russia: \$69.6





# US Tariffs Targeting 10 Industries Prioritized by China in its “Made in China 2025” Plan

- **IT:** become cyber power; semi-conductors; acquisition of techn. co's.
- **Numerical ctrl tools & robotics:** lots of experts by 2025.
- **Aerospace equipment:** satellite technology; passenger jets.
- **Ocean engineering & high tech ships:** grow strong export sector.
- **Railway equipment:** grow export competitiveness thru BRI projects.
- **Energy saving & new energy vehicles:** combine cleanup air w. winning global recognition for Chinese cars.
- **Power equipment:** energy efficiency; smart grid & smart city technologies.
- **New materials:** leader inventing & commercializing new materials; demo innovation.
- **Medicine & medical devices:** medical device manufacturers start to export; accelerate export.
- **Agricultural machinery:** efficiency enhancement; create platform for exports.

# US Export Controls in Confrontation w. China?

Washington eyes export controls in confrontation with China

US list of 14 emerging technologies



Artificial intelligence (AI)  
and machine learning  
technology

Additive  
manufacturing  
(3D printing)

Position, Navigation  
and Timing (PNT)  
technology

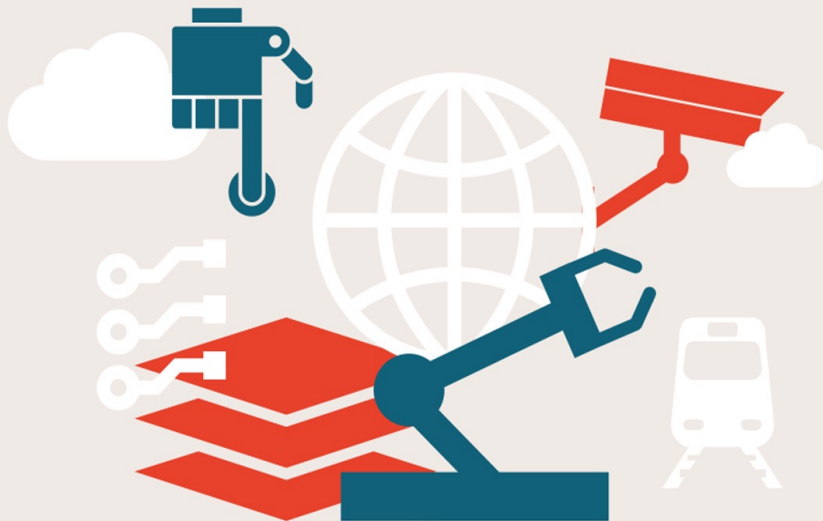
Microprocessor  
technology

Quantum information  
and sensing  
technology

Advanced computing  
technology

Data analytics  
technology

Logistics  
technology



Brain-computer  
interfaces

Robotics

Advanced  
Materials

Advanced  
surveillance  
technologies

Biotechnology

Hypersonics

# U.S. Imports From China Dropped by \$87 Billion in 2019

Countries/territories with the largest absolute change in goods exports to the U.S. in 2019



Source: U.S. Census Bureau

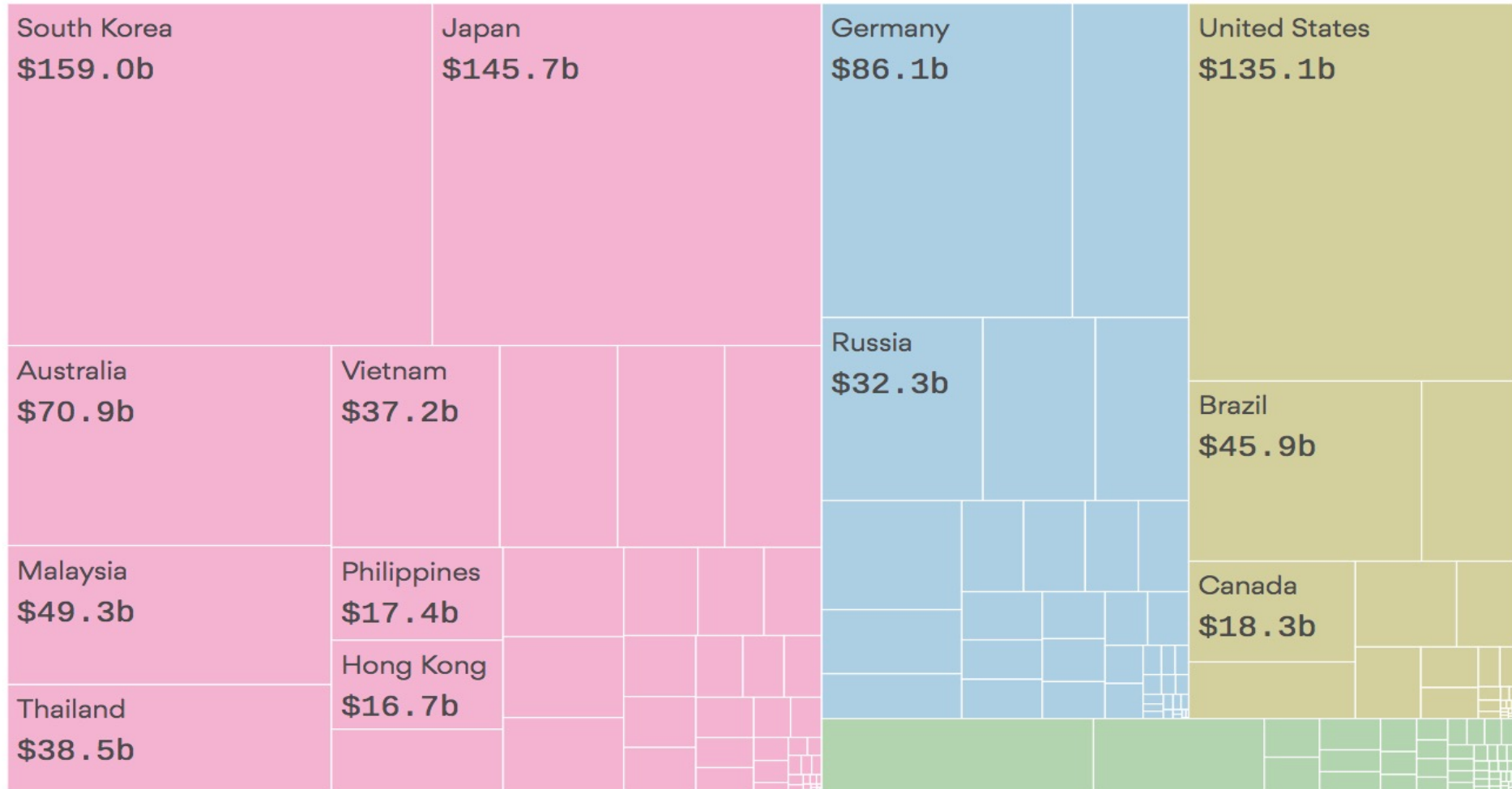


# Winners/Losers in US/China Trade War

(Bill Bishop - 2018, in billion)

## Origin countries of Chinese imports

- Asia and Oceania (\$703.3b)
- Europe (\$287.0b)
- The Americas (\$255.9b)
- Africa (\$56.8b)



# China's Top Import Partners (2013 - 2019)

Main origins of imports, 2013-19 (rankings based on 2016 levels; USDbn)



Proprietary: do not share without  
written permission

# Projected Exports to China (2020 - 2024)

## Based on Current Trends – Projected Exports to China

Country/region	Current growth rate (%)	2019 Volume (US\$ billion)	2020 Volume (US\$ billion)	2021 Volume (US\$ billion)	2022 Volume (US\$ billion)	2023 Volume (US\$ billion)	2024 Volume (US\$ billion)
US	-9	179	163	148	135	123	112
EU*	4	215	224	233	243	253	263
ASEAN**	13.8	250	285	324	369	420	478
India	-1.62	8	8	8	8	7	7
Africa	31	100	131	172	225	295	386
Russia	20	56	67	83	99	120	144
Emerging Belt and Road***	3	150	155	160	165	170	175

\* Excluding the UK

\*\*Excluding Cambodia, Laos, Myanmar, and Vietnam

\*\*\*Excluding Russia, EU, and the larger ASEAN nations

Statistics are sourced from China's MOFCOM, USTR, EU Commission, ASEAN Secretariat, and Dezan Shira's business intelligence unit.

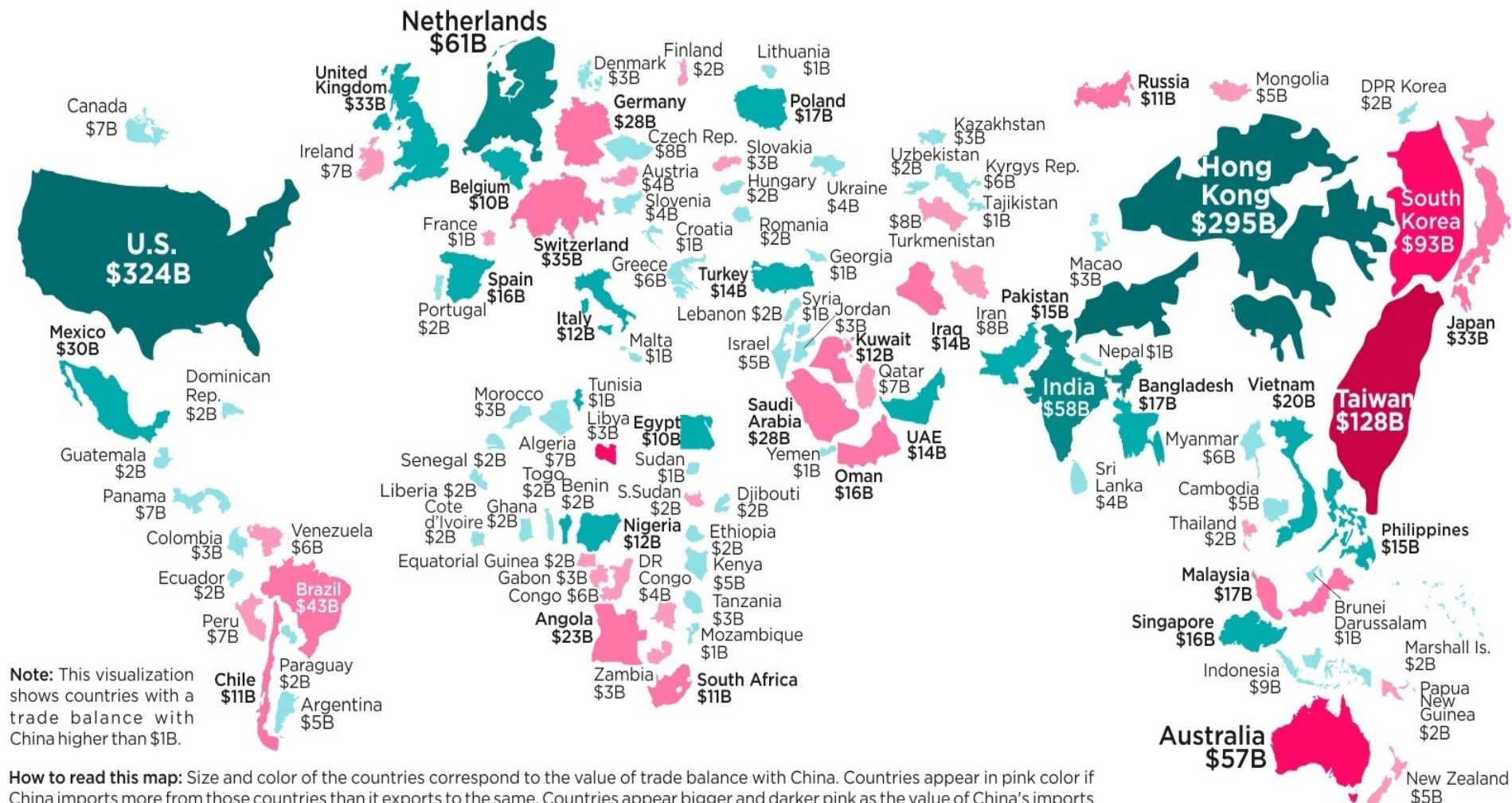
Figures have been rounded up for convenience.

