

ASEAN+3 Regional Economic Outlook 2025

Positioned for Resilience



Presentation outline

01 Macroeconomic Prospects and Challenges

- Developments and outlook
- Policy recommendations

02 Inflation in ASEAN+3: Changing Dynamics and Policy Implications

- Shifts in inflation dynamics
- Policy experience and lessons

03 Long-term Growth of ASEAN+3: Prospects and Policies

- Long-term Trend Growth in ASEAN+3
- Productivity Growth and Structural Change in ASEAN+3
- Policy priorities



Presentation outline

01 Macroeconomic Prospects and Challenges

- Developments and outlook
- Policy recommendations

02 Inflation in ASEAN+3: Changing Dynamics and Policy Implications

- Shifts in inflation dynamics
- Policy experience and lessons

03 Long-term Growth of ASEAN+3: Prospects and Policies

- Long-term Trend Growth in ASEAN+3
- Productivity Growth and Structural Change in ASEAN+3
- Policy priorities

Key highlights

1

Large trade shock: US's sweeping tariff actions set to have very significant and uneven impact globally and for ASEAN+3.

2

High uncertainties: Uncertain if tariffs would remain in current form, further escalations, and other shocks might be introduced.

3

Positioned for resilience: The region entered this from a position of resilience: robust domestic demand, reduced reliance on the US, and policy space to mitigate short-term fallout of this shock.

4

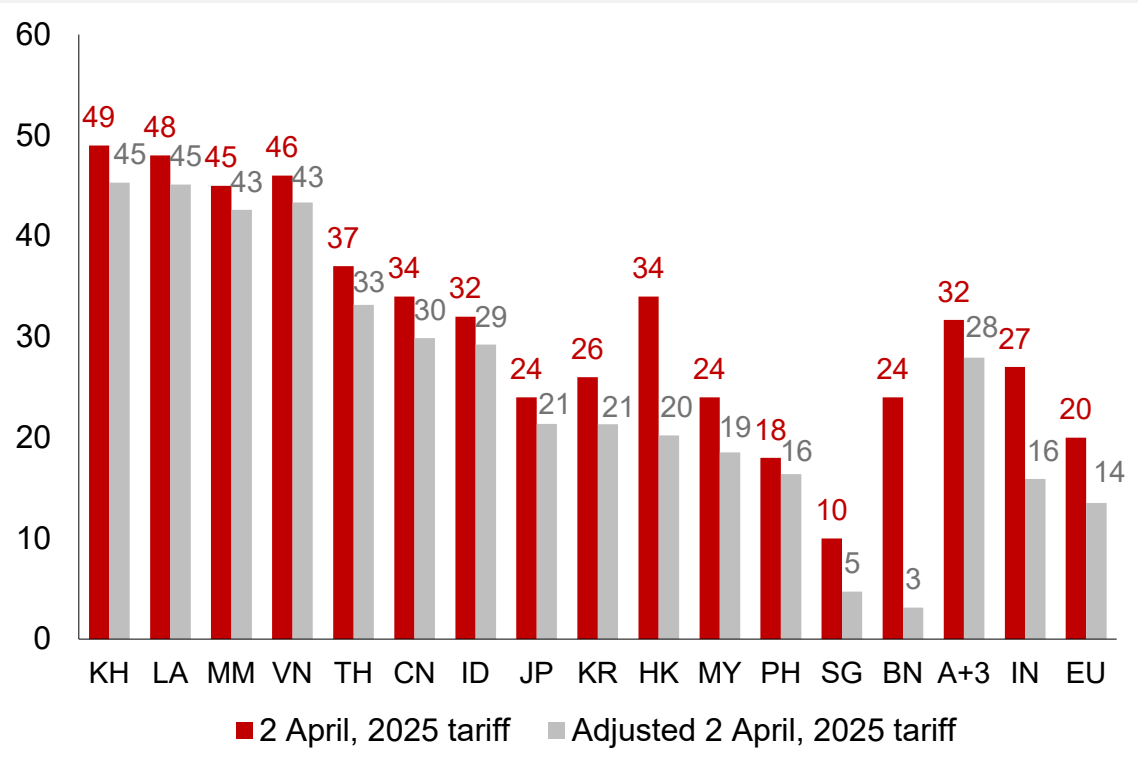
Longer term priorities: Further accelerate exports diversification, including in services, and deepen intraregional integration, and build foundations for future growth.

Sweeping tariffs by the US would have very material impact on ASEAN+3

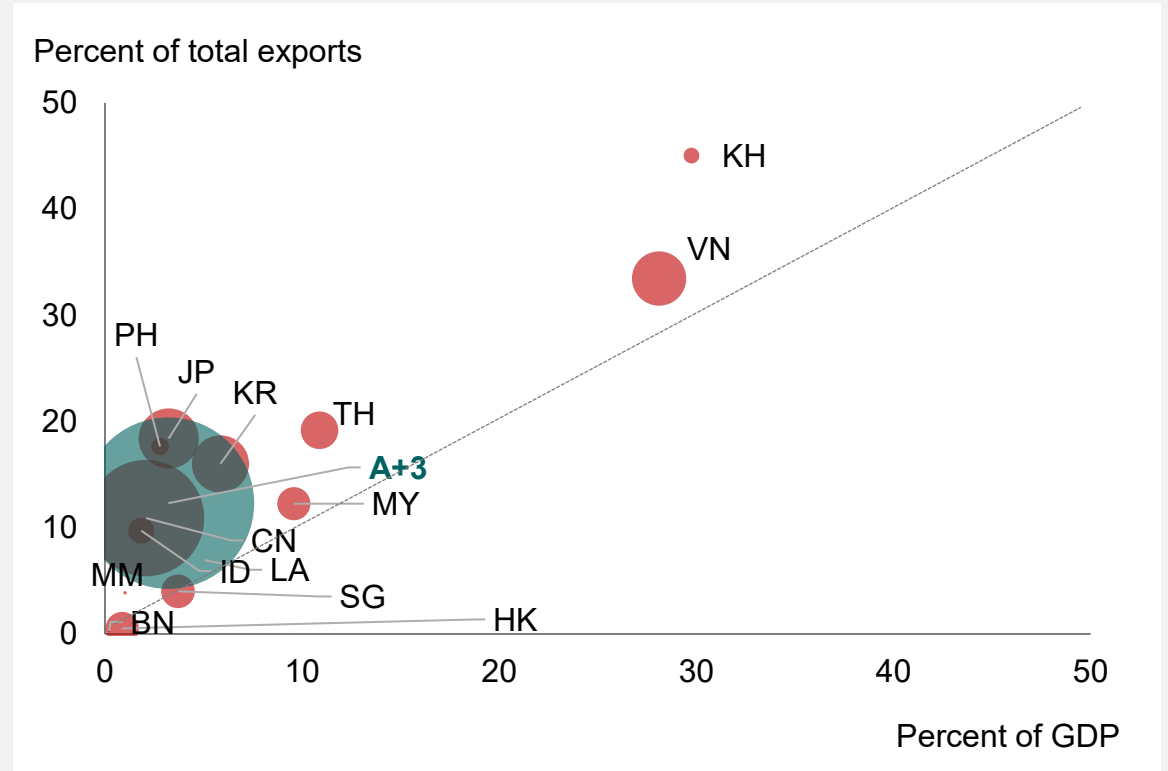
The ASEAN+3 region bears a disproportionate burden of the new trade measures.

Cambodia and Vietnam are most affected, while for most regional economies, affected exports represent a smaller percent of GDP.

United States: Adjusted April 2, 2025 Tariff Rate for Imports from ASEAN+3
(Percent)



ASEAN+3: Share of Total Exports and GDP Affected by Effective Tariff
(Percent share of total exports; percent share of GDP)



Source: S&P Global Trade Analytics; AMRO staff calculations.
Note: Adjusted April 2, 2025 tariff is calculated by adjusting the tariff rate announced on April 2, 2025 to account for product exemptions listed in Annex II of the April 2 Executive Order and applying a 25-percent tariff specifically to automotive, steel, and aluminum products. [Click here for the list of exempted goods.](#)

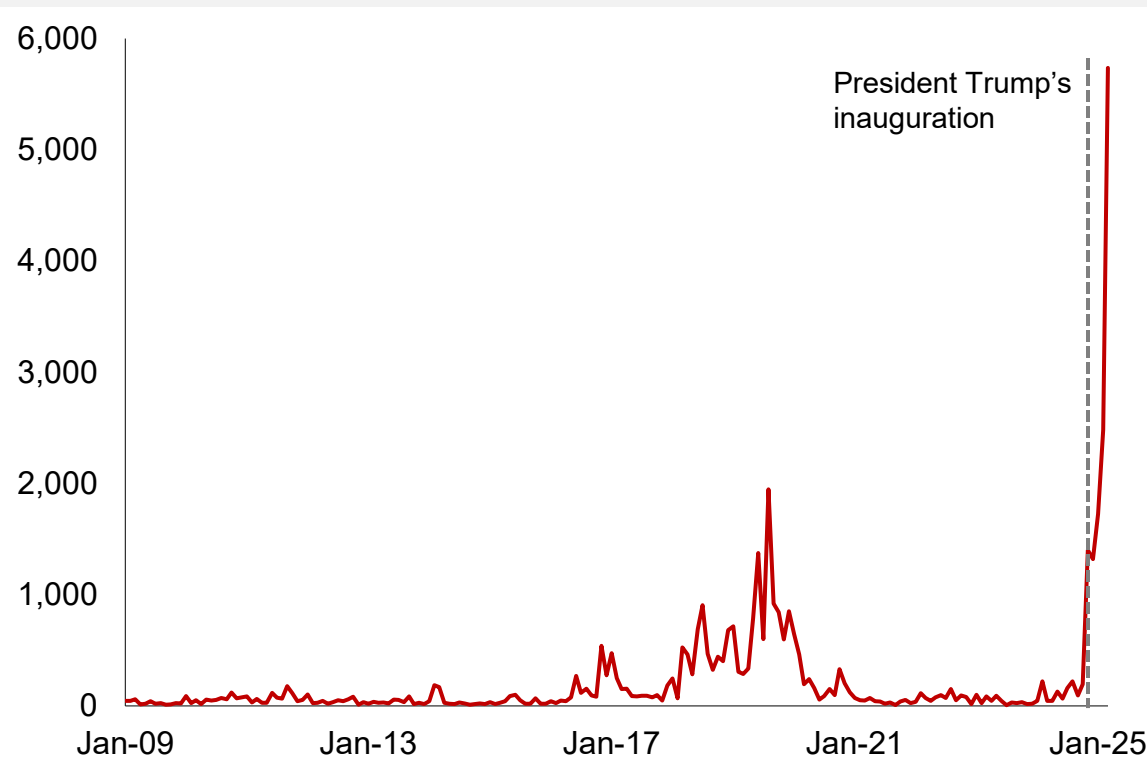
Source: S&P Global Trade Analytics, International Monetary Fund; National authorities via Haver Analytics; AMRO staff calculations.
Note Size of the bubble represents the size of each economy's exports to the US in the 12 months up to November 2024.

