



**Library Link: Asia & Pacific** features the latest research on the region. Scroll down for working papers and other reports relevant to your work.

This version of Library Link: Asia & Pacific newsletter is created for the IMF - Singapore Regional Training Institute. We hope you find the content useful.

## Contents

|                                      |   |
|--------------------------------------|---|
| <a href="#">WORKING PAPERS</a> ..... | 1 |
| <a href="#">USEFUL LINKS</a> .....   | 4 |

## WORKING PAPERS

### [The Role of Geopolitics in International Trade](#) (BIS Working Paper No 1249, BIS)

Geopolitical differences have led to trade restrictions between economies. Using detailed bilateral trade data for 47 economies, we examine how geopolitics affects trade quantities and prices. We confirm that less geopolitically aligned economies trade less. From 2017–2023, trade values between distant economies grew 12 percentage points slower than between closer ones. The decline in trade values mainly reflects a drop in the quantity of goods traded, while export prices remain largely unaffected, indicating that higher costs due to geopolitical factors were passed on to importers.

### [Beyond Borders: How Remittances Are Reshaping Asia-Pacific Economies](#) (UNDP Asia)

The publication by the UNDP Regional Bureau for Asia and the Pacific highlights the significant impact of remittances on the region's economies. In 2023, Asia and the Pacific accounted for 38% of global remittance inflows, making it the largest recipient. Remittances in developing countries are comparable to total foreign direct investments (FDIs). Key recipients include India, China, the Philippines, Pakistan, and Bangladesh, while Tonga, Samoa, Nepal, Vanuatu, and the Marshall Islands have the highest remittance shares relative to GDP. The brief recommends reducing remittance costs, educating migrants and their families about safe and cost-effective channels, and leveraging remittances for development through instruments like diaspora bonds. These strategies aim to maximize the positive impact of remittances on sustainable development and economic growth in the Asia-Pacific region.

**Optimal Foreign Reserve Policy Amid Large External Shocks in Indonesia, Malaysia, and Thailand: Implications for Policy Response to Disasters** (Working Paper 1493, Asian Development Bank)

Southeast Asian countries like Indonesia, Malaysia, and Thailand face increasing risks from external shocks such as disasters. Managing these shocks is crucial for policymakers. We explore optimal foreign exchange reserve policies for three types of shocks—trade, interest rate, and productivity—using a dynamic stochastic general equilibrium model. Foreign reserve reactions should vary by shock type: reduce reserves for falling interest rates or negative export shocks and increase reserves for negative TFP shocks. We also discuss policy responses to disasters in the region.

**Quantifying the Economic Costs of Climate Change Inaction for Asia and the Pacific** (Economics Working Paper no. 771, Asian Development Bank)

Damage function extrapolation of the losses suggests they could reach 41% of gross domestic product by 2100. Even a scenario that attains Paris Agreement goals leads to 11% GDP loss by 2100. The analysis covers shocks in agriculture, fisheries, forestry, energy demand, capital (from sea level rise and riverine floods), and labor (from heat stress and extreme events). It finds that sea level rise is the largest source of loss, followed by reduced labor productivity from heat stress.

**Economic Forecasts for Asia and the Pacific: April 2025** (Asian Development Bank)

Forecasts for the region, which were finalized before new United States (US) tariffs were announced on 2 April, show growth in developing Asia and the Pacific moderating this year and next. A slowdown in the People's Republic of China (PRC) due to continued weakness in the property sector and higher US tariffs will be partially offset by higher growth in South Asia. The region will be challenged by rising trade barriers and significant trade uncertainty, but solid domestic demand and electronics exports will support growth. Regional growth is forecast at 4.9%

in 2025 and 4.7% in 2026. Inflation will moderate to 2.3% in 2025 and 2.2% in 2026 as global commodity prices decline further, enabling many regional central banks to ease monetary policy.

### **Digital Financial Inclusion and Income Inequality in China** (Working Paper No. 2025/071, International Monetary Fund)

This paper examines the relationship between digital financial inclusion, measured by the Peking University index, and income inequality in China using macro and household-level data. Higher digital financial inclusion is linked to lower income inequality within provinces, benefiting lower-income households through increased salaries and transfers. However, it does not significantly impact income inequality across provinces, with the southern region benefiting more than the northern region. Digital financial inclusion has larger effects on rural, female-headed, and less educated households, contributing to reduced overall income inequality, but has a smaller effect on elderly households, highlighting the "digital divide" among the elderly in China.

### **Interactions Between Public and Private Sector Wages and Inflation in Mongolia** (Working Paper No. 2025/053, International Monetary Fund)

The 2023 public sector wage increase in Mongolia may affect private sector wages and inflation. From 2000-2023, wages grew faster than productivity, impacting inflation. Using a quarterly dataset (2000Q4-2023Q4) and SVAR model, we find private sector wage shocks have a stronger immediate impact on inflation, peaking within four quarters, while public sector wage shocks peak between six and nine quarters. Private sector wage shocks significantly influence public sector wages, suggesting the private sector leads in wage setting. Public wage policies should align with productivity changes to ensure stability.

### **Potential Impact of Higher United States Tariffs on Asian Economies** (Asian Development Bank)

Using the Global Trade Analysis Project model, higher US tariffs could halve the trade deficit and boost nominal income. However, retaliatory tariffs would reduce US income, harm production capacity, and lower real GDP, especially if free trade partners retaliate. Asian economies would be less affected than Canada and Mexico. China's nominal income and trade surplus could decline slightly, with minimal impact on real GDP. Retaliation would further harm US economic growth and slow global growth.

### **Navigating Asia's New Trade Reality After the US Tariff Shock** (World Economic Forum)

President Trump's new tariffs escalate trade tensions and rewrite the global playbook. Asia can now lead the reinvention of globalization. Executives should build regionalized value-creation ecosystems.

## USEFUL LINKS

**IMF Library:** <https://library.worldbankimflib.org>

**IMF Publications:** <https://www.imf.org/en/publications/search>

**eLibrary:** <https://www.elibrary.imf.org/>

**World Economic Outlook:** <https://www.elibrary.imf.org/subject/081>

**Global Financial Stability Report:** <https://www.elibrary.imf.org/subject/082>

**IMF News:** <https://www.imf.org/en/News>

## COPYRIGHT

The IMF Library observes U.S. and international copyright laws and is required to comply with its Copyright Clearance Center license agreement; you may not systematically download and store journal articles, reports, or data on your PC or distribute them to others. Additional restrictions on usage may apply.



**INFORMATION, RESILIENCE  
AND SERVICES**

Corporate Services and Facilities