# China's Trade Balance

## China's Biggest Trade Deficits/Surpluses by Country

China's Trade Deficit (\$)    China's Trade Surplus (\$)

\$100B and More
\$50B - \$99.9B
\$10B - \$49.9B
\$1B - \$9.9B
\$1B - \$9.9B
\$10B - \$49.9B
\$50B - \$99.9B
\$100B and More



**Article & Sources:**  
<https://howmuch.net/articles/chinas-exports-imports-trade-balance>  
 International Monetary Fund - <https://data.imf.org/>

# Questions?

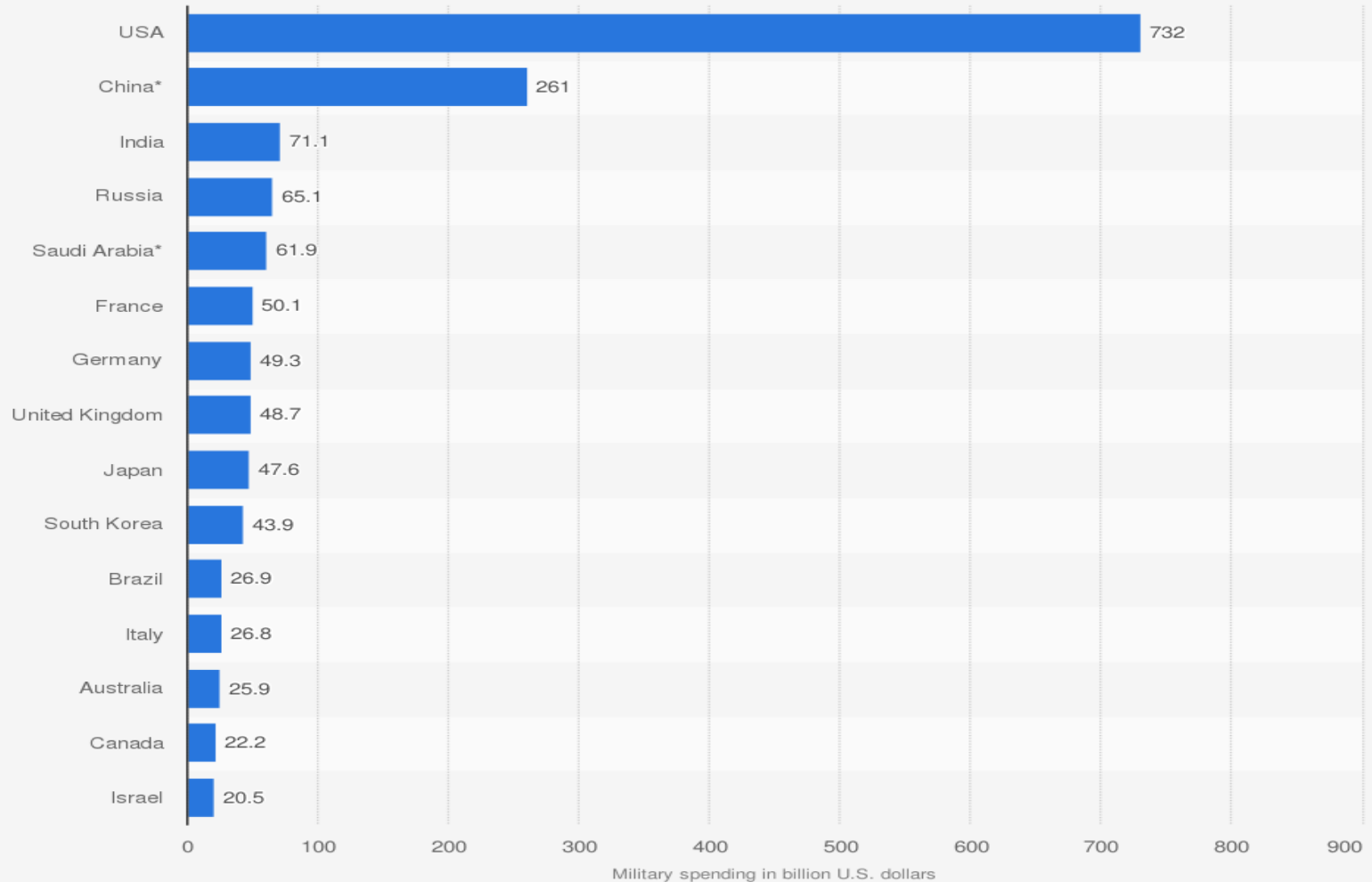
Proprietary: do not share without  
written permission



# Allies, Threats

# Military Expenditure in \$bn (2019) (China, India, Japan, S.Korea)

The 15 countries with the highest military spending worldwide in 2019 (in billion U.S. dollars)



Source  
SIPRI  
© Statista 2020

Additional Information:  
Worldwide; 2019

# Ally or Threat (Pew Research Ctr, as of 2019)

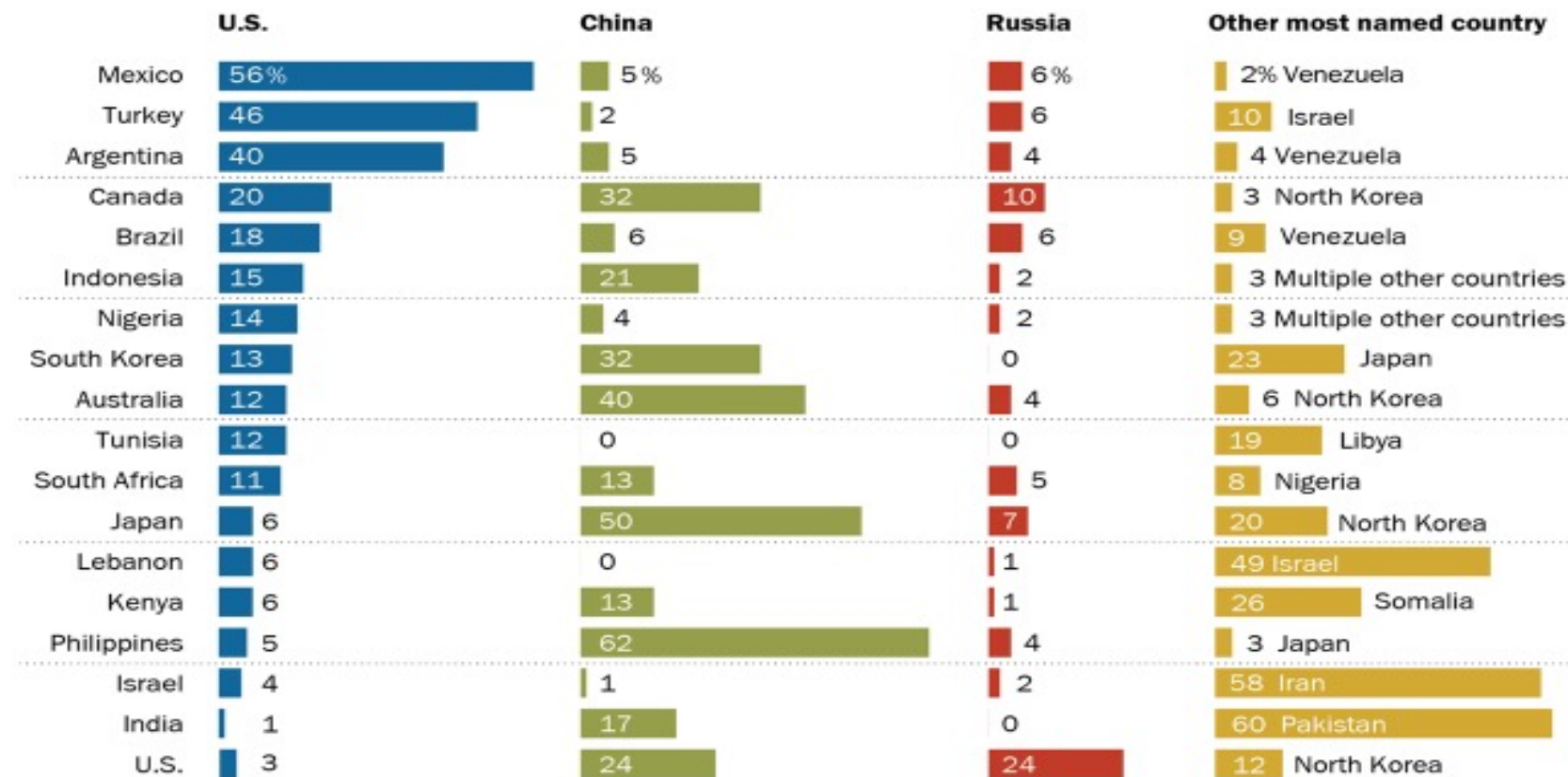
Allies and Threats in Asia				
	Closest allies		Biggest threats	
		%		%
Bangladesh	India	54	U.S.	72
	China	45	India	47
	U.S.	44	Pakistan	32
China	Russia	46	U.S.	66
	EU	21	Japan	63
	S. Korea	20	Taiwan	18
India	U.S.	46	Pakistan	75
	Russia	43	al Qaeda	32
	Japan	34	China	30
Indonesia	Japan	41	U.S.	63
	Malaysia	36	China	17
	China	24	Russia	13
Japan	U.S.	74	N. Korea	66
	China	26	China	49
	EU	20	U.S.	23
Malaysia	China	39	U.S.	46
	Japan	32	Abu Sayyaf	7
	U.S.	15	N. Korea	6
Pakistan	S. Arabia	60	U.S.	64
	China	58	India	45
	Iran	25	Israel	32
S. Korea	U.S.	75	Japan	70
	China	48	China	64
	EU	29	N. Korea	50

Proprietary: do not share without  
written permission

# Ally or Threat (as of 2019)

## Across different countries, both the U.S. and China emerge as key threats

% who say \_\_\_ is the country or group that poses the greatest threat to their country in the future



Note: Figures represent results of an open-ended question, where interviewees selected from a precoded list. Other countries named not shown. Source: Spring 2019 Global Attitudes Survey. Q23.