Heightened uncertainties can adversely affect growth even if tariffs escalation is rolled back

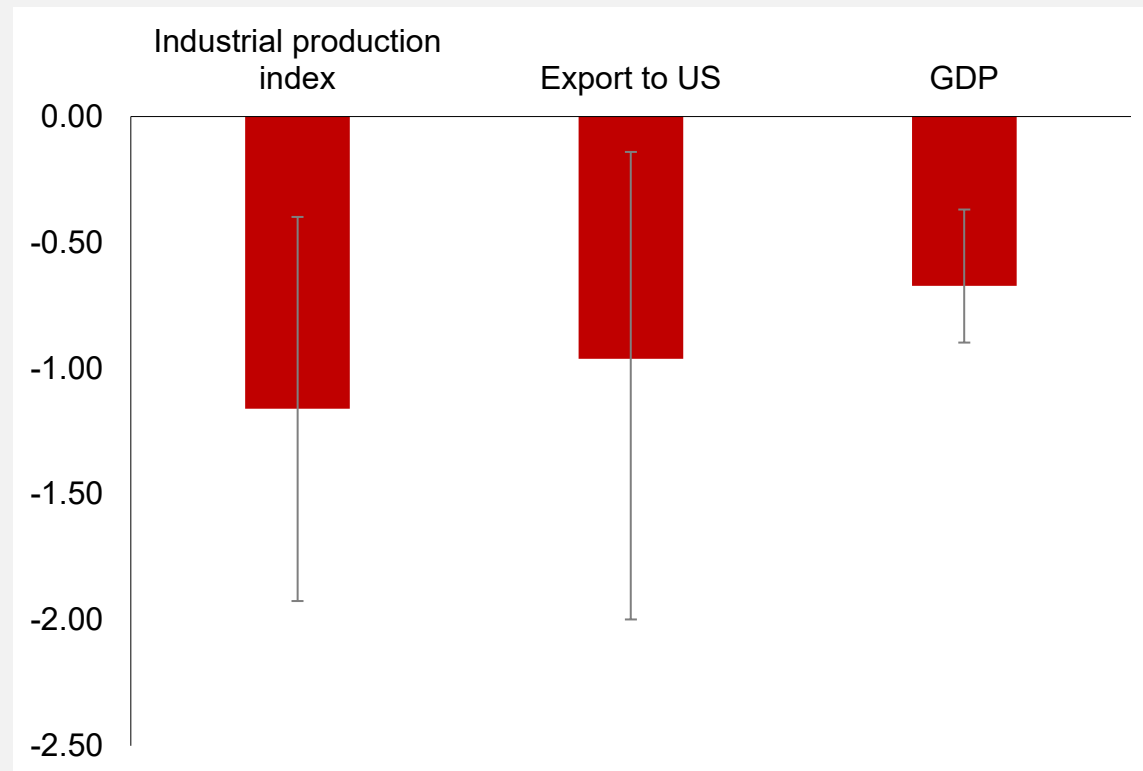
Since the beginning of the new US administration, trade policy uncertainty has escalated to unprecedented levels

Trade uncertainty shock will have material impacts on the regional industrial production, exports and GDP

United States: Trade Policy Uncertainty
(Index, 1985–2010 = 100)



ASEAN+3: Impulse Response to Trade Policy Uncertainty Shock
(Percentage points)



Source: Baker, Bloom, and Davis (2016).

Note: Daily US Economic Policy Uncertainty (EPU) index is based on news-based measures by Baker, Bloom, Davis (2016). Each categorical series is multiplicatively normalized to have a mean of 100 from 1985–2010.

Source: National authorities via CEIC and Haver Analytics; AMRO staff calculations.

Note: The results are based on a panel vector autoregression estimated for Q1 2010 to Q4 2024 for China, Hong Kong, Japan, Korea, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

Preliminary estimates suggest that ASEAN+3 growth could slip below 4% this year but there remains considerable uncertainty and significant downside risk of further trade war escalation

ASEAN+3: AMRO Staff Preliminary Growth and Inflation Estimates and Forecasts, 2025–26
(Percent, year-on-year)

Economy	AREO 2025			‘Liberation Day’ Scenario			‘Pause’ Scenario	
	2025f	2026f		2025f	2026f		2025f	2026f
ASEAN+3	4.2	4.1		3.8	3.4		3.3	2.4
Plus-3	4.1	4.0		3.7	3.3		3.0	2.2
ASEAN	4.7	4.7		4.4	3.8		4.5	3.4
US	2.2	2.0		1.4	1.0		1.9	0.0
World	3.0	3.0		2.7	2.2		2.6	1.6

Source: National authorities via Haver Analytics; AMRO staff estimates.

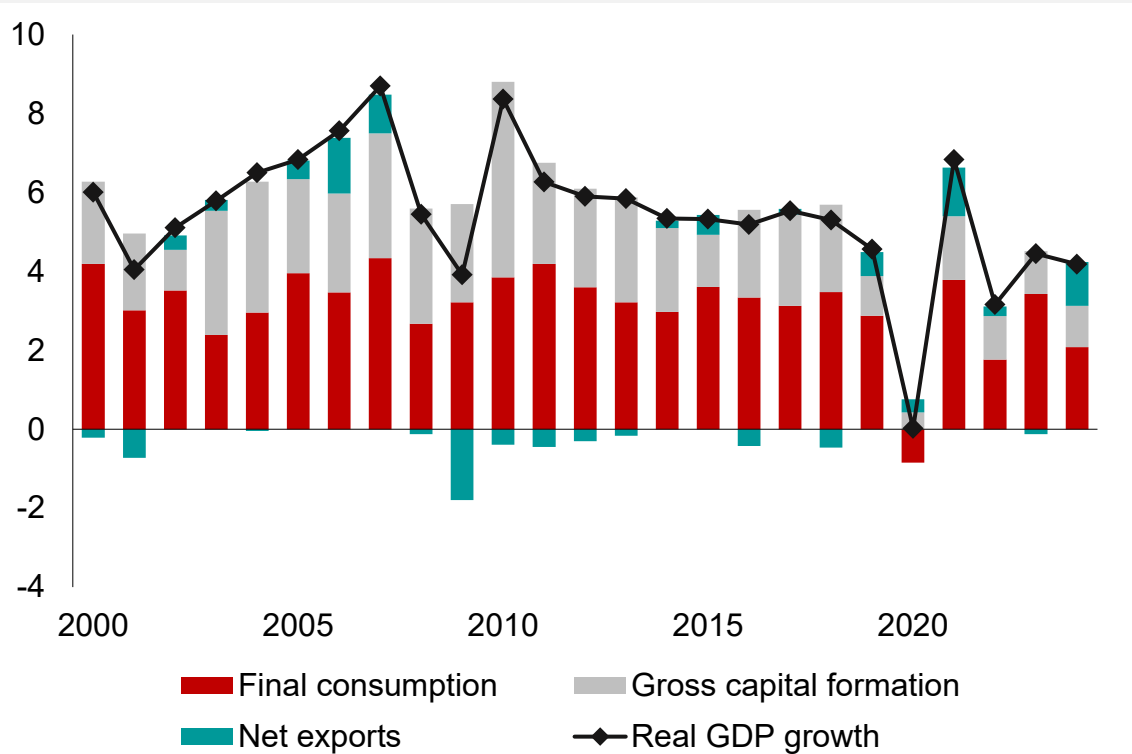
Note: AREO 2025 was finalised before 2 April. ‘Liberation Day’ and ‘Pause’ scenarios do not include the impact of policy response to counteract the negative impact of the tariffs.

1 The region entered this uncertain global trade environment from a position of strength, with robust domestic demand...

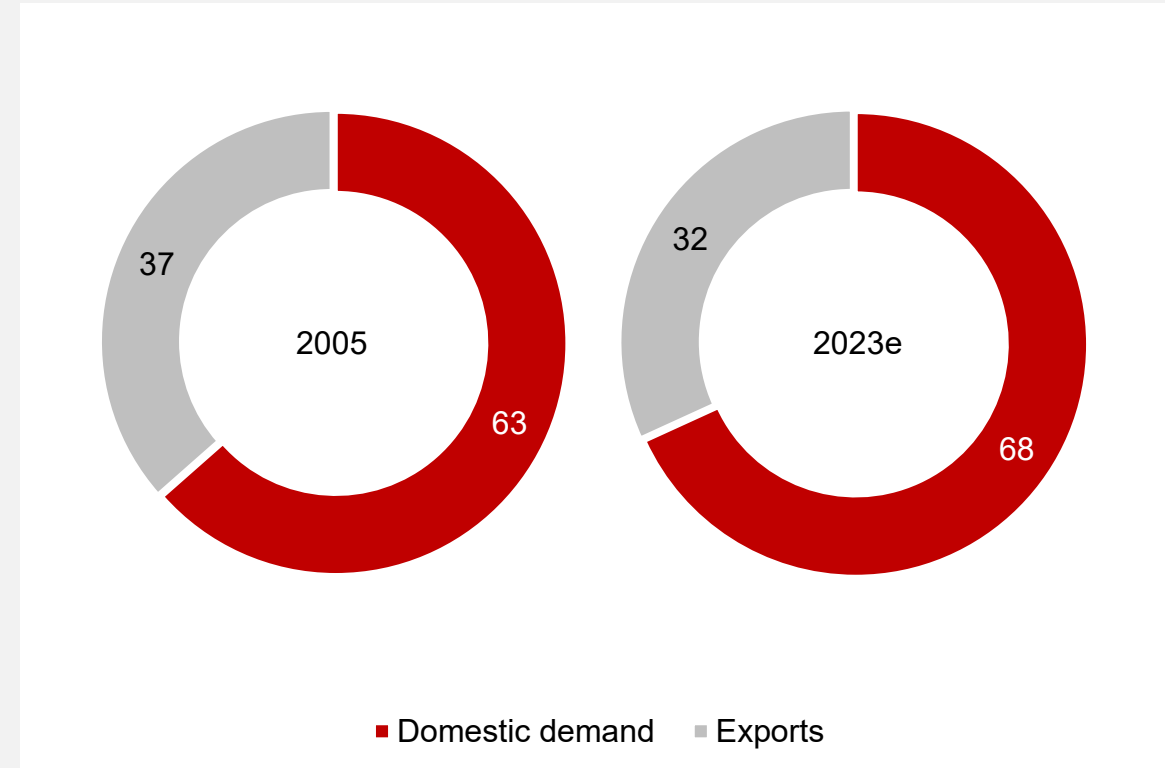
Domestic demand – both consumption and investment – remains the primary driver of growth.

Growth in the region has become increasing more balanced structurally, with domestic demand becoming more important.

Selected ASEAN+3: Contribution to Real GDP Growth
(Percent, year-on-year)



ASEAN-4 and Vietnam: GDP Decomposition, Import-Adjusted GDP Framework
(Percent share of GDP)



Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: Statistical discrepancies are not shown. Excludes Cambodia, Lao PDR, Myanmar, and Vietnam.

