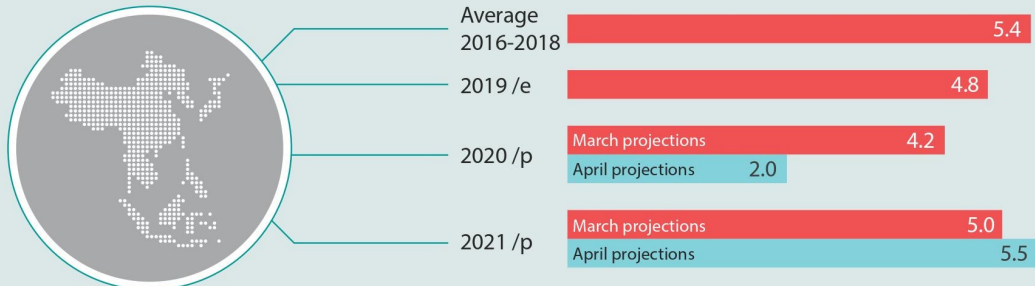


I. MACROECONOMIC PROSPECTS AND CHALLENGES

Regional Outlook

ASEAN+3 growth is expected to slow further due to the COVID-19 outbreak...



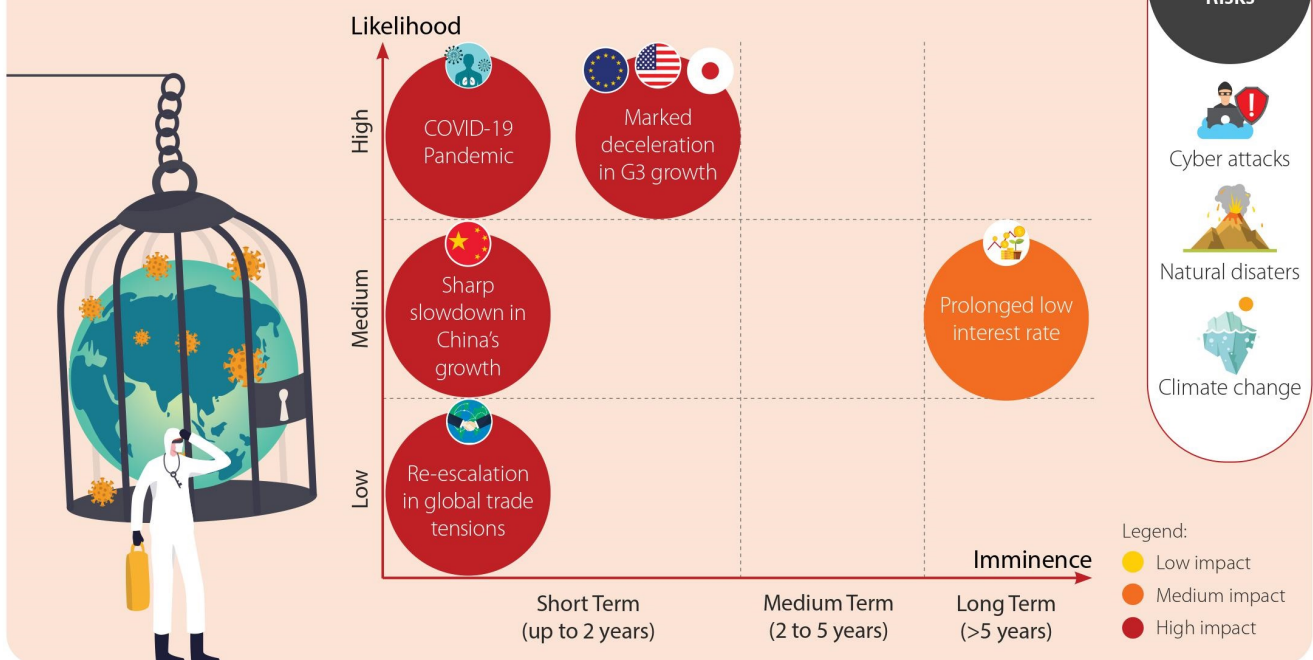
ASEAN+3
(in percent)