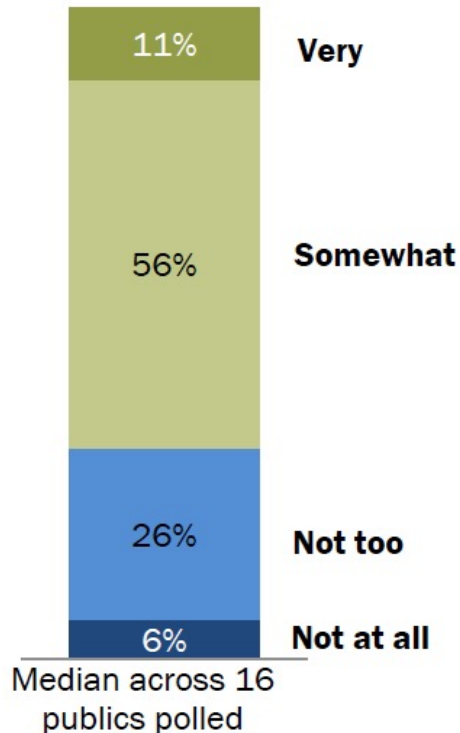
PEW RESEARCH CENTER

Proprietary: do not share without written permission

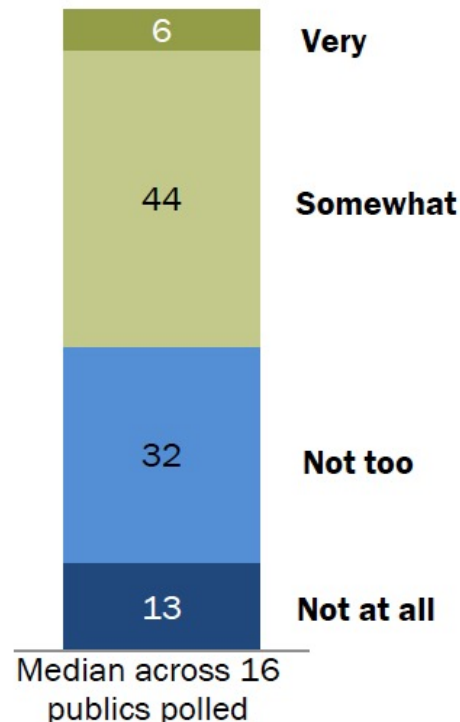
# US as reliable partner (2021)

## Most say the U.S. is a somewhat reliable partner but no longer see it as a model democracy

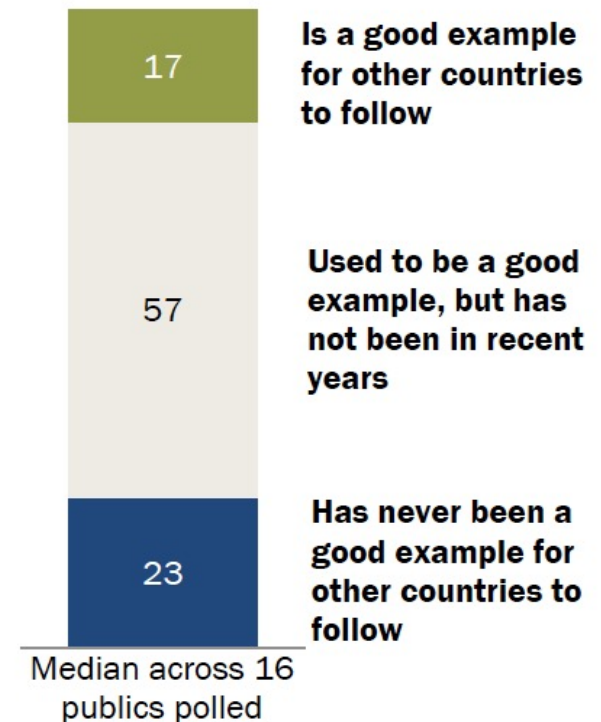
*% who say the U.S. is a \_\_\_ reliable partner*



*% who say the U.S. political system works \_\_\_ well*



*% who say democracy in the U.S. ...*

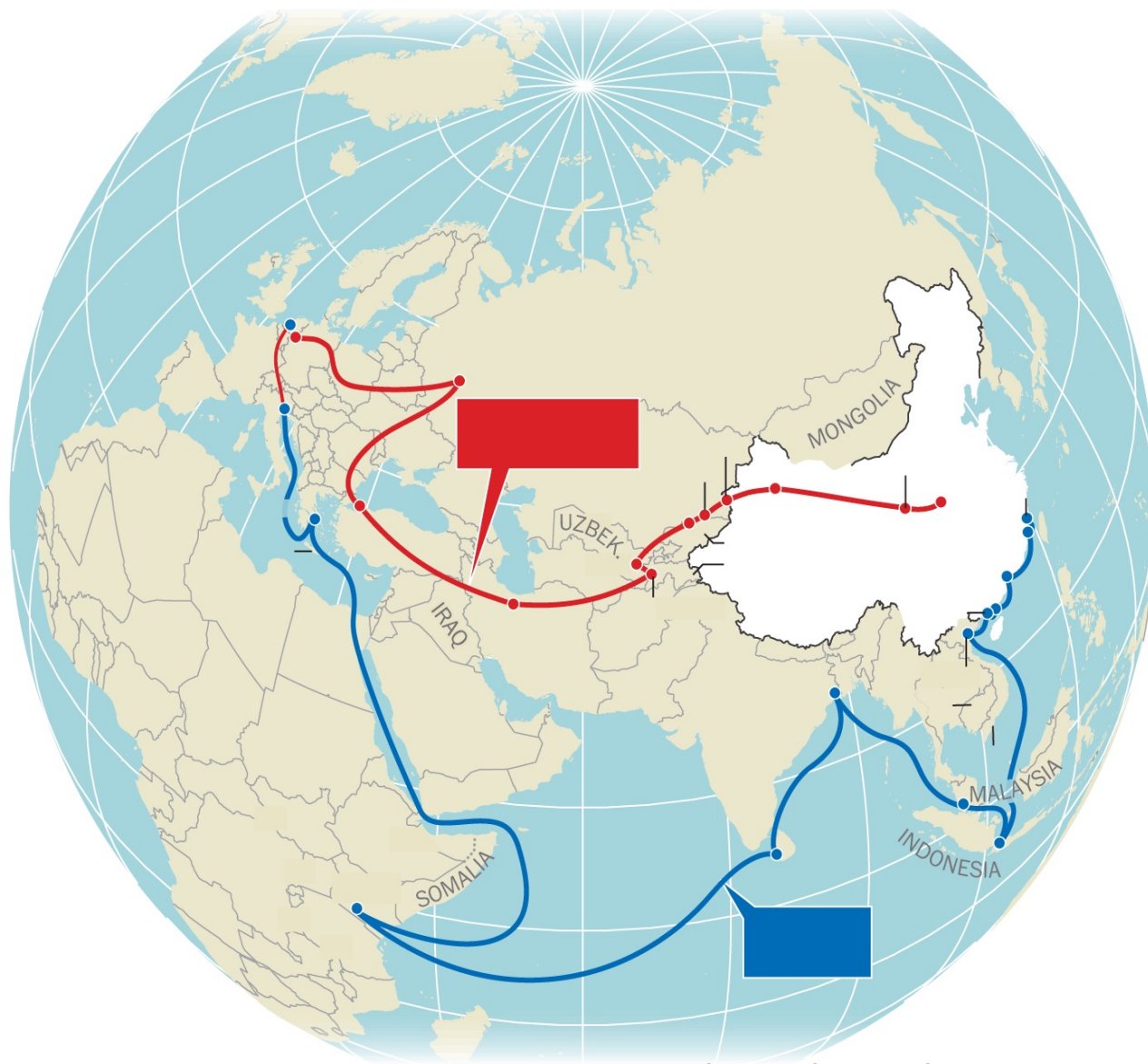


Note: Those who did not answer are not shown.

Source: Spring 2021 Global Attitudes Survey. Q6N, Q16 & Q18.

"America's Image Abroad Rebounds With Transition From Trump to Biden"

# China's "Foreign Policy": silk roads: a common dev.& prosperity PGM, 2013 - 2021 (138 countries as of 2020)



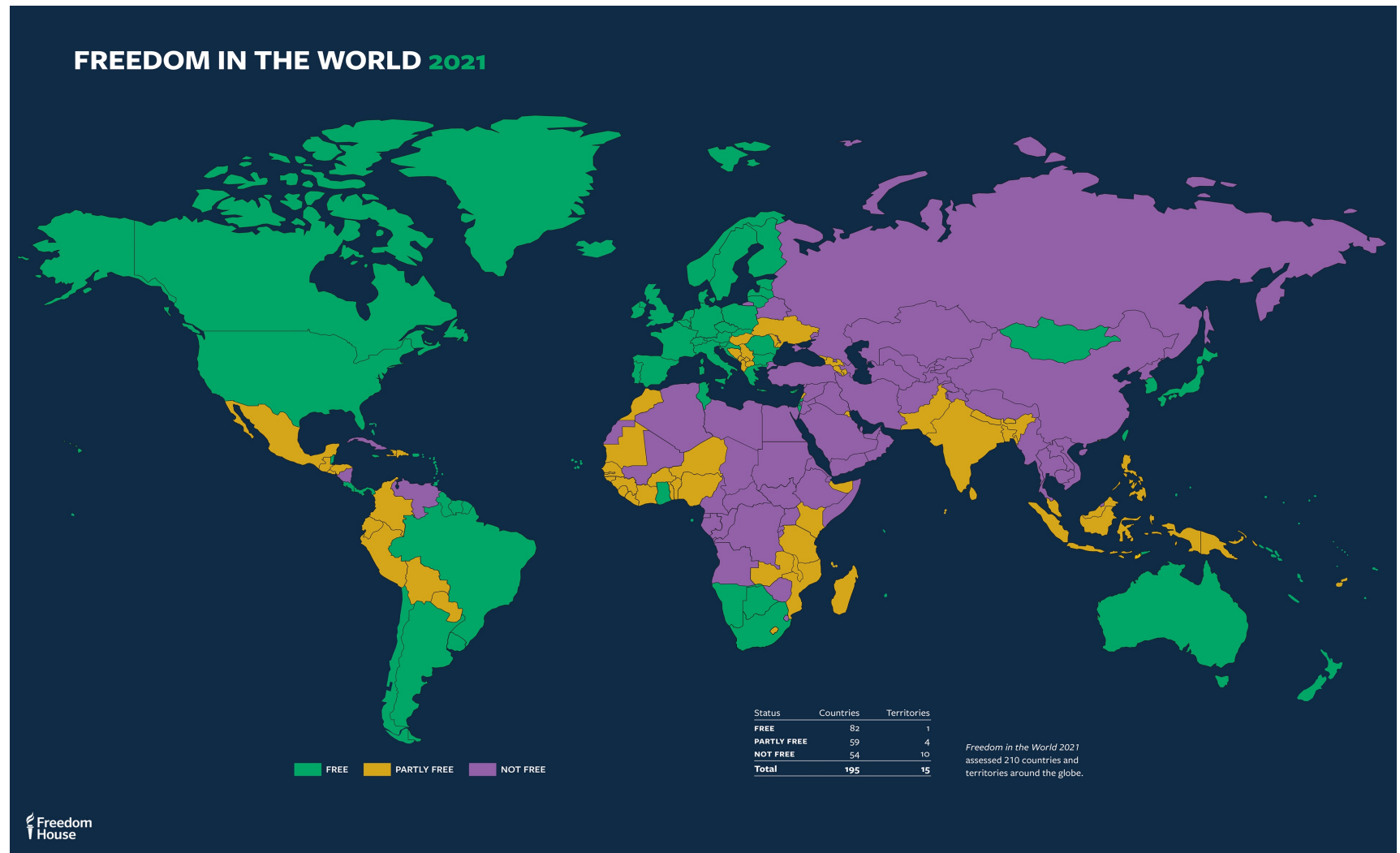
**RED: land silk road economic belt**  
(Xian, Lanzhou, Urumqi, Kazakhstan, Iran, Turkey, Moscow, Germany)