Source: National authorities; Organisation for Economic Co-operation and Development; AMRO staff estimates.
Note: Domestic demand refers to private and public consumption and investment (net of imports).

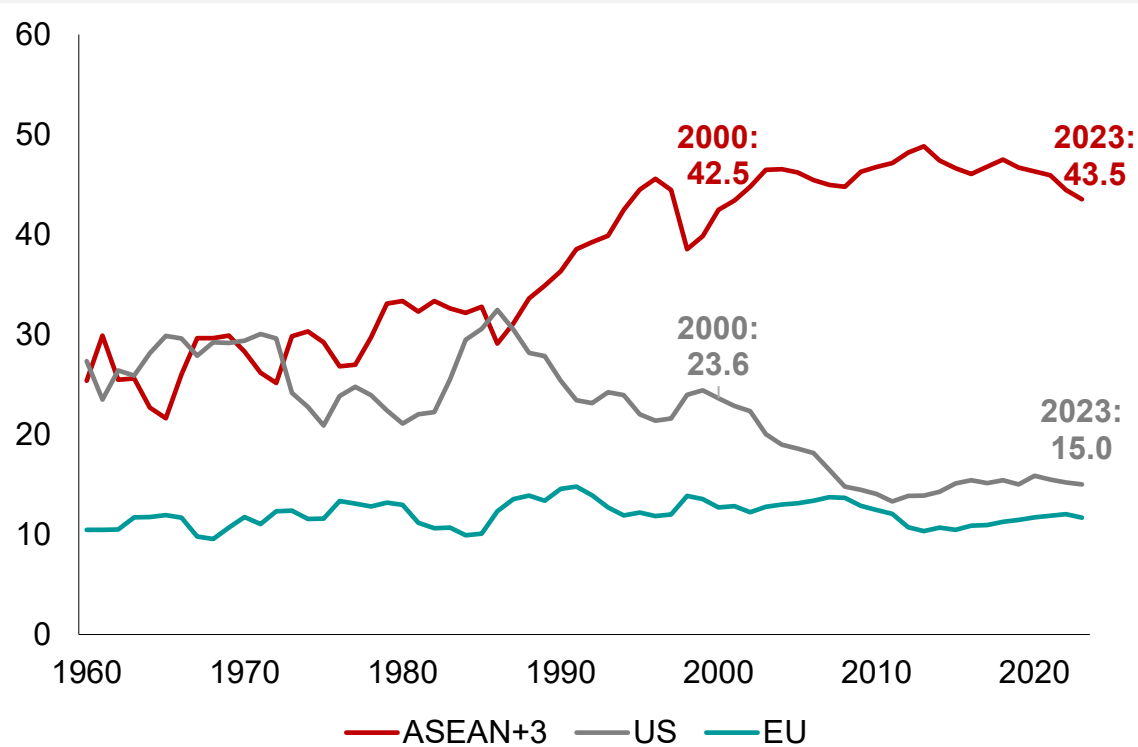
2

... reduced reliance on the US as an export market...

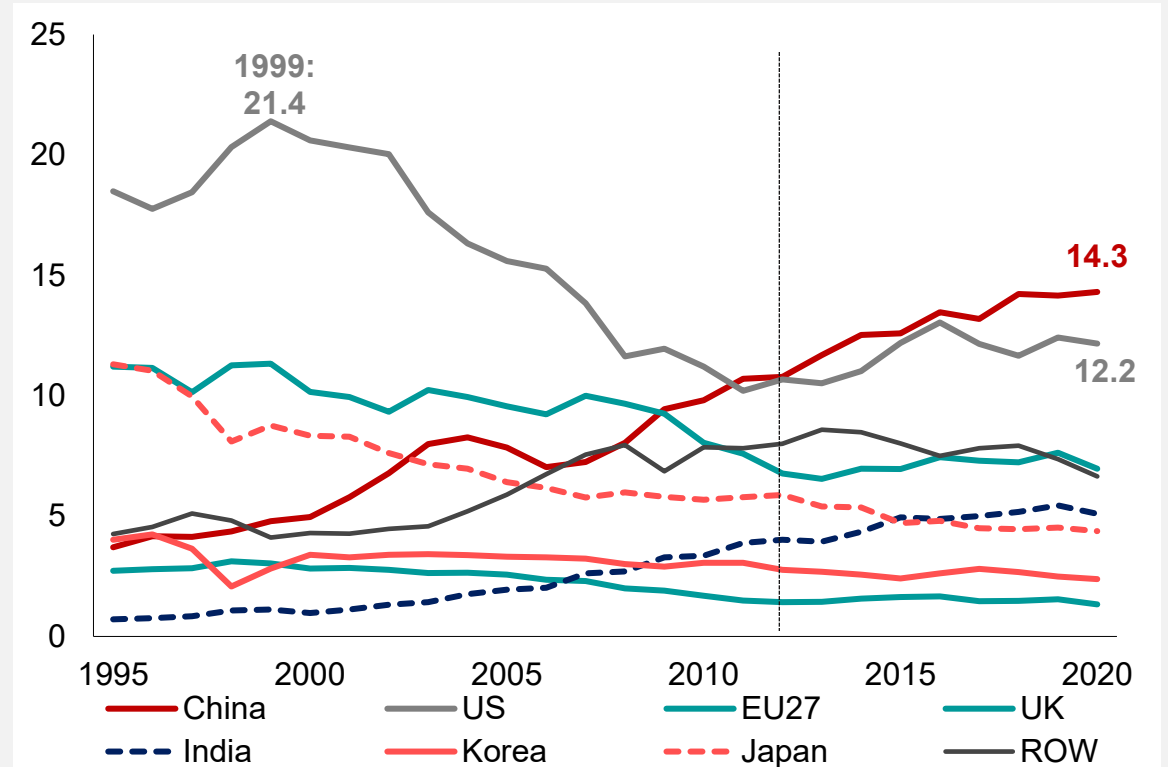
Exports to the US have declined alongside rising intraregional trade, which is now triple the size of exports to the US.

China has also surpassed the US as the final consumer for the region's exports.

ASEAN+3: Gross Exports to Key Trading Partners
(Percent share of gross exports)



Selected ASEAN+3: Domestic Value-added Exports, by Final Market
(Percent of gross exports)



Source: IMF via Haver Analytics; AMRO staff calculations.
Note: US = United States; EU = European Union and refers to EU27.

Source: OECD TiVA; AMRO staff calculations.
Note: For series where Korea or Japan is the final market, the respective economy is excluded from the regional exports share calculation.

3

... and sufficient policy space to navigate near-term impact of the current shock.

Most economies have moderate policy space, providing sufficient room to address short-term risks

ASEAN+3: Fiscal and Monetary Space in 2025

		Monetary Policy Space		
		Limited	Moderate	Ample
Fiscal Policy Space	Limited	LA	JP, MM	
	Moderate	KH	CN, KR, ID, MY, PH, TH, VN	
	Ample	HK, BN	SG	

- With most economies assessed to have moderate policy space, scope exists for policy to **support growth** to mitigate the negative impact of the trade shock.
- Steady efforts to **strengthen fiscal positions** to rebuild fiscal space since the pandemic provide some policy flexibility to most in the region.
- Monetary policy adjustments expected to be **carefully calibrated** based on domestic conditions while maintaining **exchange rate flexibility** and vigilance against financial stability risks.

Source: AMRO staff assessment.

Key highlights

1

Large trade shock: US's sweeping tariff actions set to have very significant and uneven impact globally and for ASEAN+3.

2

High uncertainties: Uncertain if tariffs would remain in current form, further escalations, and other shocks might be introduced.

3

Positioned for resilience: The region entered this from a position of resilience: robust domestic demand, reduced reliance on the US, and policy space to mitigate short-term fallout of this shock.

4

Longer term priorities: Further accelerate exports diversification, including in services, and deepen intraregional integration, and build foundations for future growth.



Presentation outline

01 Macroeconomic Prospects and Challenges

- Developments and outlook
- Policy recommendations

02 Inflation in ASEAN+3: Changing Dynamics and Policy Implications

- Shifts in inflation dynamics
- Policy experience and lessons

03 Long-term Growth of ASEAN+3: Prospects and Policies

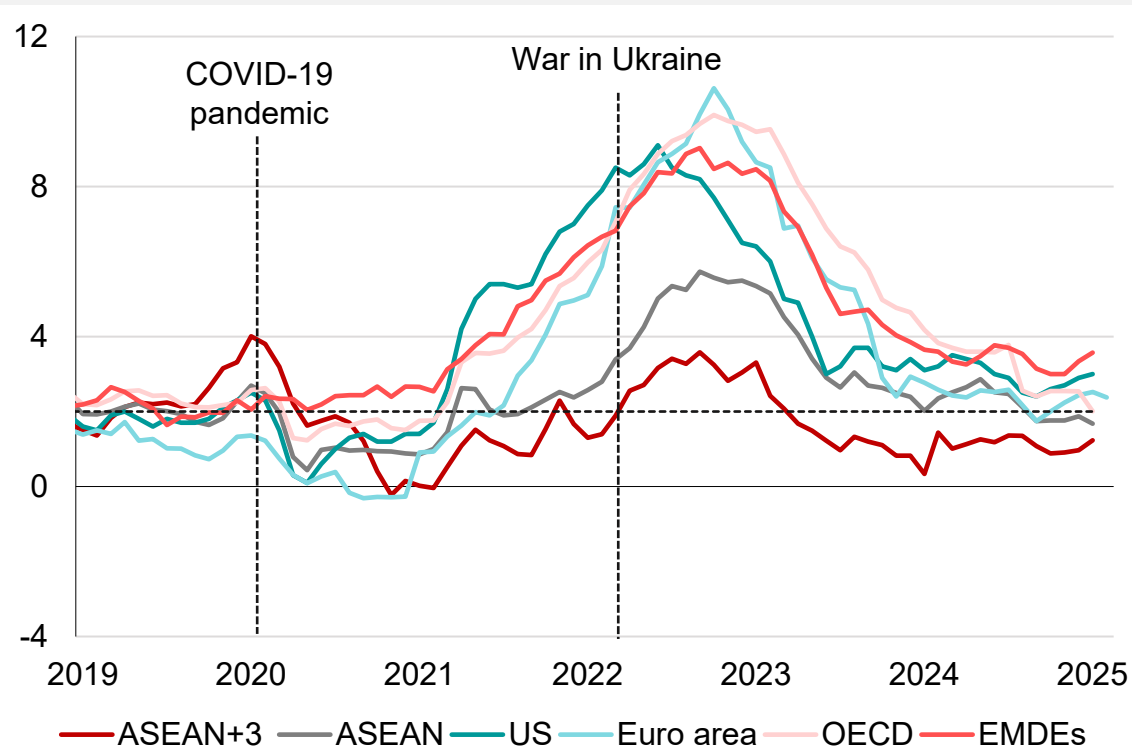
- Long-term Trend Growth in ASEAN+3
- Productivity Growth and Structural Change in ASEAN+3
- Policy priorities

Like the rest of the world, the region saw a surge in inflation in 2021, but was more moderate and short-lived compared to other regions

