



DOI: [10.5281/zenodo.5517243](https://doi.org/10.5281/zenodo.5517243)

**The International Business Academy in Conjunction with
International Journal of Business & Management Research.
“IJBMR”
ISSN 1938 – 0429**

And

**The American International Institute USA
Invites you to the 3rd Annual International Asian Markets
Conference**

**Jakarta, Indonesia
17-19 of August, 2016**

Keynote speaker: Dr. Firend Rasch
of Bournemouth University

Papers presented at this conference will be considered for publication
in a special issue of the International Journal
of Business & Management Research
www.ijbmr.org

www.ijbmr.org

editor@ijbmr.org

www.amii.us

Economic Slowdown and Challenges to Southeast Asian Markets

East Asia and Pacific accounted for almost two-fifths of global growth in 2015, more than twice the combined contribution of all other developing regions. The region's growth prospects faces a challenging backdrop: slow growth in high-income countries, a broad slowdown across emerging markets, weak global trade, persistently low commodity prices, and increasingly volatile global financial markets.

While Asia's growth has recently disappointed, the region is expected to grow at a steady 5.4 percent in 2015–16, remaining the global growth leader. Asia's growth should benefit markets because of the relative strong labor markets and disposable income growth along with the ongoing gradual recovery in major advanced economies. Across most major Asian economies, lower commodity prices should help consumption and market growth. Negative risks to growth dominate, especially the possibility of a sharper slowdown in China or larger spillovers from the changing composition of China's demand. In addition, further U.S. dollar strength accompanied by a sudden tightening of global financial conditions, weaker growth in Japan, and weaker regional potential growth could also dim Asia's growth prospects.

The markets expects that high leverage could amplify shocks, and lower commodity prices that will also hurt corporate investment in key commodity-producing sectors. Despite its resilient outlook, Asia is facing a challenging economic environment. This calls for carefully calibrated macroeconomic policies and a renewed impetus on structural reforms to facilitate investment and improve economic efficiency, bolstering economic resilience, and potential growth. All of which opens a range of challenges and opportunities for markets and policymakers to approach the coming stage in creative and new ways to take advantage of existing and upcoming opportunities.

Both researchers and policymakers have role to play in shaping how the future looks in uncontrollable market forces. Uncertainties presents both challenges and opportunities to industries and the consumer. The themes of this year's conference are revolving around economic slowdown, current markets outlook and challenges to southeast Asian consumer and industry.

Keynote Speaker

Dr. Firend A. Rasch

Bournemouth University



Dr. Rasch is Associate Professor of International Marketing and Business Studies, and currently serving as Senior Lecturer at Bournemouth University of the United Kingdom. Dr. Rasch is a prominent scholar and expert in Southeast Asian region. Dr. Rasch worked as investments banker with major banks in the United States. Was a senior management consultant with McKinsey & Company, KPMG, and Accenture Consulting advising U.S. Fortune 500 companies, before moving to Asia teaching, consulting with McKinsey and research. With over 20 years of experiences in international business, combining both East and West, his insight and interpretation of current and future markets outlooks are of importance to marketers and policy makers in Southeast Asia.

Dr. Rasch served in the investment committee of Qatar Investment Authority, Co-founded Micro-Fuzz Technologies, a start-up that was sold to IBM. Recently founded a new startup in the U.S. Silicon Valley which includes a joint venture in number of companies. Dr. Rasch lectured in numerous countries including USA, S. Korea, Malaysia, Qatar, UAE, and now the U.K., in the field of international marketing, Entrepreneurship, Innovation & Technology. Currently serving as a member of the board of directors of two Asian companies, active consulting with McKinsey & Company, active researcher in the fields of global marketing and international corporate activities. Dr. Rasch is the author of two new books on Asian corporate strategy that will be published in 2016.

John Phillips, PhD

Editor-In-Chief

IJBMR

Asian Economies, Brexit, and World Markets

Firend A. Rasch, Ph.D

The IMF and World Bank reports of 2016 shows that growth in developing economies of East and Southeast Asian countries was resilient in much of 2015 and early 2016. In fact, expected overall growth of 6.2% in 2017/2018 is an impressive performance. Although it is .02% down from 2015. This is impacted of course by a slower sustainable growth in China to about 6.7% in 2016 and expected performance of 6.5% in 2017. It is important to remember here that in 2015, the Asia Pacific region accounted for more than two-fifths of global economic growth.