**BLUE: maritime silk road**  
(fuzhou, Hanoi, Jakarta, Kelang, Kolkata, Colombo, Nairobi, Athens, Venice, Rotterdam)

Proprietary: do not share without written permission

# 2021 Freedom House annual rept: Democracy in retreat around the world for 15<sup>th</sup> yr in a row

(India downgraded from Free to Partly Free: incr. pressure on H.rights grps; intimidatn/harass of journalists/academics; policies harmful to relig. minor.; politicizatn of Indian judiciary. FH: watchdog grp.)



# 2021 Freedom in the World (based on 195 countries)

## A Shifting International Balance

In 2020, the number of Free countries in the world reached its lowest level since the beginning of a 15-year period of global democratic decline, while the number of Not Free countries reached its highest level.





# 2021 Freedom in the World (2)

## GLOBAL EROSION OF DEMOCRATIC NORMS



### ELECTIONS

Over the last 4 years, electoral processes have declined more than any other measure of freedom.



### TERM LIMITS FOR EXECUTIVES

Leaders in 34 countries have tried to revise term limits in the last 13 years and were successful 31 times.



### ETHNIC CLEANSING

Instances of forced changes in the ethnic makeup of a country are more widespread than in 2005.



 Freedom House

### FREEDOM OF EXPRESSION

Freedom of expression, already in decline, has taken a steeper downturn in the past 6 years.



### SAFETY OF EXPATS

Nearly half of Not Free countries have physically targeted their nationals and diasporas in other countries in the last 13 years.



### RIGHTS OF MIGRANTS

Eight democracies have declined since the migrant crisis of 2015 due to government treatment of migrants.



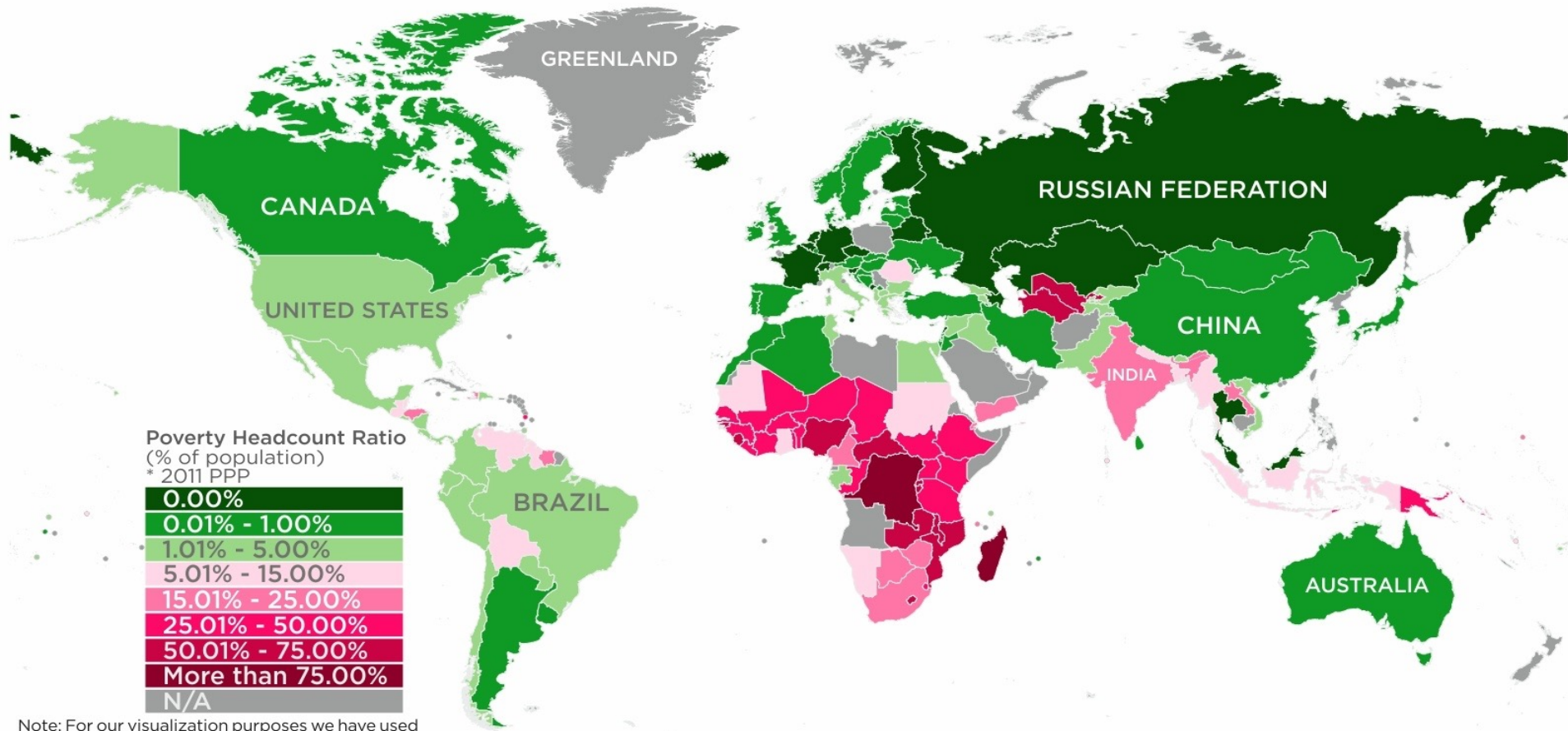
# Miscellaneous

Proprietary: do not share without  
written permission

**Poverty in Asia (2018)** – Percent of population living on less than \$1.90 a day: <1% China; 1-5% VN/PKT; 5-15% MM/Indons/Bangladesh; 15-25% India.

# People Living in Extreme Poverty

## Percentage of Population Living on less than \$1.90 a day\*



Note: For our visualization purposes we have used data for the latest available year in each country.

**Article & Sources:**

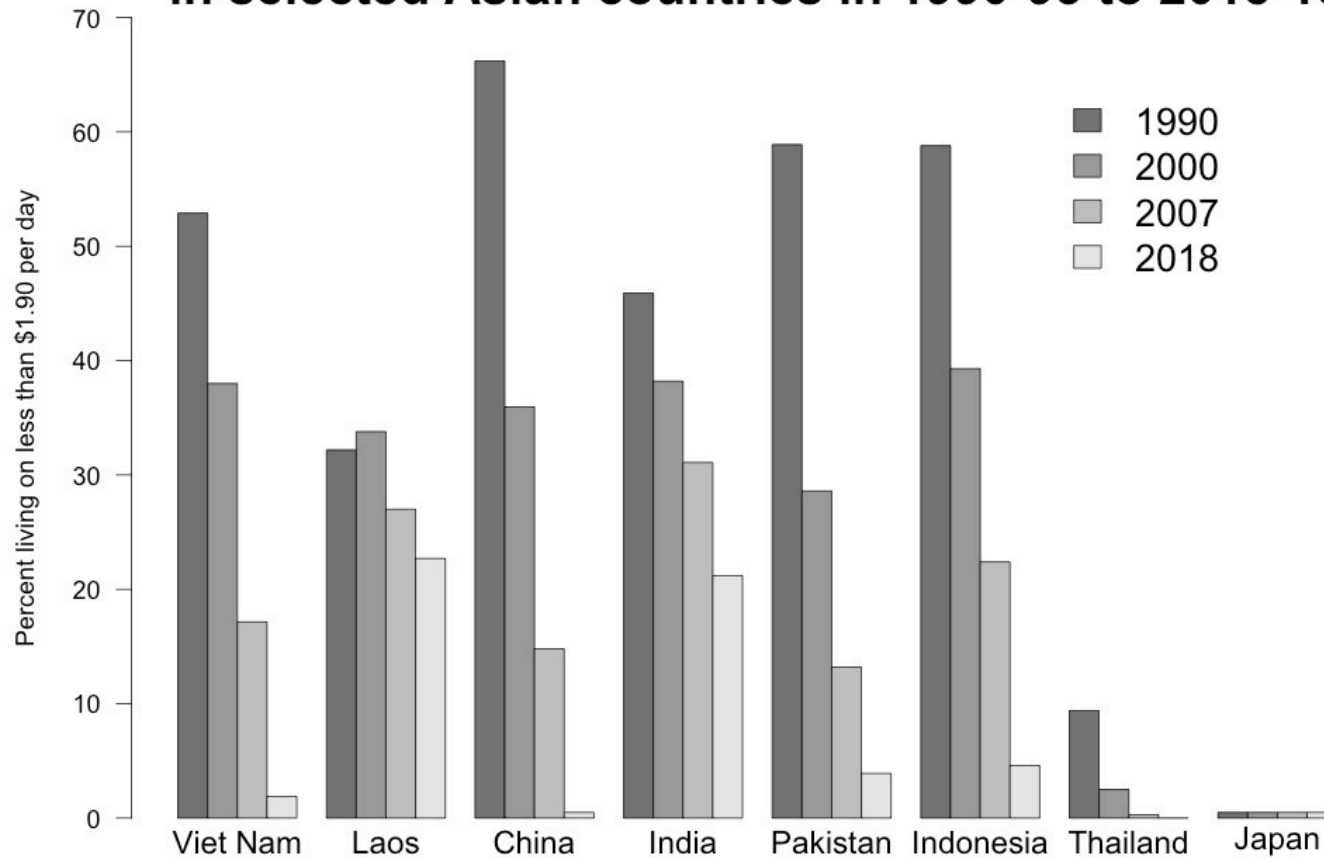
<https://howmuch.net/articles/people-living-in-extreme-poverty-2018>