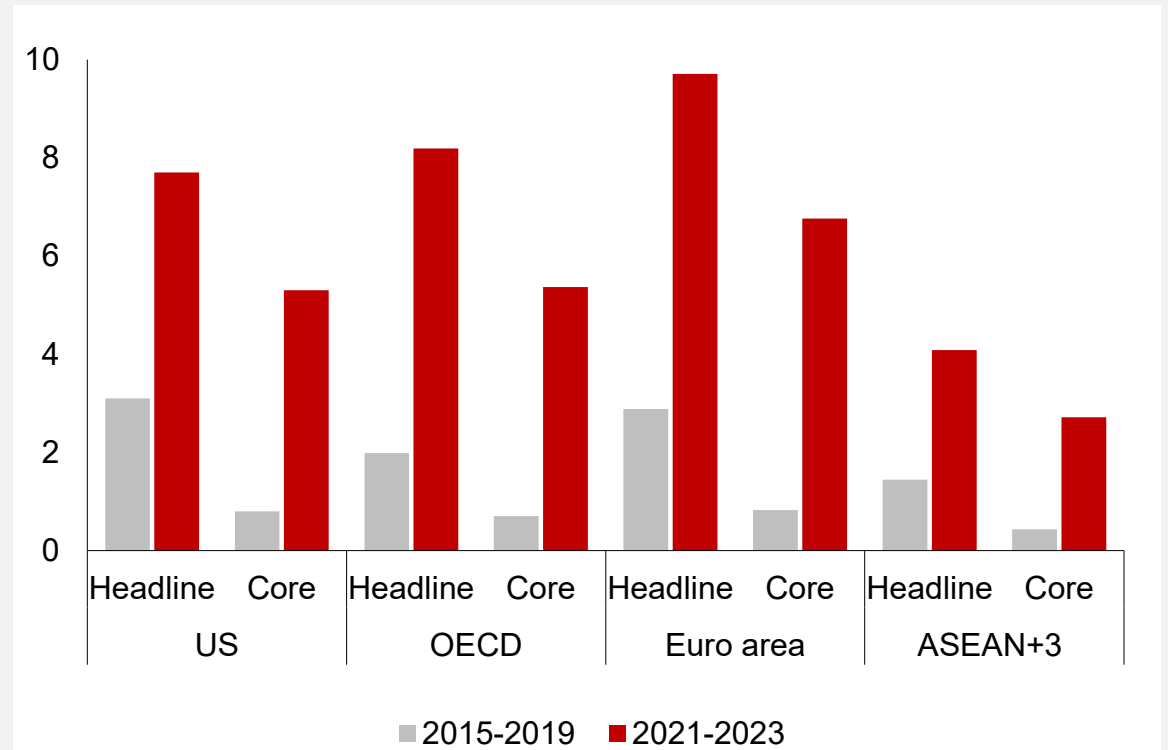
ASEAN+3 headline inflation peaked in 2022—at less than half that of other major economies.

Inflation volatility in the region was also more contained compared to other regions.

Selected Economies: Headline Inflation
(Percent)



Selected Economies: Range of Headline and Core Inflation
(Percentage points)



Source: National authorities via Haver Analytics; World Bank; AMRO staff calculations.
Note: OECD excludes Türkiye and euro area economies. ASEAN+3 and ASEAN exclude Myanmar, and refer to the GDP-weighted mean inflation across economies.

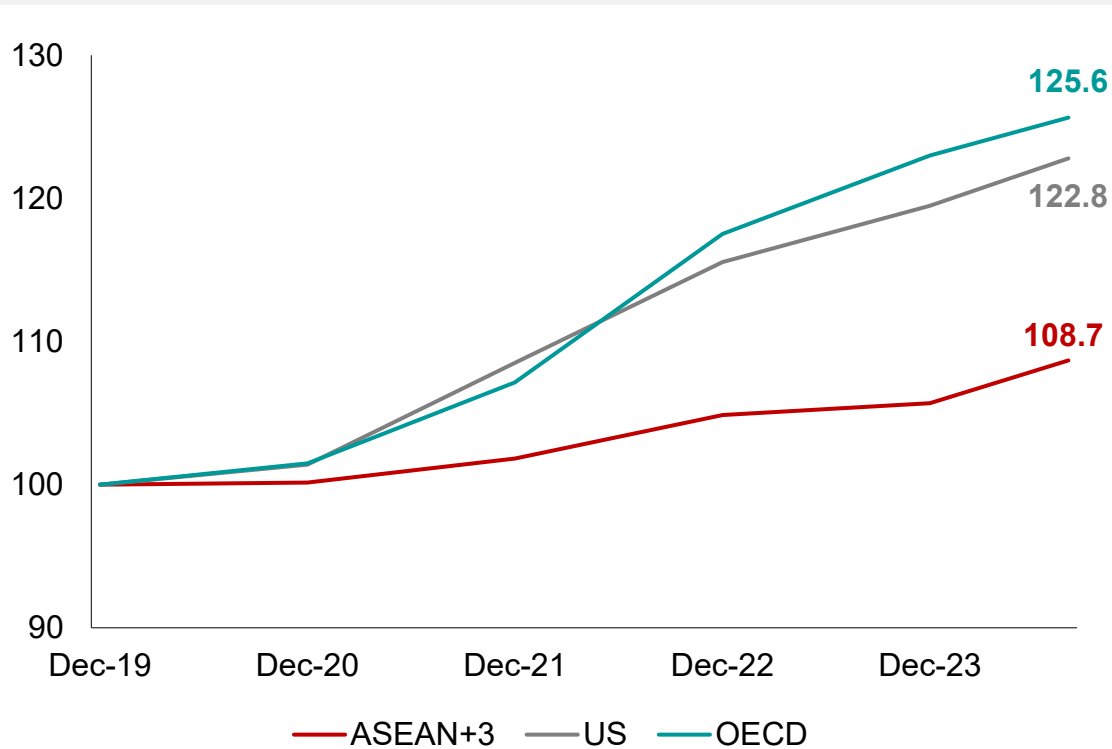
Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: Range of inflation refers to the difference between the maximum and minimum value of the regional aggregate within the time period.

The more moderate increase in price levels helped limit welfare losses

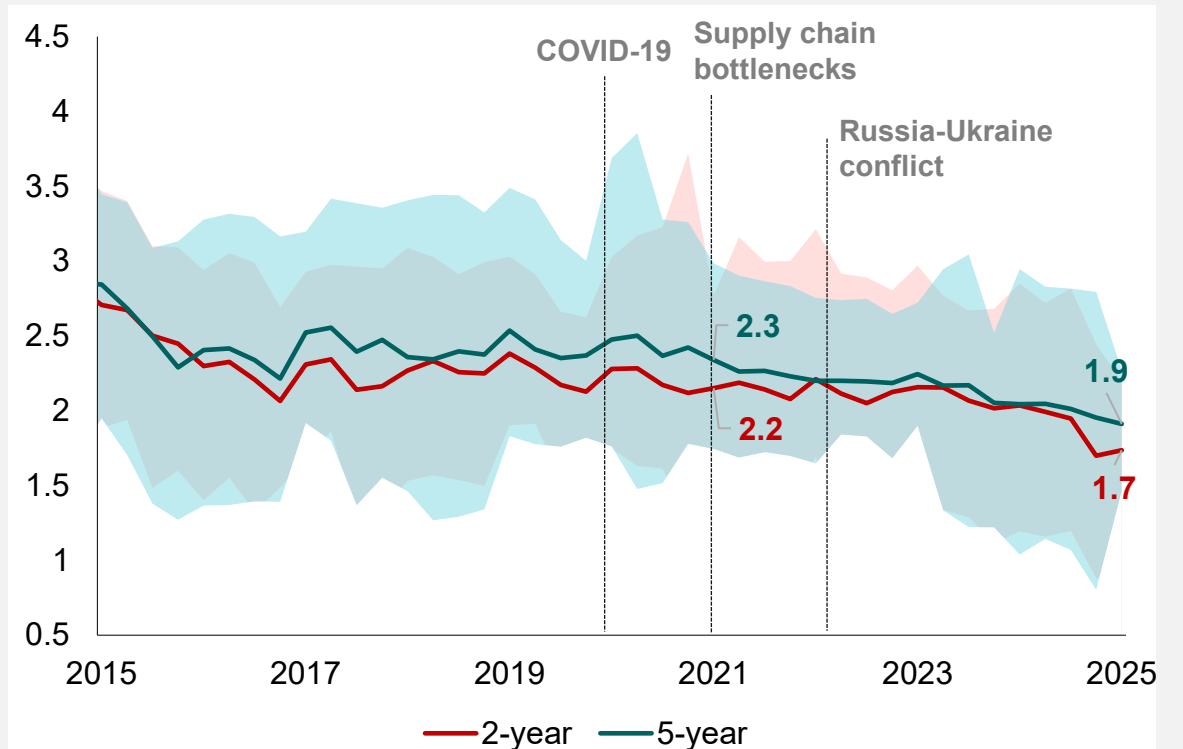
The increase in price levels is lower than in other major economies.

Inflation expectations also remained well-anchored throughout.

Selected Economies: Price Levels
(Index, 2019 = 100)



Selected ASEAN+3: Two- and Five-Year Ahead Inflation Expectations
(Percent, year-on-year)



Source: National authorities via Haver Analytics; AMRO staff calculations.
Note: ASEAN+3 price levels are calculated using the weighted average of 2023 GDP on purchasing power parity basis. Excludes Lao PDR and Myanmar.

Source: Consensus Economics; International Monetary Fund via Haver Analytics; AMRO staff calculations.
Note: Lines refer to GDP-weighted average of median inflation forecast, bands refer to GDP-weighted average of highest and lowest inflation forecasts from Consensus Economics.

