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WORKING PAPERS

[Housing wealth effects in China](#) (BIS Working Papers No 1319, BIS)

We estimate the effects of changes in house prices on consumption using unique data of Alipay transactions from Chinese households, spanning from January 2017 to March 2023. We find significant housing wealth effects: changes in house prices are positively associated with future changes in consumption in 33 Tier 1 and Tier 2 cities. Specifically, in these cities, a 10% increase in house prices leads to a 1.6% increase in consumption. However, this relationship is not observed in smaller Tier 3 and Tier 4 cities. We also find that housing wealth effects are more pronounced among older households and homeowners, while renters show no such effect. Additionally, in Tier 3 and Tier 4 cities, higher house prices tend to crowd out consumption among younger households.

[ADB Global Trade Finance Gap Survey](#) (ADB Briefs No. 378, Asian Development Bank)

The 2025 Global Trade Finance Gap Survey gathers insights from more than 110 trade finance providers. It notes that demand for trade finance is expected to increase due to trade diversification and supply chain reorganization, and that insufficient trade finance could prolong disruption. The brief highlights four priority recommendations: expand the Trade Finance Register, accelerate trade digitalization, scale existing solutions in supply chain finance, and develop deep-tier supply chain finance by leveraging the creditworthiness of anchor buyers to reach smaller suppliers.

Charting Prosperity: Geopolitics and Asia's Economic Future (Working Paper 1523, Asian Development Bank)

This paper is about the importance of geoeconomics in attaining high-income status for Asian middle-income countries, with a special focus on the People's Republic of China, India, Indonesia, and the Philippines. A key emphasis is placed on the role of trade policies as tools to diffuse tensions and align geopolitics with economics. We provide a conceptual discussion on how geopolitical considerations can affect future economic prosperity in the zone. Then, to form concrete policy recommendations, we analyze how the historical evolution of trade dependencies impacted the geoeconomic balances of power and which architecture could be implemented in the Asian region to achieve the dual objectives of economic prosperity and peace. The methodology relies on simulation-based quantitative evaluations of various trade policies relevant to the region.

Climate Laws and Green Finance: The Value of Legal Commitment (ADB Economics Working Paper Series No. 830, Asian Development Bank)

Using a staggered difference-in-differences design, it finds that adopting net-zero climate laws raises the share of environmental, social, and governance fund assets by about 5 percentage points within five years. The effect operates through tighter mitigation policies and lower policy uncertainty. These findings highlight that credible legal commitments can anchor expectations and accelerate the flow of capital toward the climate transition.

Digital Trade Facilitation and Container Traffic: Evidence from the Electronic Single Window Rollout in the People's Republic of China (ADB Economics Working Paper Series No. 827, Asian Development Bank)

The PRC's digital Single Window portal integrated customs, inspection, and quarantine functions with maritime safety administration and immigration. Analyzing its staggered rollout to ports across the country, the study finds modest overall effects on cargo volume but significant increases in port calls, with no change in average ship size, loading conditions, or processing times. The impacts are concentrated among smaller vessels and less congested terminals, indicating that administrative efficiency boosts maritime activity mainly through higher vessel frequency.

Panama Canal Drought and Supply Chain Disruptions in Asia-US Trade: Evidence from Micro-Level Trade Shipments and Vessel Trajectory Data (ADB Economics

Working Paper Series No. 822, Asian Development Bank)

Disruptions at global chokepoints propagate shocks through supply chains. This paper finds that the 2022–2023 drought induced significant delays in Panama Canal voyages and erased normal-time efficiency gains. Delays were largest for metals and light manufactures, while food shipments saw no significant effect.

Growth Steadies but Uncertainty Lingers (Asian Development Outlook (ADO)

December 2025, Asian Development Bank)

Resilient exports—particularly of semiconductors and other technology-related products—moderating inflation, and stable financial conditions have strengthened the region's growth outlook. However, growth is still projected to moderate next year due to higher tariffs and weaker global economic activity. Risks to the regional outlook include renewed trade tensions and financial market volatility, as well as geopolitical pressures and a worse-than-expected deterioration in the property market in the People's Republic of China.

Economic Impacts of the United States Tariff on Cambodia (ADB Briefs No. 360,

Asian Development Bank)

Exports to the United States account for about 30% of Cambodia's total exports. The effects of the 2025 US tariff on imports from Cambodia are therefore of central concern as the country aspires to maintain the high economic growth rate achieved over the past decade. Analysis in this brief suggests that the overall impact of the 19% tariff imposed in August 2025 will be negligible, but that further tariff escalation would cause significant labor market disruption, requiring strengthened investments in social safety nets and workforce training.