The World Bank - <http://www.worldbank.org>

**howmuch** net

Proprietary: do not share without written permission

## Extent of extreme poverty in selected Asian countries in 1990-93 to 2015-18

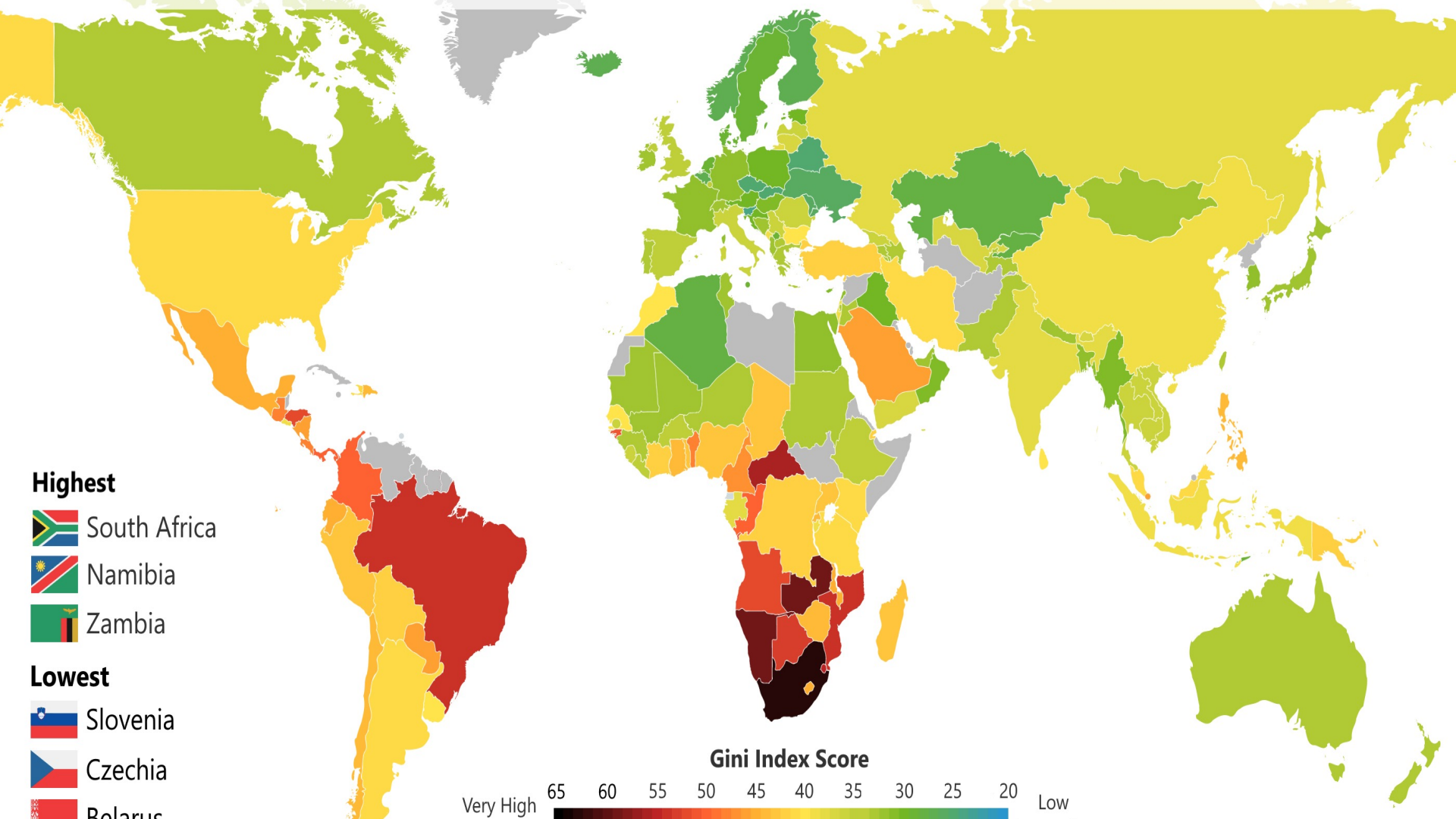


Source: World Bank DataBank export 2020-08-12

# Income Inequality (2018) – 55% of nat. income in 2016 received by top 10% earners in India, against 31% in 1980.

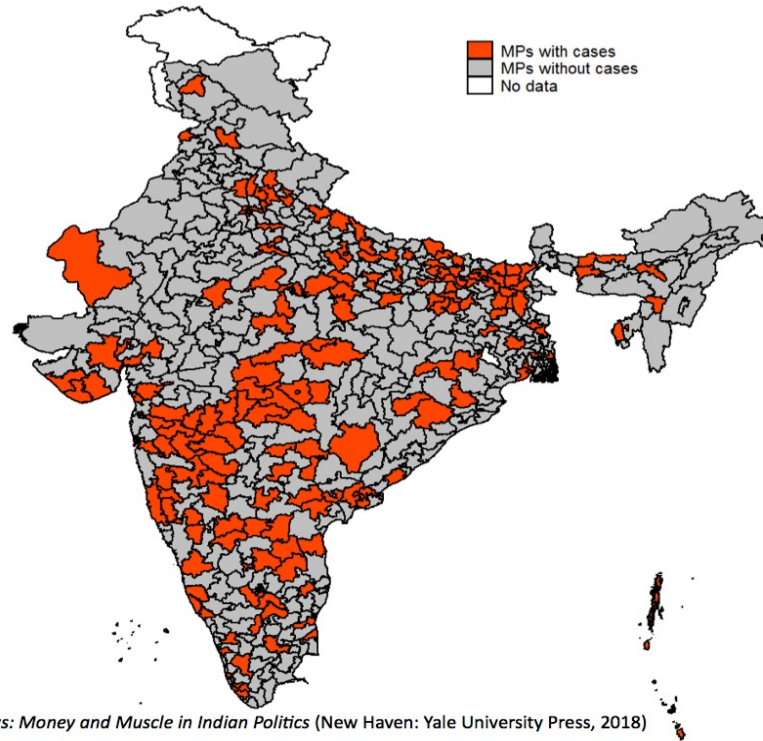
## Income inequality by country

The Gini coefficient/Gini index is a measure that represents the income inequality within a country, where 100 represents max inequality and 0 represents max equality [Wikipedia]. South Africa ranks the highest with a score of 63, and essentially has a dual economy: part of the country appears developed and rich, whereas the other resembles an underdeveloped sub-Saharan African country. On average the top 20% holds about half of the income, in SA they hold 70% [IMF]. About 40% of SA's black population live in poverty, less than 1% of whites do [BBC]



# Crime-Politics in India (2018)

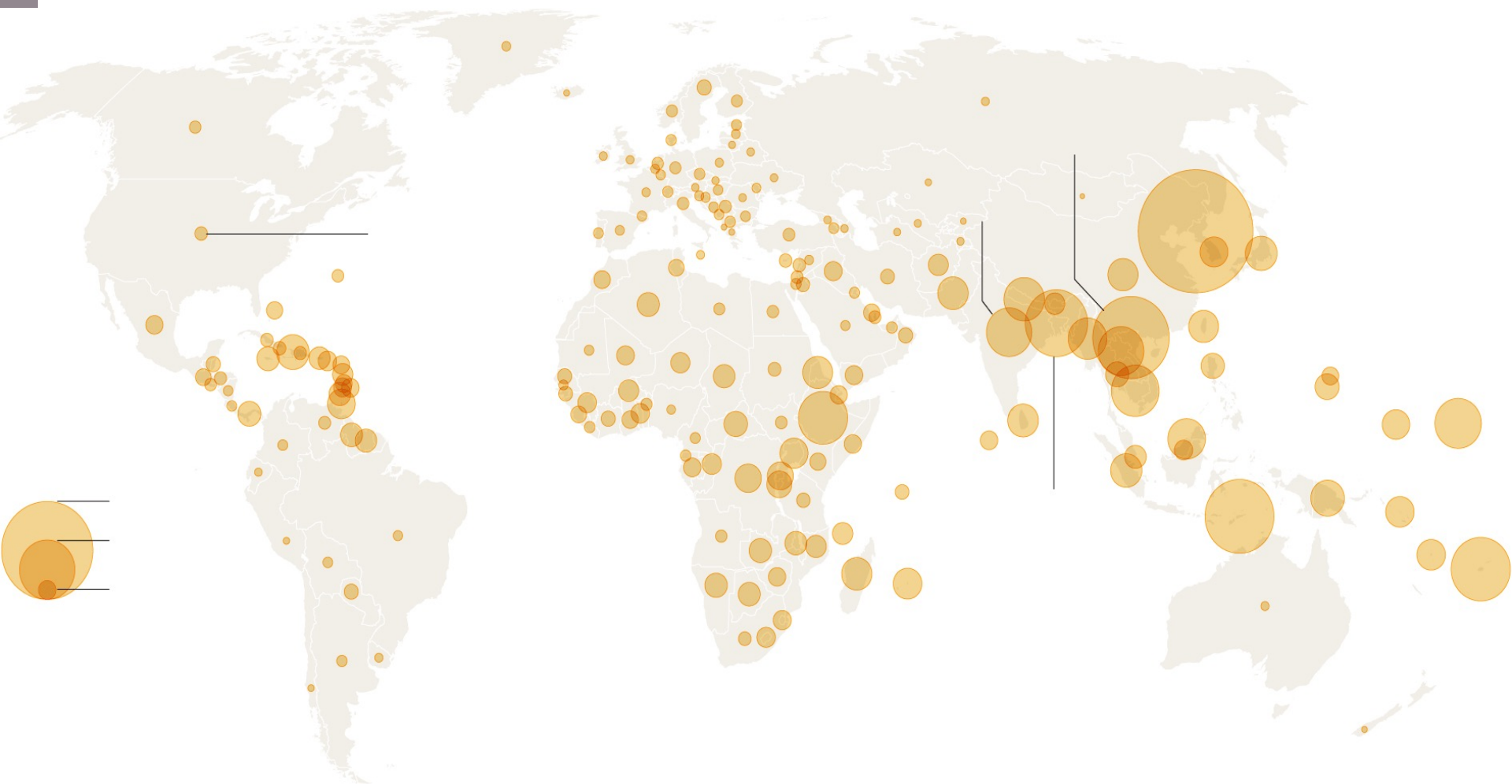
The crime-politics nexus is widespread, found in virtually all parts of the country



Source: Milan Vaishnav, *When Crime Pays: Money and Muscle in Indian Politics* (New Haven: Yale University Press, 2018)