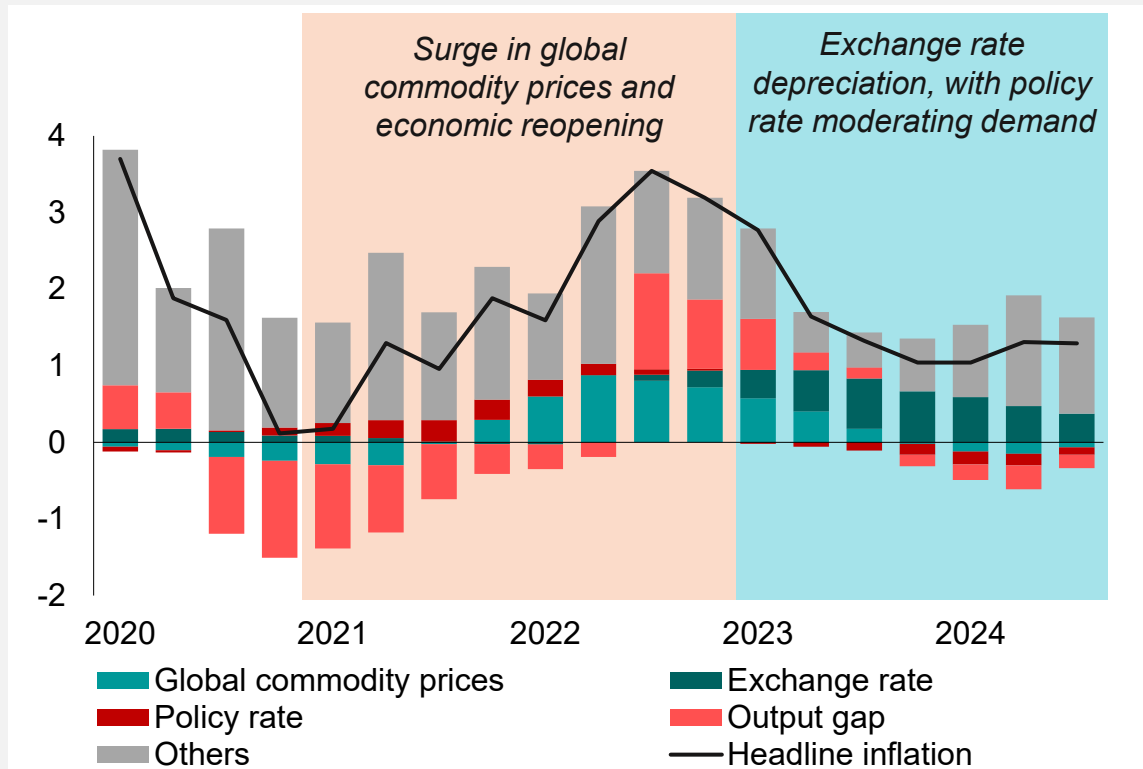
Analysis reveals the evolving interplay of supply and demand forces in the region

Global factors drove the inflation surge, while domestic policy responses subsequently moderated price pressures.

Supply factors became more important during 2021–2022, and remained relatively more so compared to the past.

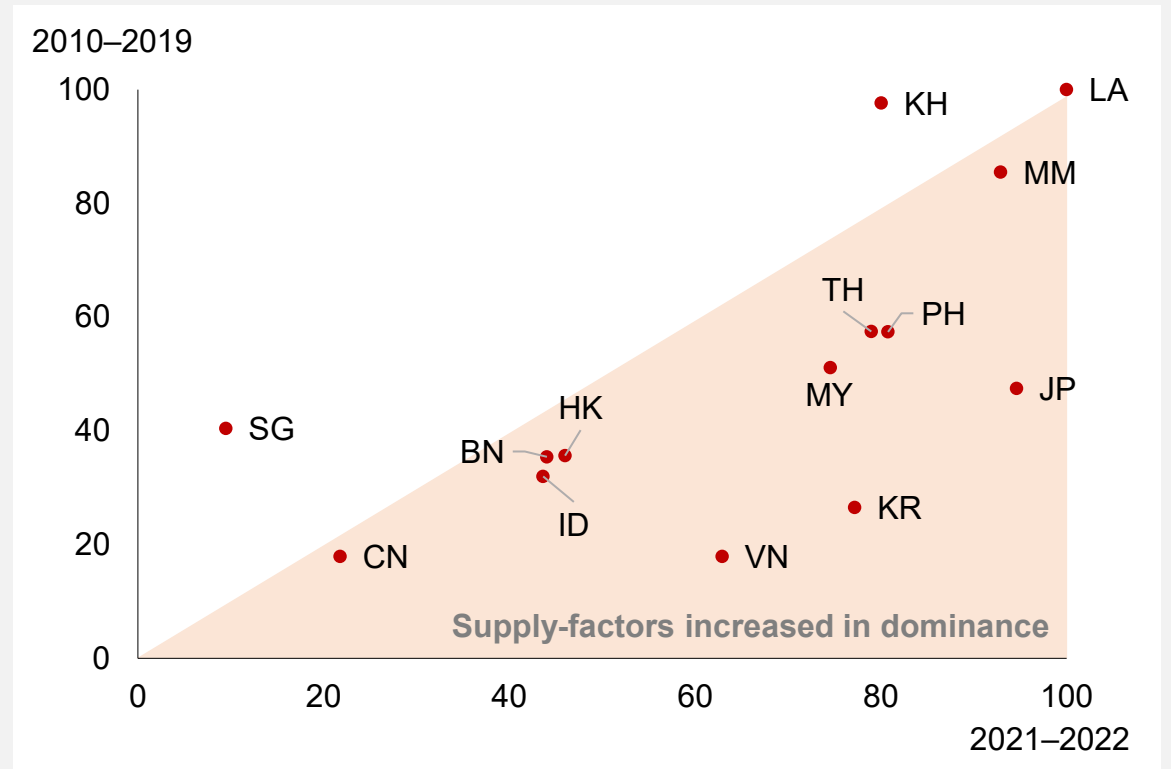
ASEAN+3: Contribution of Global and Domestic Factors to Headline Inflation

(Percentage point contribution, percent year-on-year)



ASEAN+3: Contribution of Supply Factors to Headline Inflation

(Percent share)



Source: National authorities via Haver Analytics; AMRO staff calculations.

Source: National authorities via Haver Analytics; AMRO staff calculations.

The ASEAN+3 experience offers important lessons for managing inflation in an environment of complex supply-demand dynamics

ASEAN+3 economies employed a mix of monetary and non-monetary measures to manage inflationary pressures effectively.

ASEAN+3: Major Policies to Combat Consumer Price Inflation and/or Address the Inflationary Impact in ASEAN+3 Economies, 2021–2023

	Monetary policy	Fiscal policy					Other measures	
		Energy subsidies	Administered prices / subsidies for staple food	Cash assistance	Income tax relief	Consumption tax reduction or exemption	Stockpile management	Trade-related measures
Brunei								
Cambodia								
China								
Hong Kong								
Indonesia								
Japan								
Korea								
Lao PDR								
Malaysia								
Myanmar								
Philippines								
Singapore								
Thailand								
Vietnam								

- **Monetary tightening** helped contain demand pressures and anchor inflation expectations.
- **Fiscal measures**—including subsidies, tax relief, and cash assistance—supported households and cushioned commodity price shocks.
- **Supply-side policies**, such as stockpile management and trade measures, helped manage domestic prices.

Source: AMRO staff compilation from news flows and reports by national authorities.

Moving forward

- Inflation management will become **more challenging** as structural shifts lead to more frequent and persistent supply-side shocks. Central banks may need to respond more decisively to anchor inflation expectations, while avoiding triggering unintended economic slowdowns.
- Policymakers should also prioritize **building strong policy buffers**, which were crucial in navigating recent inflation shocks and remain vital for maintaining flexibility in future crises.
- **Greater coordination** across monetary, fiscal, and structural policies is essential, as complex inflation dynamics require a mix of targeted fiscal support and long-term structural reforms to ensure stability and resilience.



Presentation outline

01 Macroeconomic Prospects and Challenges

- Developments and outlook
- Policy recommendations

02 Inflation in ASEAN+3: Changing Dynamics and Policy Implications

- Shifts in inflation dynamics
- Policy experience and lessons

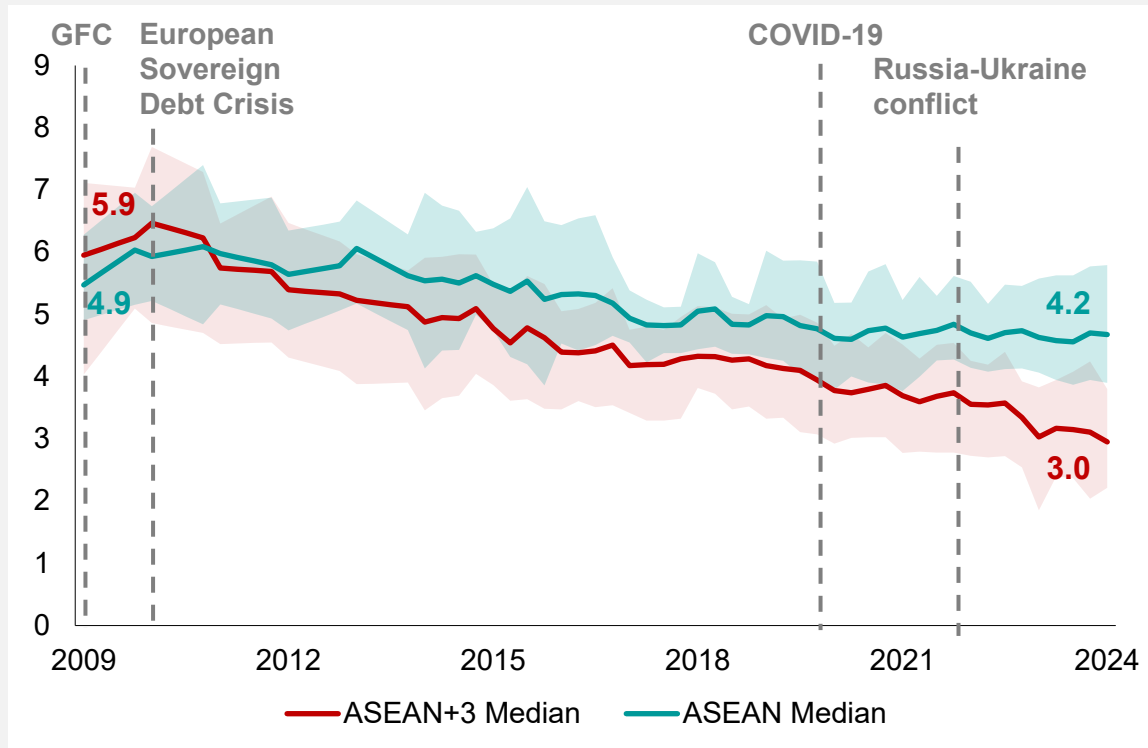
03 Long-term Growth of ASEAN+3: Prospects and Policies

- Long-term Trend Growth in ASEAN+3
- Productivity Growth and Structural Change in ASEAN+3
- Policy priorities

The ASEAN+3 region has been expanding more slowly in recent decades

Long-term growth expectations have declined for many economies in the region, albeit in varying degrees.

Selected ASEAN+3: Consensus Forecast of Long-Term Growth Expectations
(10-year-ahead growth forecast, percent, year-on-year)



- ASEAN+3 is a significant driver of global growth, contributing nearly **45 percent** of global economic growth in the past decade.
- Yet, the region's growth momentum **slowed** after the global financial crisis, further exacerbated by the COVID-19 pandemic.
- Examining the **drivers of long-term potential growth** and **structural transformation impacts on productivity** is essential for reinvigorating sustainable economic development.