Country	Annual percentage change				
	2014	2015	2016	2016-20 (average)	2011-13 (average)
ASEAN-5					
Indonesia	5.0	4.7	5.2	5.5	6.2
Malaysia	6.0	4.6	4.6	5.0	5.2
Philippines	6.1	5.9	6.0	5.7	5.9
Thailand	0.9	2.7	3.1	3.6	3.2
Viet Nam	6.0	6.4	5.9	6.0	5.6
Brunei Darussalam and Singapore					
Brunei Darussalam	-2.3	-1.4	0.5	1.8	0.9
Singapore	2.9	2.1	2.4	2.6	4.1
CLM countries					
Cambodia	7.0	7.0	7.1	7.3	7.3
Lao PDR	7.4	6.9	7.0	7.3	8.1
Myanmar	7.7	8.2	8.2	8.3	6.9
China and India					
China	7.3	6.8	6.5	6.0	8.2
India	7.3	7.2	7.3	7.3	5.5
Average of ASEAN 10 countries	4.6	4.6	4.9	5.2	5.4
Average of Emerging Asia	6.7	6.5	6.4	6.2	7.0

Note: The cut-off date of data is 2 November 2015. Weighted averages are used for ASEAN and Emerging Asia. The results of China, India and Indonesia (2015 and 2016 projections) are based on the OECD Economic Outlook 98. Source: OECD Development Centre, MPF-2016 (Medium-Term Projection Framework). For more information on MPF, please see www.oecd.org/dev/asiapacific/mpf.

Table 1. Real GDP growth of ASEAN, China and India

Source: *Economic Outlook for Southeast Asia, China and India 2016*

The viewpoint for individual nations differs, contingent upon their exchange rate and monetary policy, an intertwined relationship between China and high-income economies, and their level of reliance on export. Excluding China, growth in Southeast Asian countries grew by

4.7% during 2015 and 4.8% during 2016 and expected to perform in the region of 4.9% during 2017.

Asian economies successfully adopted prudent macroeconomic policies, with an effort to support revenues from countries with primarily commodity-exporting base such as Malaysia and Indonesia. However, maintaining growth in the face of global challenges and modest demand from China requires a continuous structural reforms. This means, future economic outlook is dependent on even larger structural reforms and reprioritization of capital projects and capital expenditure, risk reduction in both capital and financial markets and further examination of both, monetary and fiscal policies.

We witnessed how structural reforms in macroeconomic policies has positively contributed to growth in revenues. However, such growth is hindered by the slower demand in developed Western economies and emerging markets in addition to lower commodity prices. Adding to this the continuous uncertainty in global financial markets will continue to obstruct growth and consumer confidence. All of which, inevitably impacts global growth outlook and growth across Asian markets. Moreover, the weakening of the the Chinese Yuan will positively impact surrounding countries and the Chinese economy itself in an effort to boost growth.

Nonetheless, population growth throughout Asia is the strongest when compared to other regions of the world. Such resilient growth will continue to put up-word pressure on demand for goods, products and services. All of which will inevitably sustain the engine of growth and demand for industrial goods in the long-run. Countries like India, China and Indonesia is still leading growth in middle-class, with rising income and demand for consumer and luxury products. Vietnam and the Philippines are not less attractive. With growth of 6% during 2016, they maintained the highest growth rate amongst Southeast Asian economies.