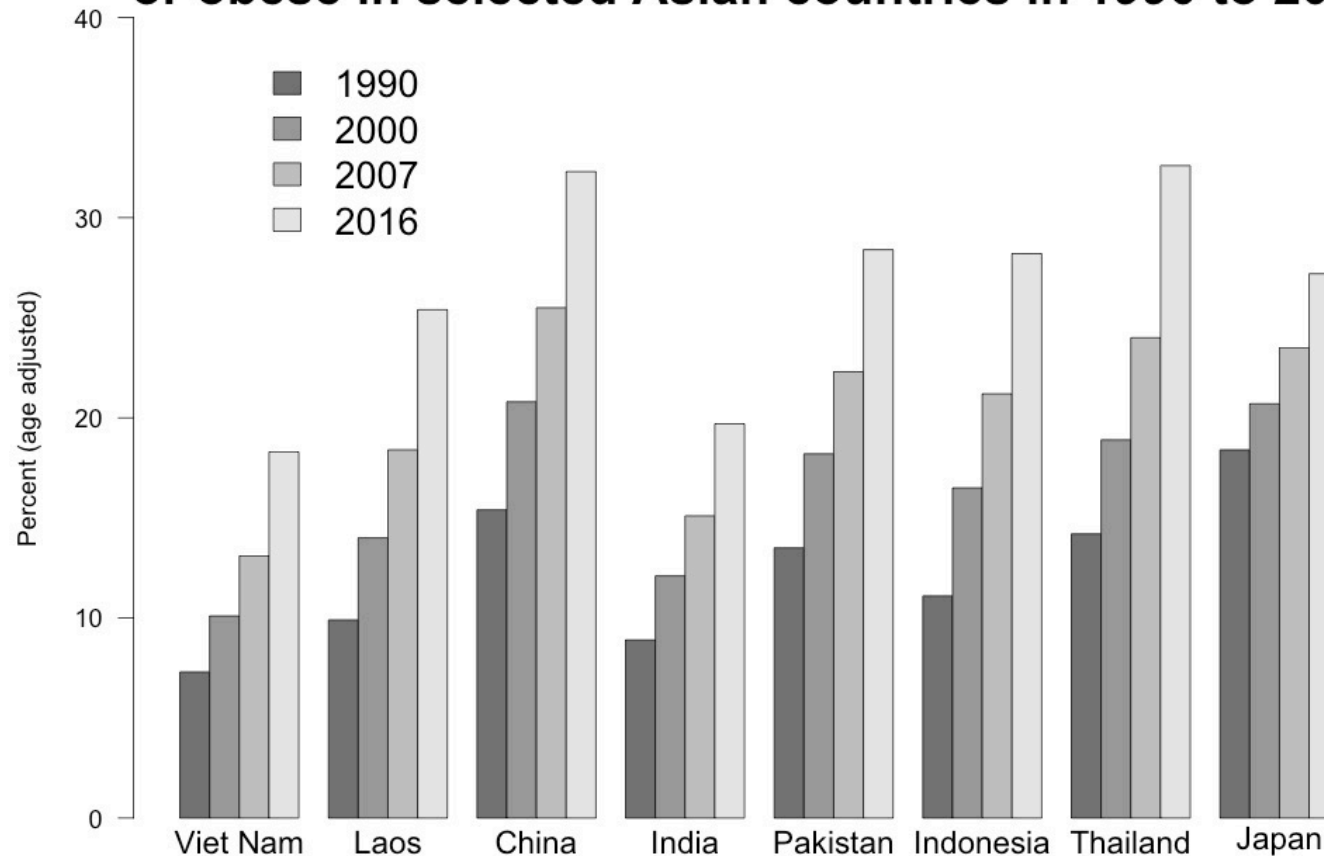
Proprietary: do not share without  
written permission

# Obesity in Asia (2018) - 20/60/100 adults w. diabetes for every 100 who are overweight. India, S.Asia, SE Asia: # w. diabetes much higher relative to # overweight. Data: U. of Washington Study.



Proprietary: do not share without  
written permission

## Percent of adults aged 25 years and over overweight or obese in selected Asian countries in 1990 to 2016



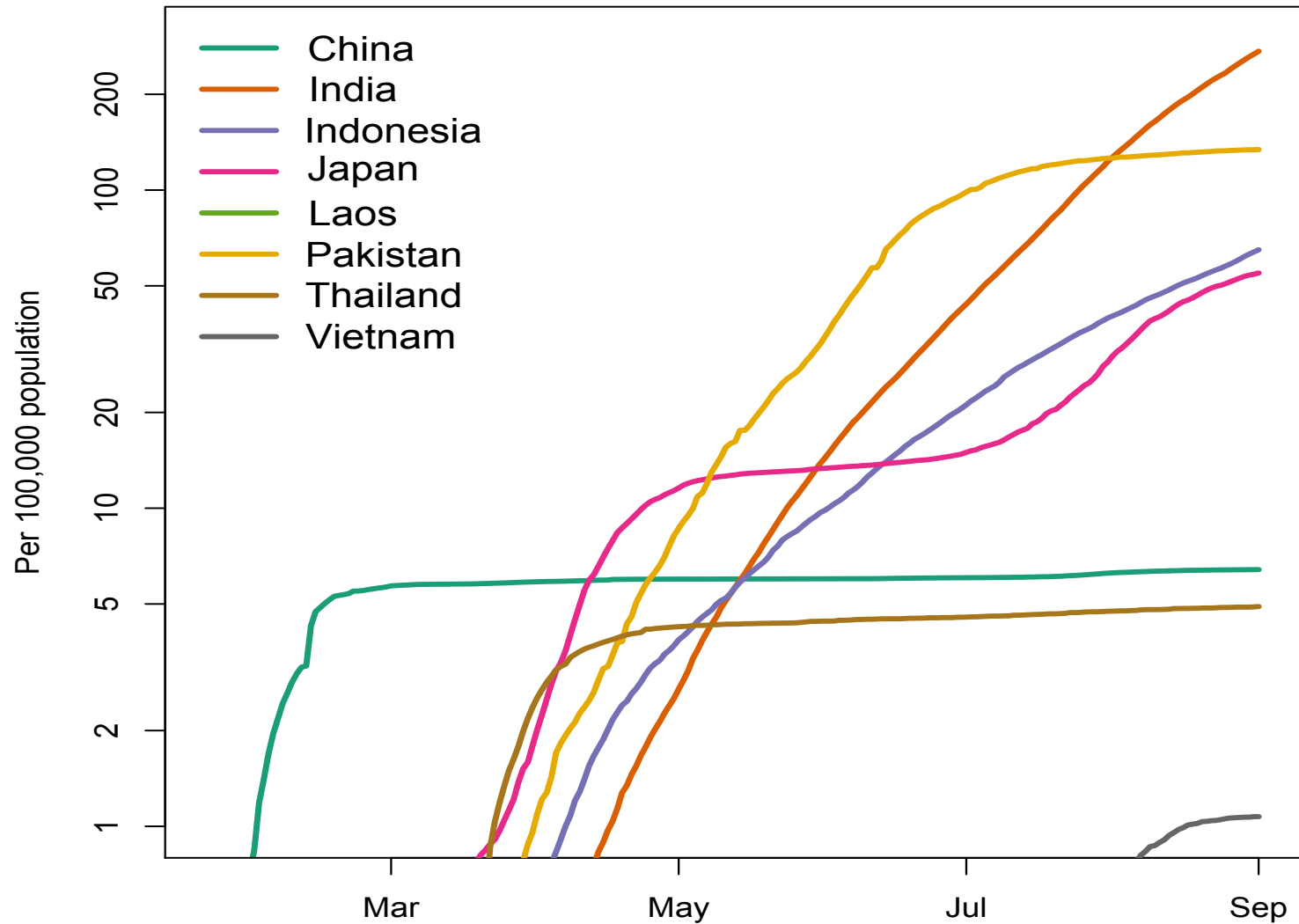
Overweight is percentage of adults ages 18 and over whose Body Mass Index (BMI) is more than 25 kg/m<sup>2</sup>.