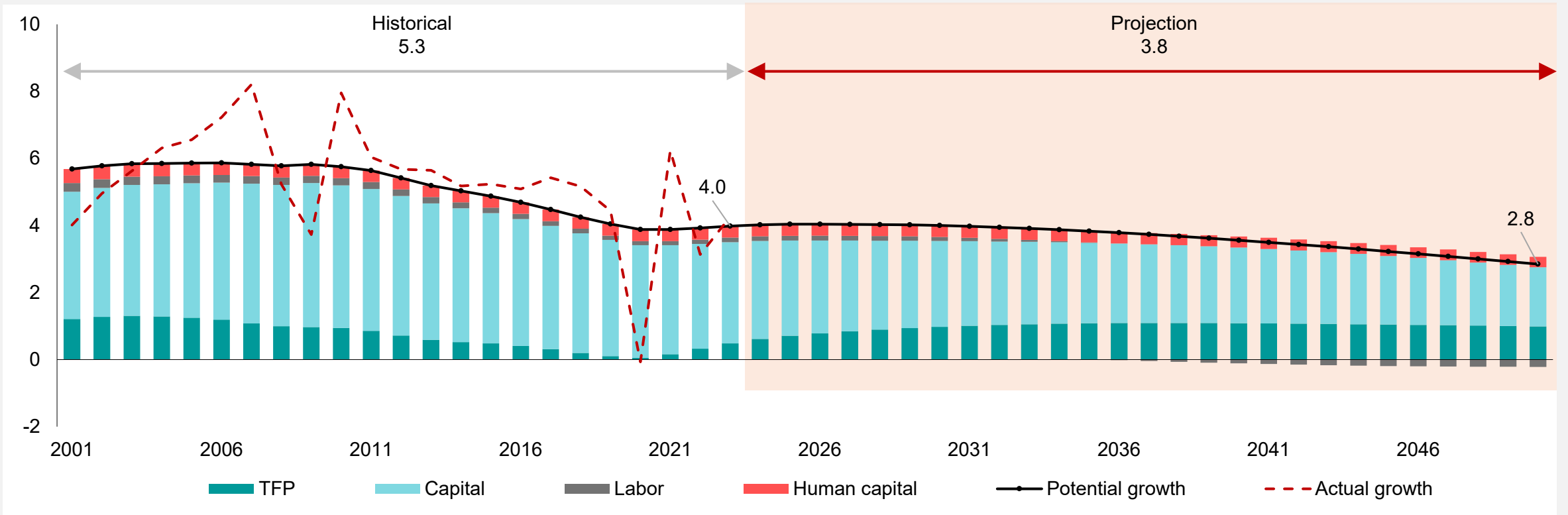
Source: Consensus Economics and AMRO staff calculations.

Note: Regional aggregate is the weighted average of the 10-year-ahead growth expectations of China, Hong Kong, Japan, Korea, Indonesia, Malaysia, the Philippines, Singapore and Thailand, weighted by 10-year-ahead PPP-adjusted GDP. The grey dotted lines mark the start of the crisis periods: global financial crisis (GFC), European Sovereign Debt Crisis, COVID-19 and Russia-Ukraine conflict.

The decline in potential growth for the region is attributed to slower capital accumulation and weaker productivity growth

ASEAN+3's potential growth is projected to decelerate from around 4.0 percent in 2023 to less than 3.0 percent by the end of 2050.

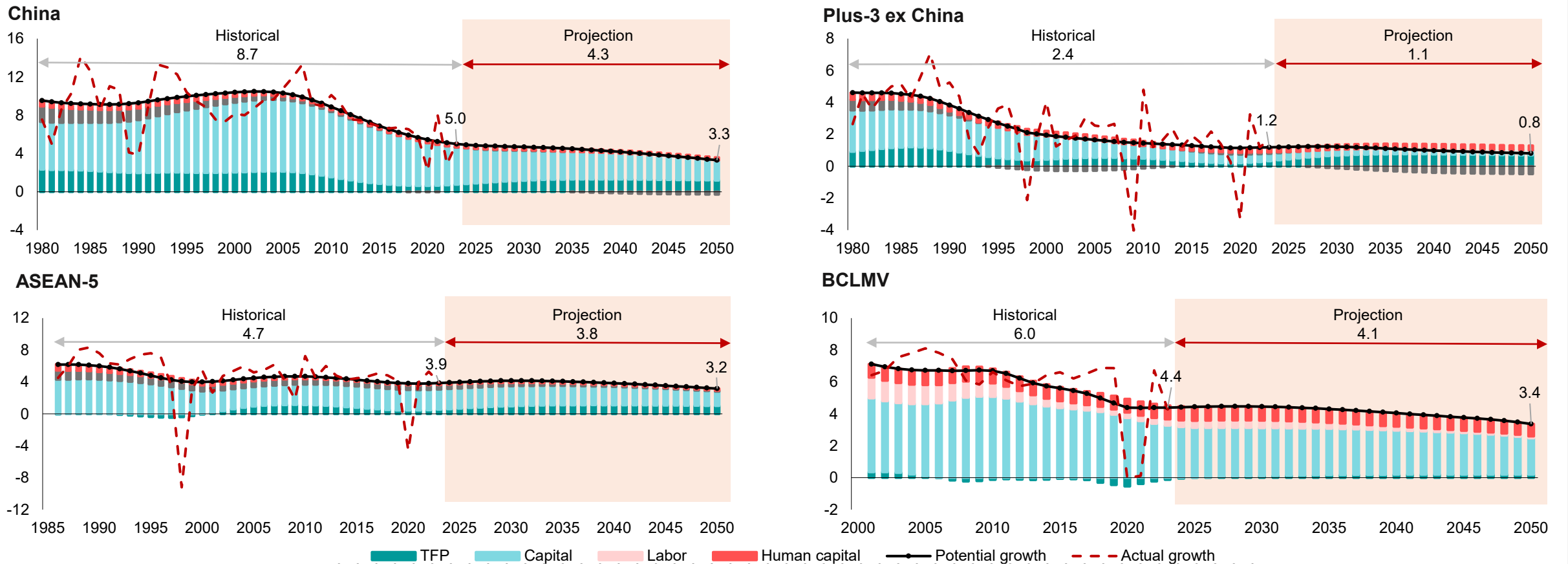
ASEAN+3: Potential Growth Projections, by Factor Input
(Percent, year-on-year)



Source: International Labour Organization; International Monetary Fund; National authorities via Haver Analytics; Penn World Table; United Nations World Population Prospects; World Bank; AMRO staff calculations.
Note: TFP = total factor productivity. The aggregate growth and components are weighted by purchasing power parity-adjusted GDP. Data for Cambodia is up to 2022 and AMRO staff forecast is used for 2023.

Limited productivity growth is a common challenge across the ASEAN+3 subregions despite the difference in the development stage

Potential growth in the Plus-3 reflects slower capital accumulation and TFP growth. ASEAN-5 saw broad declines across labor, human capital, and productivity gains. BCLMV remains heavily reliant on capital accumulation, with low TFP contributions.

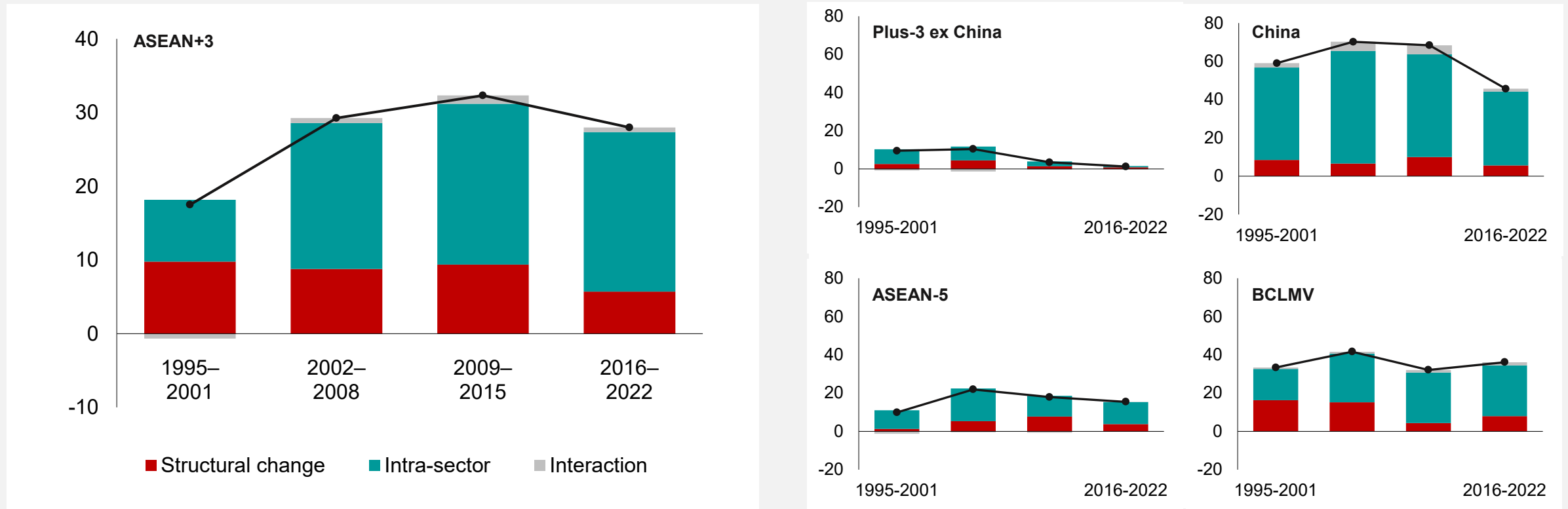


Source: International Labour Organization; International Monetary Fund; National authorities via Haver Analytics; Penn World Table; United Nations World Population Prospects; World Bank; AMRO staff calculations.
 Note: TFP = total factor productivity. The aggregate growth and components are weighted by purchasing power parity-adjusted GDP. Data for Cambodia is up to 2022 and AMRO staff forecast is used for 2023.

The weakness in productivity gains is, in part, due to the pace of structural change that the region is experiencing

Gains from structural change has fallen by a third relative to the mid-1990s, driving down overall productivity in ASEAN+3.