Is There an Underside to Economic Growth? A Mixed-Methods Analysis of

Malaysia (World Bank)

This paper sheds light on a Malaysian paradox that may have lessons for the rest of the world. Despite high GDP growth with concurrent sharp reductions in income poverty and inequality, there has been widespread discontent in the country. The paper first documents various dimensions of the Malaysian miracle with a diverse set of survey data. It then draws on a large sample of open-ended focus group discussions to delve beneath the surface of the data, analyzing how middle-class and low-income Malaysian citizens perceive these changes, the challenges they face, and their sources of discontent. The findings reveal a broad consensus that while material living standards have improved, they have been accompanied by an underside, including a significant imbalance between income and expenses,

a need to rely on dual incomes and multiple jobs, growing indebtedness, increased stress, and polarization across ethnic groups. Furthermore, people in poorer regions of Malaysia demonstrate a greater concern for social status, with a preference for relative over absolute income, compared to those in richer regions, indicating that growth may reduce social connectedness. The paper then draws on the work of Karl Polanyi and Fred Hirsch to argue that the Malaysian paradox may reveal something more general about the social embeddedness of economic life and its implications for why some people may experience the downsides of economic growth.

Green Product Exports, Domestic Value Added and Trade Policies: Firm-Level Evidence from China (Policy Research Working Paper; 11240, World Bank)

This paper examines the roles of tariff and non-tariff measures in China's meteoric rise as the world's leading green product supplier. Evidence from customs transaction data from 2000 to 2016 shows that processing firms propelled the export surge, utilizing the expanding domestic material varieties due to trade liberalization benefiting their upstream suppliers. The substitution of domestic materials for imported materials raised the domestic value-added ratio of the processing firms and the exports of green products. A two-sector model rationalizes the empirical results. Trade policy liberalization, together with industrial policies, market scale, and synchronized global demand, contributed to China's dominance.

Symbols and Progress (F&D December 2025, International Monetary Fund)

Papua New Guinea's new banknotes honor 50 years of independence

Counting Smarter (F&D December 2025, International Monetary Fund)

The head of India's statistics ministry, Saurabh Garg, explains how he is tackling challenges of scale as demand for real-time data grows

Understanding China's 2024–25 Frontloading from the Lens of Product-Level Export Baskets (Working Paper No. 2026/013, International Monetary Fund)

A striking feature of US-China trade tensions in mid-2025 is China's acceleration of exports to the US ahead of new tariff increases, a phenomenon we term export frontloading. To understand how this was achieved, we develop a factor model analytical framework to characterize China's product-level exports, across time and destinations, according to a set of latent export baskets. Applying this to data from China's General Administration of Customs, we document the channels behind the 2024-25 episode and compare them with the 2018 US-China trade tensions. Our analysis points to broad-based adjustments across multiple dimensions in a manner not observed in 2018: (i) shipments to the US accelerated in the second half of 2024, possibly supported by the retention of intermediate inputs that facilitated a ramp-up in domestic production; (ii) from January 2025, domestic production slowed and

shipments of intermediate inputs to Vietnam and other ASEAN economies accelerated, consistent with the relocation of export-oriented manufacturing following US tariffs; (iii) exporters prioritized shipments to the US through March 2025, reallocating flows away from third destinations with similar export profiles; and (iv) as shipments to the US fell sharply in April-May amid the escalation of reciprocal tariffs, the decline was offset by increased shipments to third destinations consistent with fulfilling previously deferred orders.

The Economic Implications of the Energy Transition in Asia-Pacific (Working Paper No. 2026/001, International Monetary Fund)

This paper examines the economic effects of the global energy transition and the large uncertainty surrounding future fossil fuel demand on countries in the Asia-Pacific region. Under the paper's baseline, coal demand is expected to shrink by 15 percent by 2035, although depending on global policy ambition and technological uptake, the decline could be as large as 45 percent. Model simulations indicate that one-third of global coal capital stock and one-quarter of Asia-Pacific coal capital stock could become stranded if the speed of the transition is underestimated. By contrast, global natural gas faces both upside and downside risks: when energy policy targets coal alone, natural gas extraction benefits, prompting an 18 percent rise in capital stock, whereas a fuel-agnostic transition would reduce gas capital stock by 16 percent. Impacts differ across countries, with high-cost coal exporters facing early losses, low-cost producers potentially gaining market share, and some gas exporters benefiting under select scenarios. At the same time, new growth opportunities will emerge for countries with strong critical mineral endowments and green energy potential.

Stuck in the Middle with You? An Assessment of Income Dynamics in Indonesia
(Working Paper No. 2025/265, International Monetary Fund)

The middle class can play a pivotal role as a growth driver in achieving Indonesia's Golden Vision of becoming a high-income country by 2045. However, it remains narrow, at under 20 percent of the total population. It is also highly vulnerable, given a waning purchasing power, and unfavorable labor market dynamics. In contrast with the steady progress of the bottom half of the income distribution, the middle-class share has declined since 2019, driven, *inter alia*, by labor market shifts toward informality, falling real incomes, pandemic scarring. Reversing this trajectory requires broad-based structural reforms focused on revitalizing private-sector led growth, including investment to create formal sector jobs, aligning education with labor market needs and develop skills to raise economic sophistication, and enhancing productivity and resilience. Reforms that enhance the ease of doing business, such as reducing regulatory barriers and uncertainty and improving governance, can help facilitate convergence to high-income status and benefit the middle class.