/e refer to estimation; /p refer to projection

The ASEAN+3 regions comprise 10 ASEAN members; China; Hong Kong, China; Japan and Korea

Baseline Risks

...which could trigger the realization of other risks

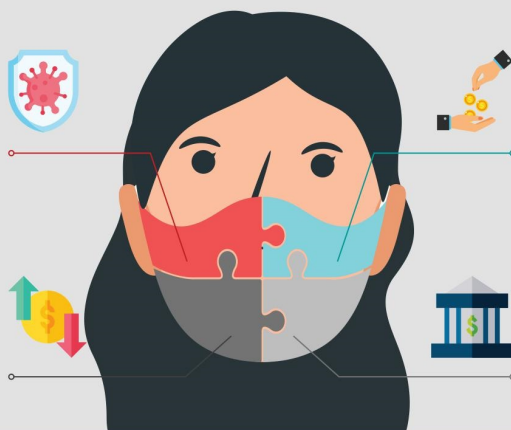


What short-term policies can economies adopt?

Capitalize on available policy space to support growth while adopting physical containment measures

Implement appropriate containment measures to stop spread of virus

Intervene judiciously and allow exchange rate to move flexibly to cushion external shocks

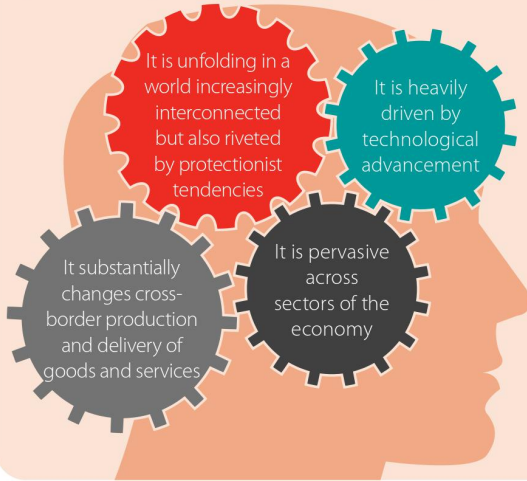


Prioritize financial assistance to support workers and businesses

Ease monetary policy to support economic activity

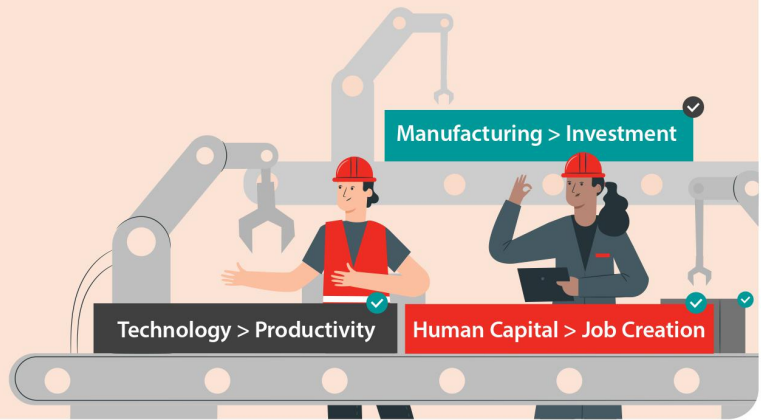


The transition to the "new economy" poses a quandary for the region:



Old maxims remain relevant:

- Extract the maximum out of manufacturing-led growth
- Continue to boost investment and upgrade human capital
- Focus on technology, productivity and job creation



Some newer ideas are worth considering:



Develop services in parallel, widening the range of services offered globally – diversification is key



Policies to plug into global value chains should be increasingly targeted: different sectors, different entry points



Focus on efforts which can strengthen virtuous feedback between Factory Asia and Shopper Asia



Beware the downside of global value chains and connectedness: spillovers across countries, between sectors

Recommendations

Play a part in enhancing openness