Source: World Bank DataBank export 2020-08-12



# COVID in Asia (upd image 2021)

Cumulative number of covid19 cases

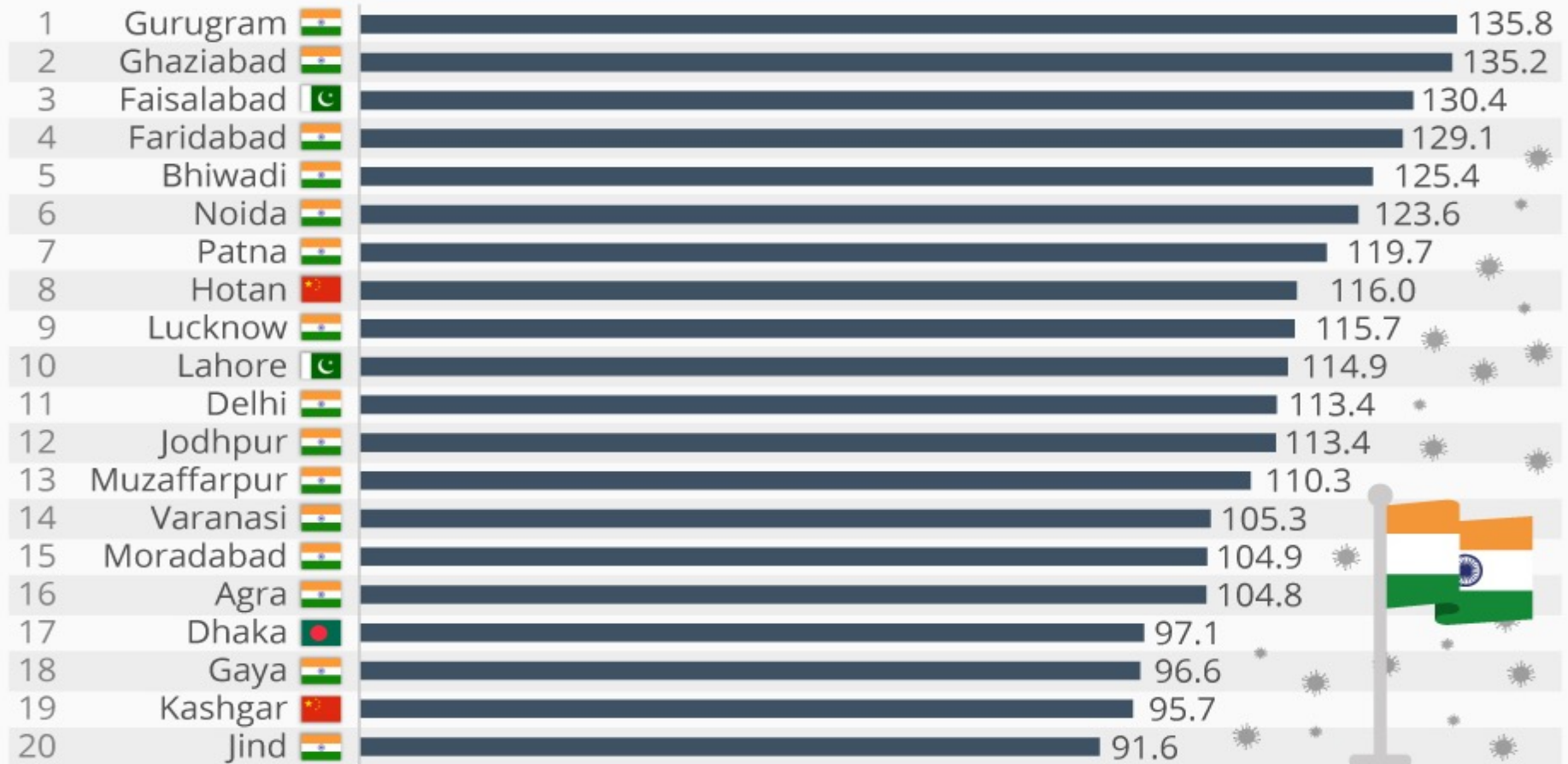


Month in 2020  
Proprietary: do not share without  
written permission

# WHO Pollution Survey Results (14 in India, 2018)

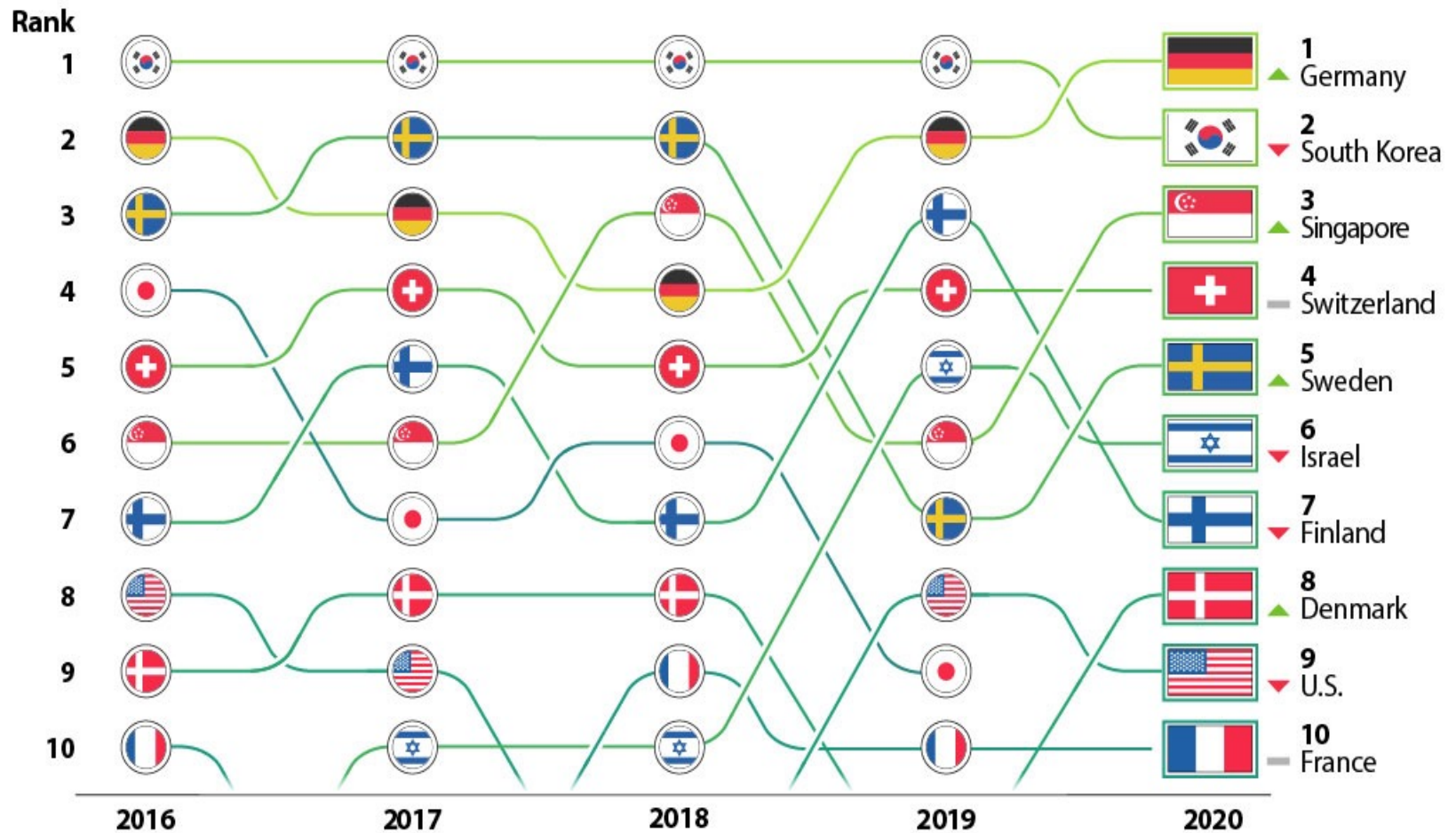
## India Has The Most Polluted Cities On Earth

Average level of particulate matter (PM 2.5) pollution in 2018



# S. Korea, SIN in top10 - 2016-2020

## WORLD'S MOST INNOVATIVE ECONOMIES 2016-2020



Proprietary: do not share without written permission

# Global Innovation Index - 2018

## WHICH ASIAN COUNTRIES ARE THE MOST INNOVATIVE?

Singapore, South Korea and Japan are the most innovative countries in Asia while as Pakistan and Bangladesh are the least innovative.

(The numbers show Asian ranking)