ASEAN+3: Decomposition of Labor Productivity Gains Over 7 Years
(Percent)



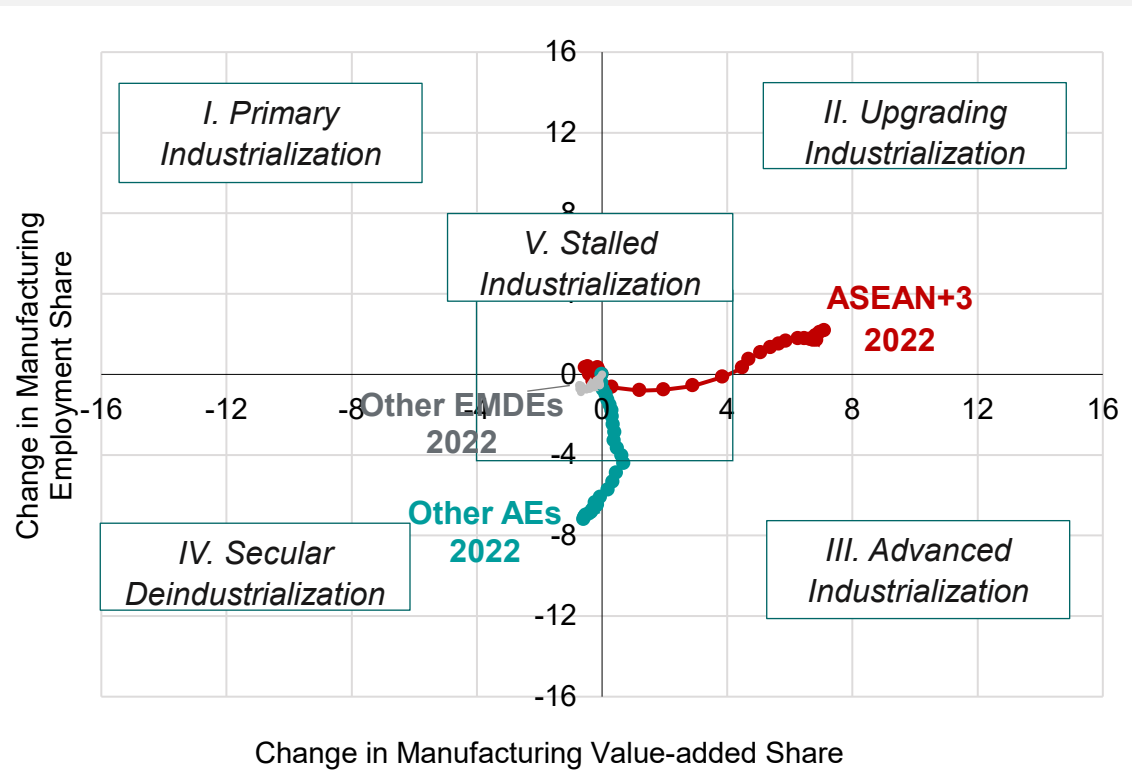
Source: United Nations Industrial Development Organization; United Nations Statistics Division; International Labour Organization; AMRO staff calculations.

Note: The figure decomposes the productivity growth over 7 years. The structural change represents the labor shift to the more productive sector. Intra-sectoral depicts productivity improvement within the sector. Interaction is positive when labor shifts to the sector where productivity is higher and growing. "Other advanced economies (AEs)" and "Other emerging and developing economies (EMDEs)" follow the International Monetary Fund's classification.

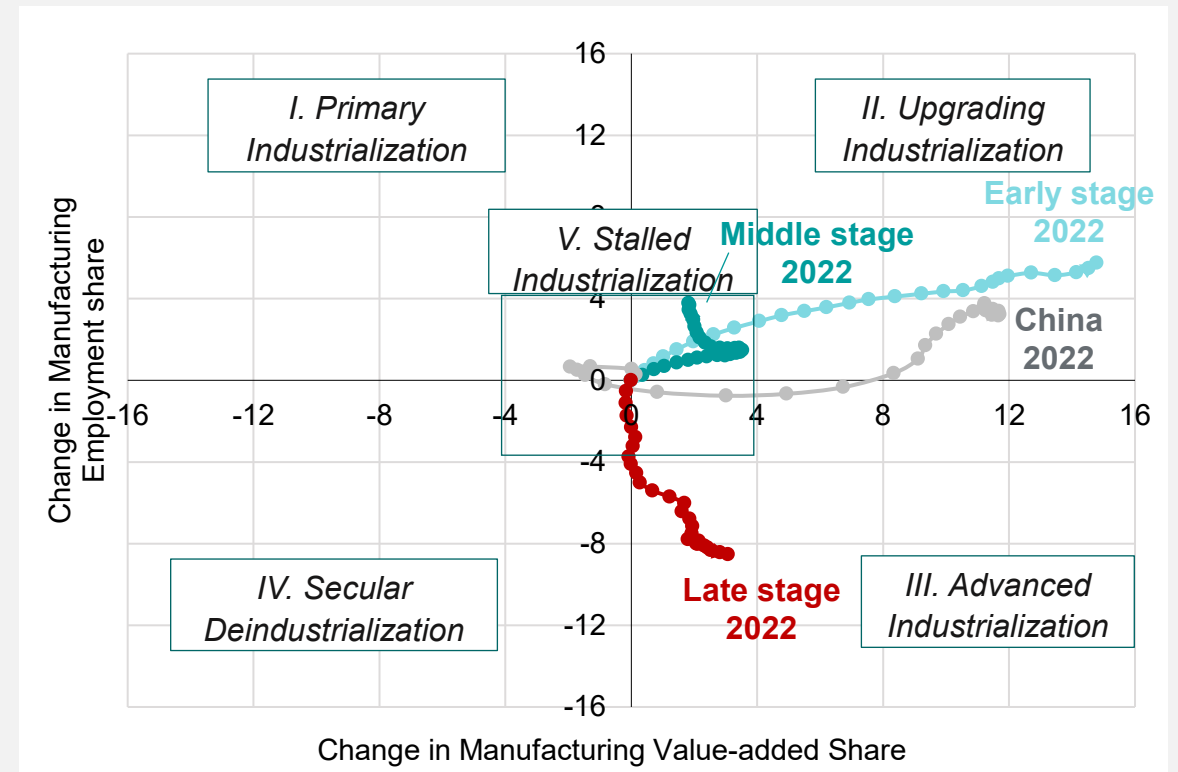
The region, as a whole, has continued to industrialize but with varying experiences at the individual economy-level

There is no deindustrialization in ASEAN+3 overall unlike other parts of the world, but the experience varies at the economy level.

ASEAN+3 and Selected Economies: Phases of Industrialization, 1995–2022
(Shares, five-year moving average)



ASEAN+3: Phases of Industrialization, 1995–2022
(Shares, five-year moving average)

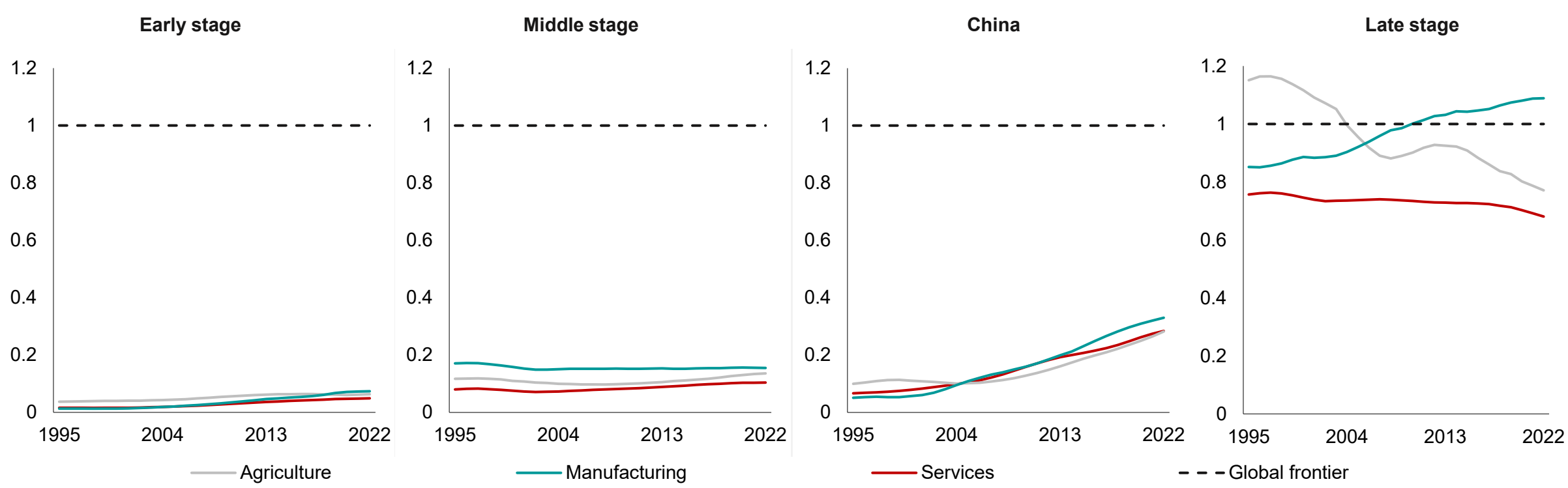


Source: Kim and Sumner (2019); Alisjahbana and others (2022); United Nations Industrial Development Organization; United Nations Statistics Division; International Labour Organization; AMRO staff calculations.
Note: Value-added and employment shares are five-year moving averages weighted by the GDP and employment size. “Other advanced economies (AEs)” and “Other emerging and developing economies (EMDEs)” follow the International Monetary Fund’s classification. “Early stage” includes Cambodia, Lao PDR, and Myanmar. “Middle stage” includes Indonesia, the Philippines, Thailand, and Vietnam. “Late stage” includes Brunei, Hong Kong, Japan, Korea, Malaysia, and Singapore. [Click here for the definition of each stage.](#)

Productivity gaps against the frontier are also wide, and/or widening

Manufacturing productivity in middle-stage economies has remained stagnant while late-stage economies are experiencing decline in services productivity, relative to global frontier.

ASEAN+3: Labor Productivity Distance to the Frontier, by Stage of Structural Change
(Index, distance to the frontier)

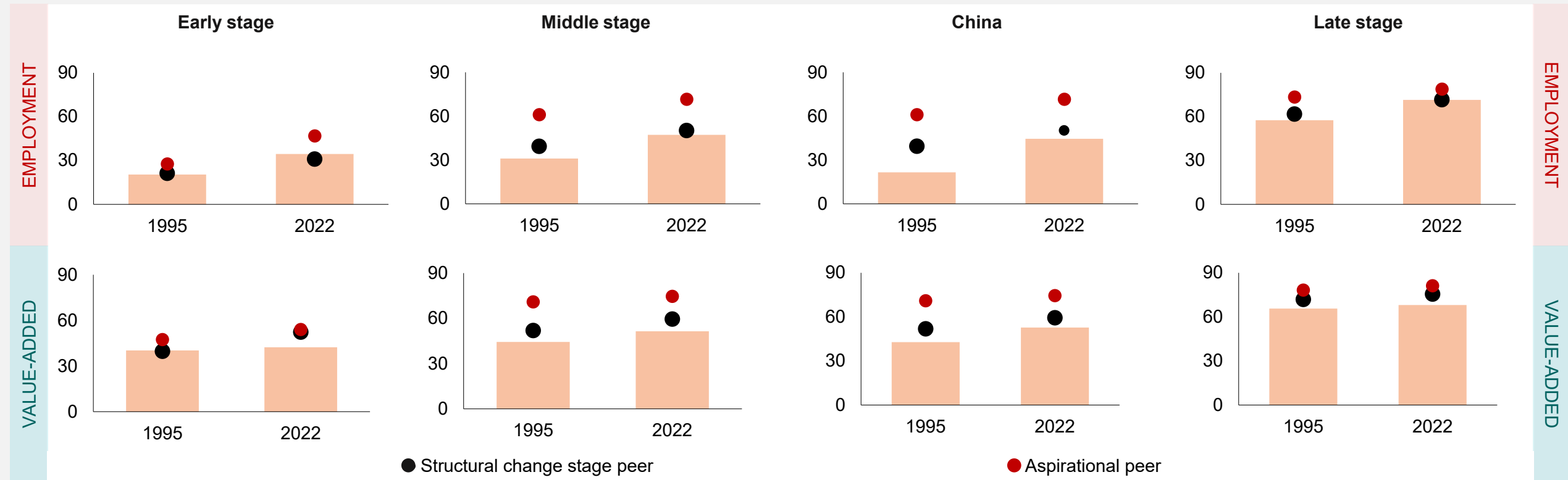


Source: United Nations Industrial Development Organization; United Nations Statistics Division; International Labour Organization; AMRO staff calculations.
 Note: Labor productivity is measured as the value-added (constant, 2015 USD) per employment. It is a five-year moving average weighted by the GDP (constant 2015 USD) and employment size. Global frontier refers to the weighted average of non-ASEAN+3 OECD members. "Early stage" includes Cambodia, Lao PDR, and Myanmar. "Middle stage" includes Indonesia, the Philippines, Thailand, and Vietnam. "Late stage" includes Brunei, Hong Kong, Japan, Korea, Malaysia, and Singapore. [Click here for the definition of each stage.](#)

Employment and value-added generation of the region's service sector lags peers

The large gap in value-added against peers is because the shift in employment has gone mostly to low-productivity service segments.