Can Healthy Aging Boost Labor Supply? Evidence from Korea (Working Paper No. 2025/260, International Monetary Fund)

This paper examines the role of 'healthy aging' in boosting labor supply in Korea. First, we use microdata from surveys to assess whether there is evidence that the physical abilities of individuals

aged 50 years and above have been improving over successive cohorts. Second, we investigate whether health improvements among older workers influence their labor market outcomes, such as the decision to supply labor or to retire. We use an instrumental variable approach to enable causal inference, proxying exogenous variations in health with the incidence of certain chronic diseases. Our findings reveal that (i) physical health indicators have improved on average across birth cohorts, providing evidence in favor of 'healthy aging' in Korea, and (ii) better health increases the probability of participating in the labor force and postponing retirement. Overall, our results suggest that healthy aging has increased the labor supply of older individuals in Korea by around 1.9 percentage points per year during the 2006-20 period. The results for Korea are qualitatively comparable but quantitatively somewhat stronger than those for comparator Asian countries.

Changes in Bank Lending Standards and the Macroeconomy: Evidence from Mongolia (Working Paper No. 2025/262, International Monetary Fund)

This paper examines the macroeconomic effects of credit supply shocks in Mongolia. Using bank credit surveys and a newly constructed indicator of changes in lending standards, adjusted for macroeconomic and bank-specific factors influencing credit demand, we identify the impact of credit supply disruptions on key macroeconomic variables. Our findings reveal that one standard deviation shock to credit supply leads to an initial reduction in total lending growth, output growth, and inflation. Decomposing the shocks into credit supply components we find that shocks to enterprise and household lending also have similar effects on respective lending growth rates. However, household credit supply shocks have a stronger impact on output growth, while enterprise credit supply shocks have a stronger impact on inflation. Variance decomposition analysis suggests that adjusted credit supply shocks purged from demand fluctuations hold significant power in explaining the variability of macroeconomic variables. Overall, our results confirm the importance of credit supply shocks for macroeconomic variables in Mongolia.

Reforms to Reduce China's High Household Savings (Working Paper No. 2025/259, International Monetary Fund)

Household savings in China are markedly higher than in peer economies, which have been channeled into financing excessive investment. This paper examines the structural and cyclical factors contributing to China's elevated household savings. The analysis suggests that low government social spending in rural areas and residency ("Hukou") restrictions in urban areas play a significant role in increasing household savings. In addition, the paper provides evidence that fluctuations in real estate prices significantly impact household savings, both through the wealth effect and the downpayment effect (i.e., need for non-homeowners to save so as to afford downpayments), though the latter channel has weakened after the recent real estate market correction. These findings suggest that further strengthening social safety nets, continuing Hukou reforms, and policies that promote a more efficient transition for the housing market can help reduce household savings and boost private consumption, thus facilitating China's economic rebalancing.

Playing with Blocs: Quantifying Decoupling (Working Paper No. 2025/263, International Monetary Fund)

We adopt a data-driven approach to measure trade decoupling over 2015-2023. Countries are classified into three groups according to changes in their data-inferred trade costs with the US and China: those shifting toward the US bloc, those shifting toward the China bloc, and those with no change in alignment. We document that while cross-bloc trade costs rose, they were accompanied by falling within-bloc trade costs, with average trade costs falling marginally in line with global trade resilience. We use a quantitative model to compute the real income effects of this reconfiguration of trade costs. Model simulations suggest that real income in the median country in the world, and the median country within each bloc, rose by 0.4-0.6%. Finally, we find a modest amount of bloc misalignment: the median country would be better off switching blocs. These results suggest that trade decoupling may not follow trade-driven economic interests.

Inequality, Household Debt, and the Role of Social Protection in Thailand
(Working Paper No. 2025/248, International Monetary Fund)

This study examines the nexus between inequality, household debt, and social protection in Thailand, focusing on their interrelation during the COVID-19 shock. Using data from the Thailand Household Socio-Economic Surveys of 2019, 2021, and 2023, we apply the Recentered Influence Function regression and decomposition method to identify the drivers of inequality in Thailand and demonstrate how the pandemic, despite its severe economic impact, led to a decline in income inequality through these drivers. Our analysis highlights the role of social protection, showing that social assistance helped reduce income inequality, while social insurance exerted the opposite effect in Thailand. Additionally, we investigate how income inequality and disparities in access to social protection affected household debt dynamics during the pandemic. Our findings show that lower-income households were more likely to be indebted following the pandemic, possibly reflecting increased income shortfalls. Social assistance alleviated the pandemic's effects on household debt by easing income constraints, whereas social insurance exacerbated them.

Demographics and Consumption in Asia Toward 2050 (Working Paper No. 2025/247, International Monetary Fund)

What are the implications of demographics on total consumption and its sectoral composition in Asia toward 2050? Although the literature has studied total consumption and individual consumption categories separately, the research that studies both is scarce. Using household consumption surveys from seven Asian economies and UN population projections, we find that (1) the compositional effects of demographics on total consumption can be large when middle-aged population changes rapidly, (2) due to aging, some categories, including education and transport, may grow slower than others, like health, and (3) the implications are uncertain due to factors like economic growth, fertility, and migration.

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