### MOST INNOVATIVE COUNTRIES



### INNOVATIVE COUNTRIES



### LEAST INNOVATIVE COUNTRIES

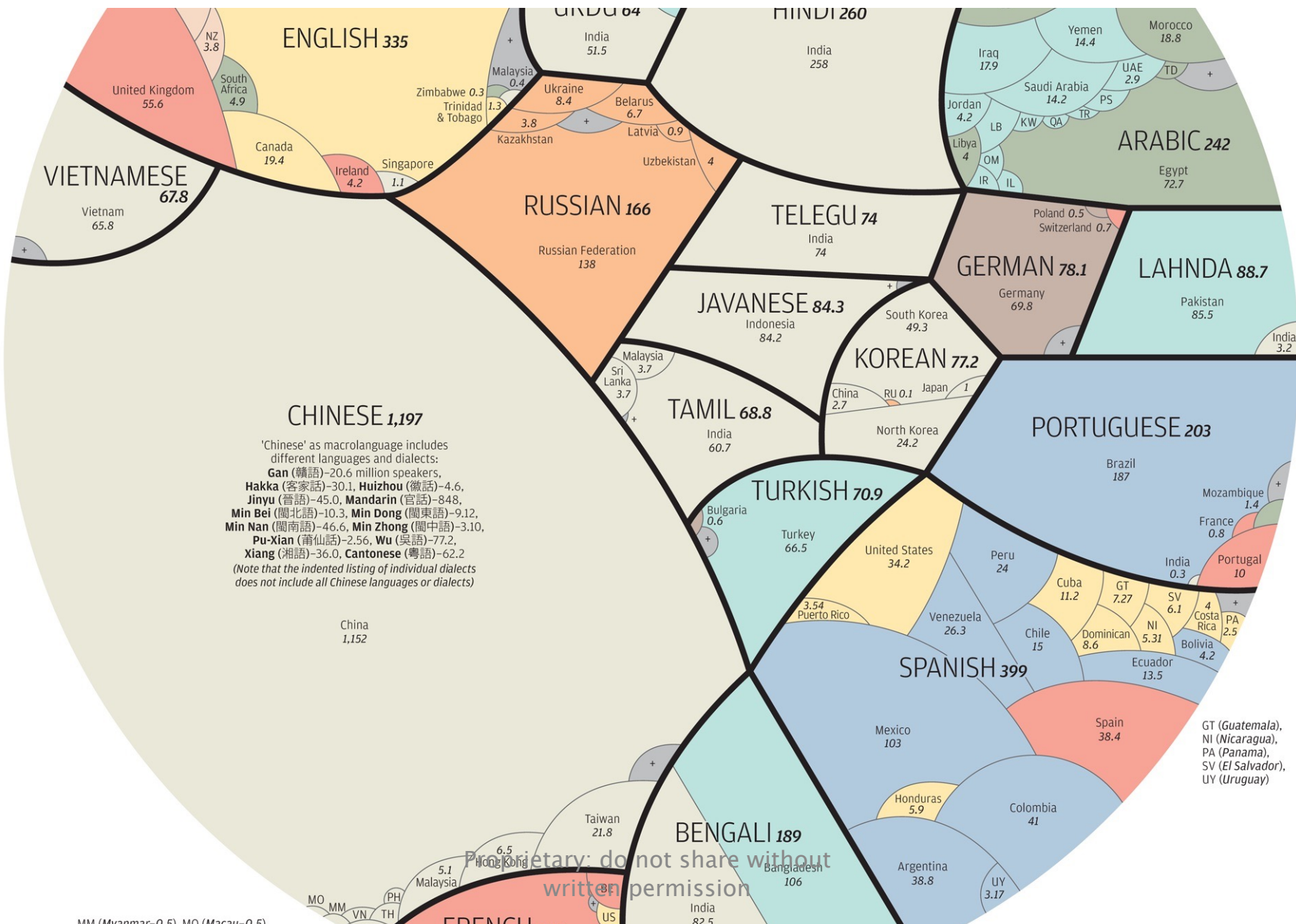


Compiled by: ANN/DataLEADS

Source: Global Innovation Index, 2018

Proprietary: do not share without written permission

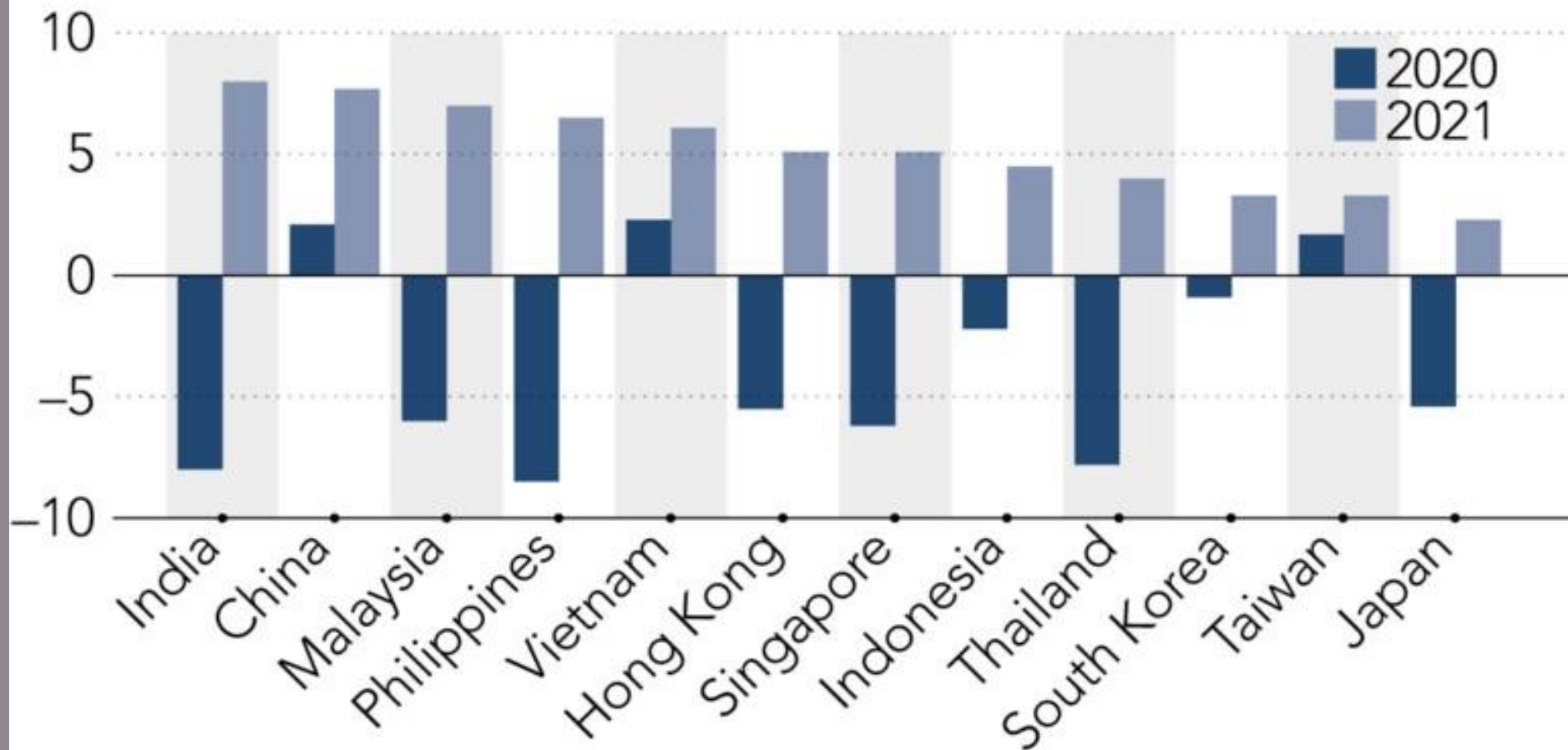
# A World of Languages



# Asian Dev Bank Forecast

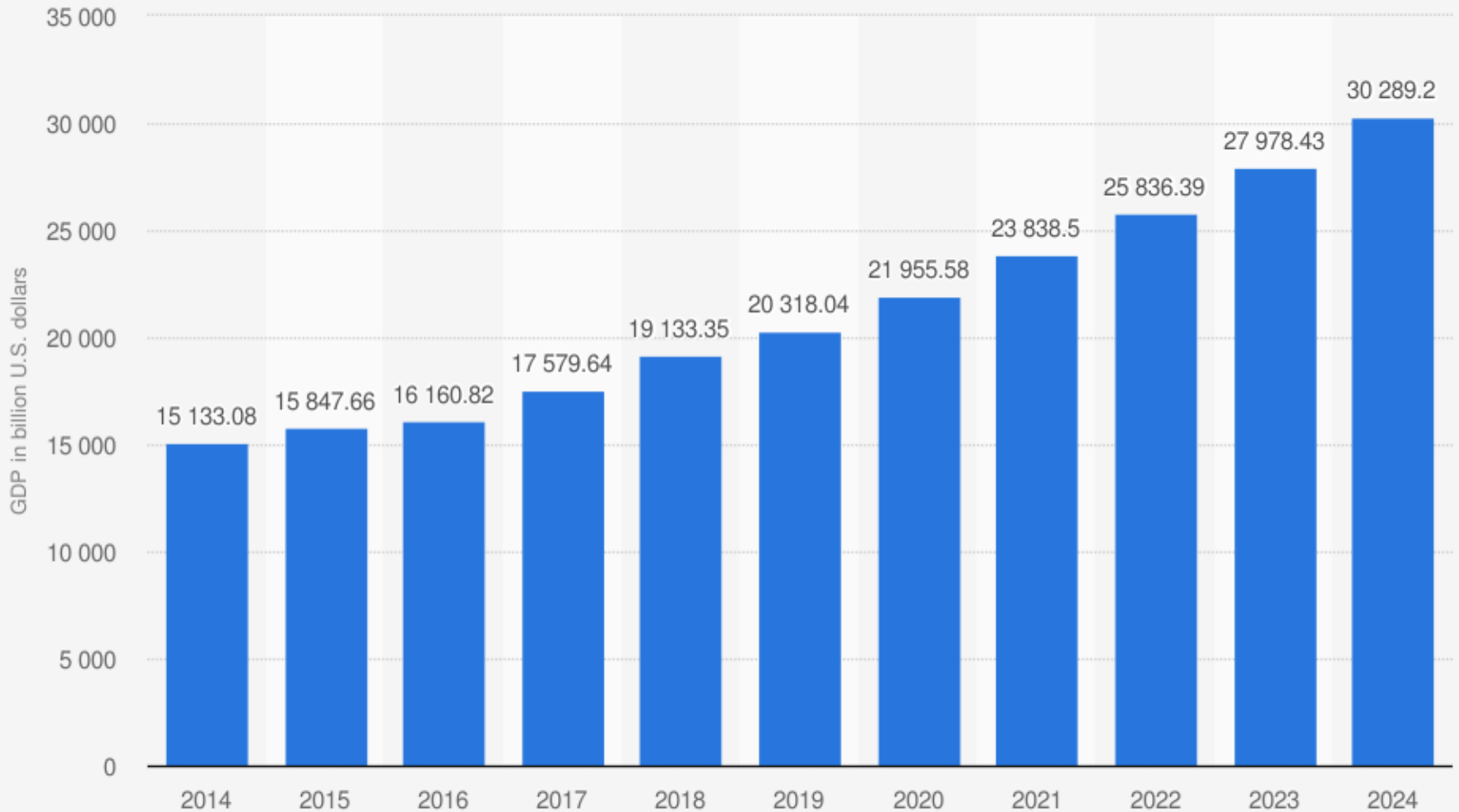
## Asia's economies set to rebound in 2021

*(Projected annual GDP growth rate, in percent)*



Source: Asian Development Bank

# Emerging and developing Asia: Gross domestic product (GDP) from 2014 to 2024 (in billion U.S. dollars)



Source  
IMF  
© Statista 2019

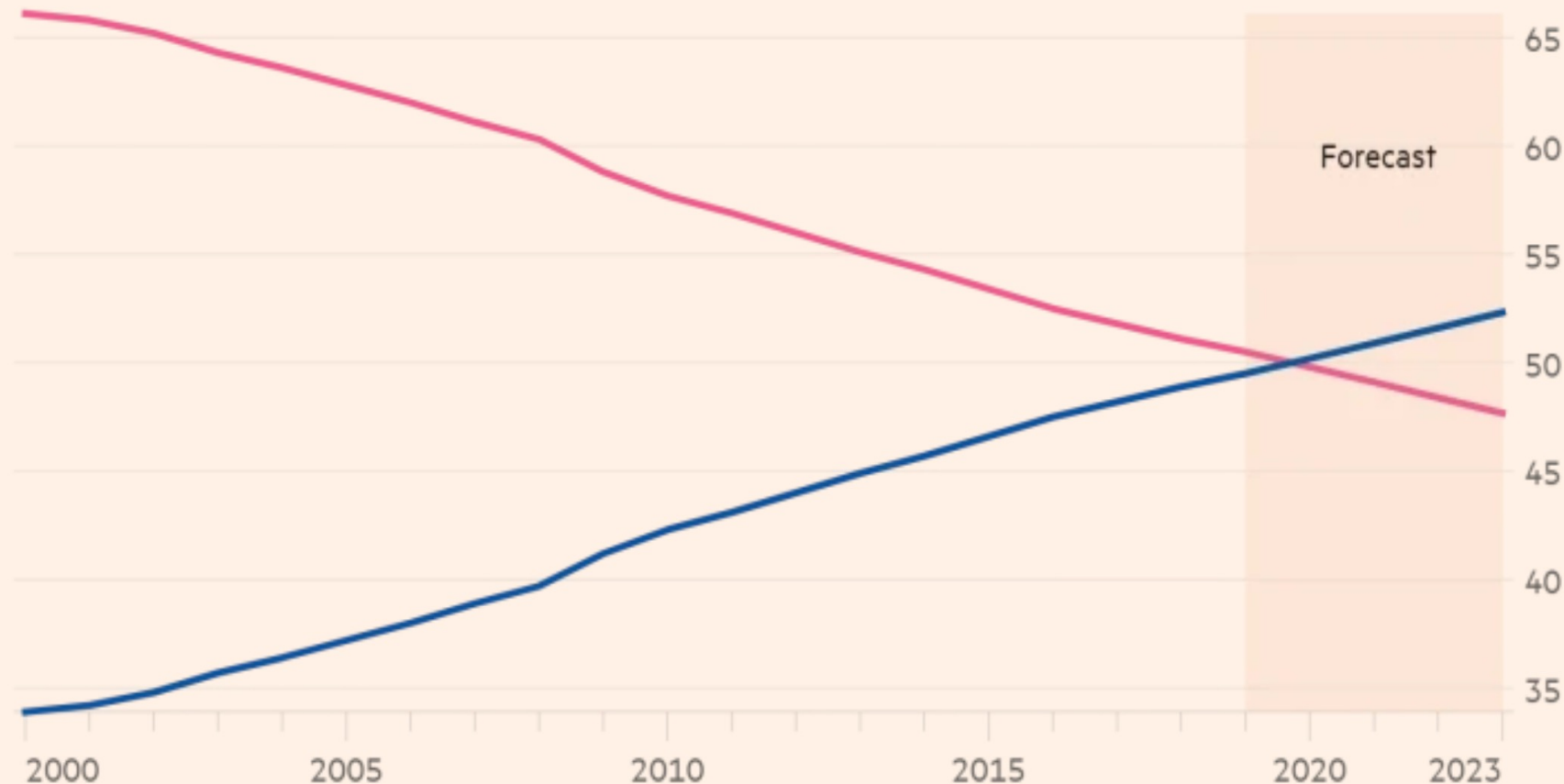
Additional Information:  
Asia

# The Asian century is about to begin

Share of world GDP at PPP \$

— Asia

— Rest of the world



Unctad definition of Asia

Sources: IMF, @valentinromei

© FT



# UNDERSTANDING ASIA

END of OVERVIEW

# Questions?

Proprietary: do not share without  
written permission

# 9-week Outline

- 1. Asia overview
- 2. What has changed in China?
- 3. How has economic development impacted poverty/family/gender patterns in Asia?
- 4. Where are Asia's flashpoints & insurgencies?
- 5. What drives business & how is technology used in Asia?
- 6. How is Health & Healthcare in Asia?
- 7. How is Asia dealing with disastrous pollution?
- 8. Where are opportunities for major change in Asia?
- 9. Cultural expectations: East vs West.
- **QUESTIONS?**

Proprietary: do not share without  
written permission