ASEAN+3: Services Employment and Value-added Shares Relative to Peers
(Percent, five-year moving average)



Source: United Nations Industrial Development Organization; United Nations Statistics Division; International Labour Organization; AMRO staff calculations.

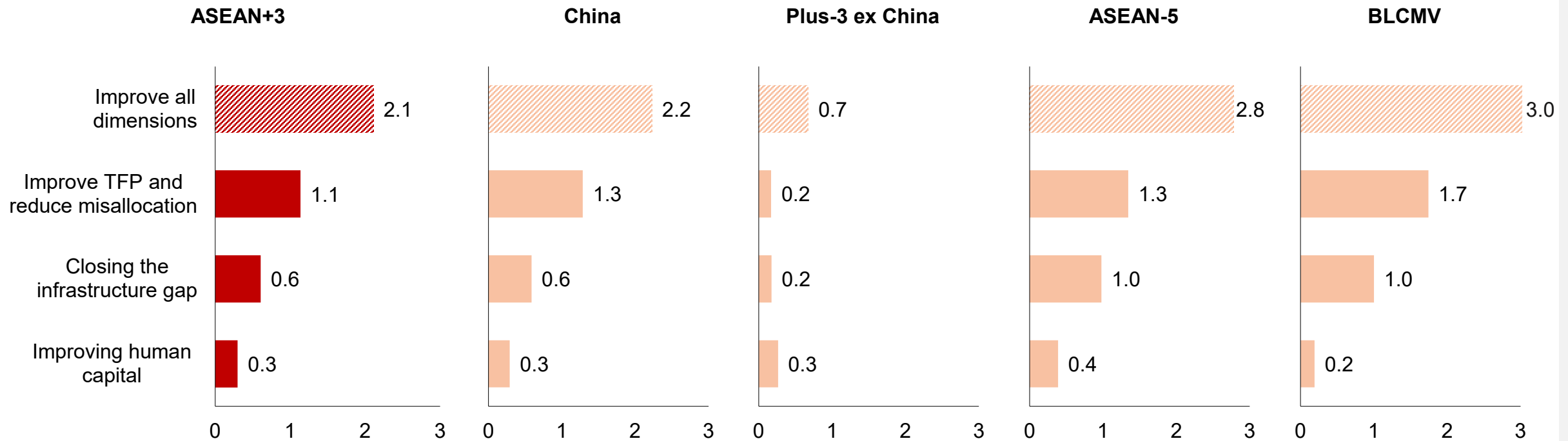
Note: Employment and value-added shares are five-year moving averages weighted by the employment and GDP size. Structural change peer refers to the weighted average of the economies (excluding those in ASEAN+3) in the same structural change stage. Aspirational peer is the weighted average of the economies (including those in ASEAN+3) in the next structural change stage. For the late stage, the United States is the aspirational peer. "Early stage" includes Cambodia, Lao PDR, and Myanmar. "Middle stage" includes Indonesia, the Philippines, Thailand, and Vietnam. "Late stage" includes Brunei, Hong Kong, Japan, Korea, Malaysia, and Singapore.

[Click here for the definition of each stage.](#)

Well-designed policies to advance productivity-enhancing reforms could revitalize a strong, inclusive, equitable, and sustainable growth

Effective implementation of various growth-enhancing policies could boost ASEAN+3's potential growth by more than 2 percentage points on average over the next two decades, lifting growth from 2.8 percent to 4.2 percent in 2050.

ASEAN+3: Impact of Selected Policy Interventions on Annual Growth to 2050
(Average percentage point increase relative to the baseline)



Source: AMRO staff calculations.

Note: ASEAN-5 = Indonesia, Malaysia, Philippines, Singapore, and Thailand; BCLMV = Brunei, Cambodia, Lao PDR, Myanmar, and Vietnam; Plus-3 ex China = Hong Kong, Japan, and Korea. TFP = total factor productivity. Upside scenarios assume all regional economies converge to the respective Organisation for Economic Co-operation and Development members or the theoretical frontiers at the historical convergence rate achieved by the four leading ASEAN+3 economies (Hong Kong, Japan, Korea, and Singapore).

Moving forward

- The challenge now is not just to reignite growth, but to revitalize it. This calls for bold, transformative strategies that harness the region's strengths while addressing its vulnerabilities.
- **Five key policy themes** emerge that could guide toward stronger sustainable growth paths: **(1)** upgrading manufacturing capabilities; **(2)** prioritizing high skills and quality services; **(3)** closing investment gaps; **(4)** boosting innovation and leveraging on technology; **(5)** strengthening state capacity.
- These need to be supported by **deeper regional cooperation**. Shared efforts in improving cross-border logistics, climate resilience, and productive aging will yield greater returns than unilateral initiatives.
- By charting new growth pathways that embrace these policy themes, the region can revitalize economic development that is not only **dynamic** but also more **inclusive** and **sustainable**.

Exempted Products

United States: Products Exempted from Executive Orders on April 2, 2025

HS Code	Product Category
0508	Coral And Similar Materials, Molluscs, Crustaceans, Echinoderms And Cuttlebone Shells, Unworked Or Simply Prepared, Not Cut To Shape, Powder And Waste
25	Salt; Sulfur; Earths And Stone; Plastering Materials, Lime And Cement
26	Ores, Slag And Ash
27	Mineral Fuels, Mineral Oils And Products Of Their Distillation; Bituminous Substances; Mineral Waxes
28	Inorganic Chemicals; Organic Or Inorganic Compounds Of Precious Metals, Of Rare-Earth Metals, Of Radioactive Elements Or Of Isotopes
29	Organic Chemicals
30	Pharmaceutical Products
3104	Mineral Or Chemical Fertilizers, Potassic
3105	Mineral Or Chemical Fertilizers With Two Of The Three Fertilizer Elements; Fertilizers Nesoi; Fertilizers In Packs Etc. Not Over 10 Kg Gross Weight
3203	Coloring Matter Of Vegetable Or Animal Origin And Preparations Based Thereon
3206	Coloring Matter Nesoi; Coloring Preparations Nesoi; Inorganic Products Used As Luminophores
3402	Organic Surface-Active Agents (Other Than Soap); Surface-Active, Washing, And Cleaning Preparations, Whether Or Not Containing Soap, Nesoi
3606	Ferrocium And Other Pyrophoric Alloys In All Forms; Articles Of Specified Combustible Materials
3808	Insecticides, Rodenticides, Fungicides, Herbicides, Antisprouting Products Etc., Packaged For Retail Sale Or As Preparations Or Articles

Source: S&P Global Trade Analytics, [The White House \(2025\)](#).

Note: Nesoi = Not elsewhere specified or included. The table lists product categories organized by Harmonized System (HS) codes (2-digit and 4-digit level) that represent the broader classification of items enumerated in [Annex II](#) of the Executive Order issued on April 2, 2025. Each category encompasses multiple specific 8-digit HTSUS codes detailed in the full Annex. [Click here to return to the main slide.](#)

Exempted Products

United States: Products Exempted from Executive Orders on April 2, 2025 (Continued)

HS Code	Product Category
3818	Chemical Elements Doped For Use In Electronics, In The Form Of Discs, Wafers Or Similar Forms; Chemical Compounds Doped For Use In Electronics
3824	Binders Made For Foundry Molds Or Cores; Chemical Products And Preparations, Including Residual Products, Of The Chemical Or Allied Industries, Nesoi
39	Plastics And Articles Thereof
4001	Natural Rubber, Balata, Gutta-Percha, Guayule, Chicle And Similar Natural Gums, In Primary Forms Or In Plates, Sheets Or Strip
44	Wood And Articles Of Wood; Wood Charcoal
4820	Registers, Note Books, Letter Pads And Similar Articles, Blotting Pads, Binders, Folders And Other Articles Of Stationary, Of Paper Or Paperboard
49	Printed Books, Newspapers, Pictures And Other Printed Products; Manuscripts, Typescripts And Plans
71	Natural Or Cultured Pearls, Precious Or Semiprecious Stones, Precious Metals; Precious Metal Clad Metals, Articles Thereof; Imitation Jewelry; Coin
7202	Ferroalloys
7204	Ferrous Waste And Scrap; Remelting Scrap Ingots Of Iron Or Steel
74	Copper And Articles Thereof
7508	Articles Of Nickel, Nesoi
79	Zinc And Articles Thereof
80	Tin And Articles Thereof

Source: S&P Global Trade Analytics, [The White House \(2025\)](#).

Note: Nesoi = Not elsewhere specified or included. The table lists product categories organized by Harmonized System (HS) codes (2-digit and 4-digit level) that represent the broader classification of items enumerated in [Annex II](#) of the Executive Order issued on April 2, 2025. Each category encompasses multiple specific 8-digit HTSUS codes detailed in the full Annex.

Framework: Stages of Structural Change

Stage	Criteria	
Early Stage	<ul style="list-style-type: none"> • $A > (S \text{ or } M)$ for <i>either</i> employment or value-added 	<ul style="list-style-type: none"> ➤ Agriculture is the dominant economic activity. <i>Cambodia, Lao PDR, Myanmar</i>
Middle Stage	<ul style="list-style-type: none"> • $S > A > M$ for both employment and value-added <li style="text-align: center;"><i>or</i> • $S > A > M$ for employment and $S > M > A$ for value-added <li style="text-align: center;"><i>or</i> • $S > M > A$ for employment and $S > A > M$ for value-added 	<ul style="list-style-type: none"> ➤ Economic activities begin to shift away from agriculture. <i>Indonesia, the Philippines, Thailand, Vietnam</i> <i>Special case: China</i>
Late Stage	<ul style="list-style-type: none"> • $S > M > A$ for <i>both</i> employment and value-added 	<ul style="list-style-type: none"> ➤ Services become most dominant. <i>Brunei, Hong Kong, Japan, Korea, Malaysia, Singapore</i>

Source: AMRO staff, expanding on Baymul and Sen (2020).

Note: A, M, and S denote shares of agriculture, manufacturing, and services sectors. [Click here to return to the main slide.](#)