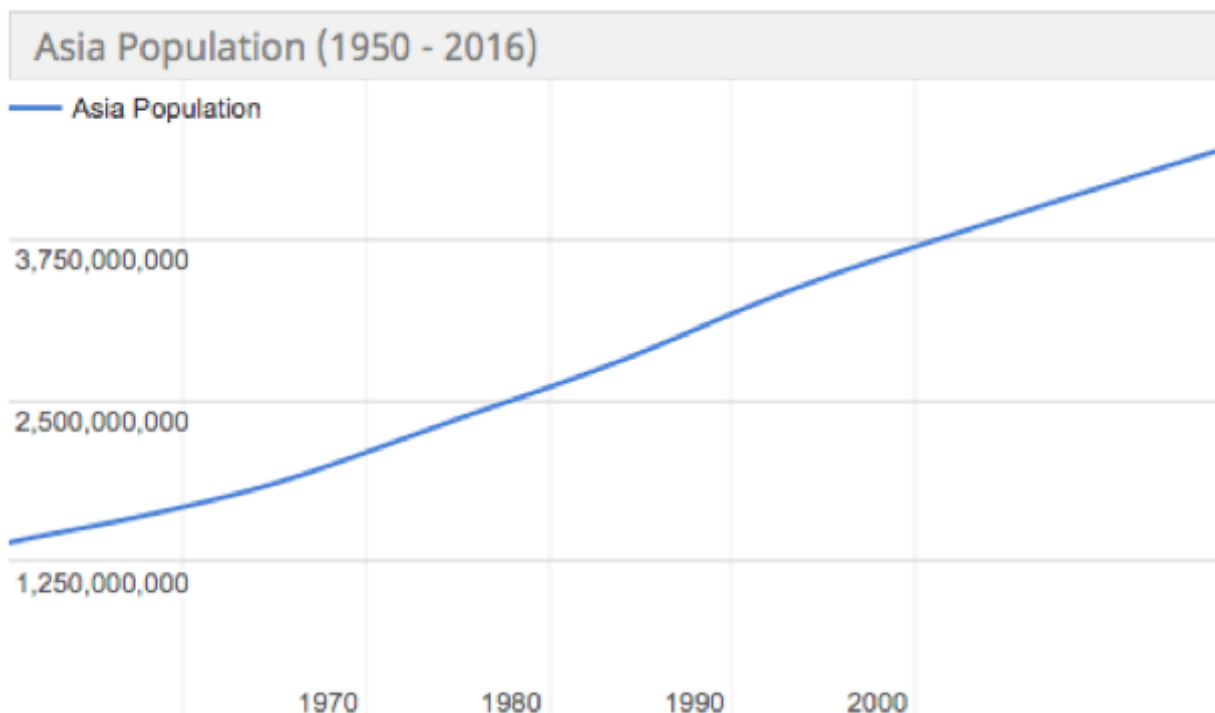


Table 2. Annual Population Growth Rate %

Source: <http://data.worldbank.org/indicator/EN.URB.LCTY.UR.ZS>

Country	1961	2015
China	-1.0	0.5
India	2.0	1.2
Indonesia	2.6	1.2

Table 3. Population Growth in Asia 1950-2016

Source: <http://www.worldometers.info/world-population/asia-population/>

Indonesia's impressive growth of 5.1 during 2016 is expected to grow even more in 2017, lead by determined and badly needed public investment and infrastructure projects, and reforms in policy and regulations. With Brexit and slow global economic growth, which is under review by the recent G20 meeting in July of 2016, we might see stabilisation of stagnation, which will help commodity exporting countries to stabilise forecasts and balance their budgets.

Brexit & Asia

No doubt that Britain's vote to exit the EU left its print on the global economy with total of \$3 billion USD in losses. This decision not only created volatility in financial markets, but increased uncertainty across Europe and Asian markets, fearing further disintegration in the EU. This is reflected by depreciation in the value of the Japanese Yen, USD holdings and gold.

However, interestingly, markets recovered faster than expected shortly thereafter. Within less than a week, we witnessed a recovery in most stock markets. This most certainly reflects the level of confidence global investors and capital markets have in the UK economy and its ability to regain its global position regardless of the UK's position within the EU.

UK and South and East Asian bilateral trade is relatively small with 2.5% or less of total shipments. As for the rest of the EU, the figures of total exports from South and East Asia are more significant, totalling around 15% of exports. So how is Asia affected by the Brexit? The story starts in slowdown in the EU in the post-Brexit with slower demand by the most powerful

economy in the EU, namely Germany, which will affect trade with South and East Asia. This is expected to further lower growth in South and East Asia during much of 2017 and early 2018.

Impact to growth will further be felt in Asia as investors start to take their money out of Asia and in search of safer investments. Financial sectors in Asia will inevitably feel the heat as pressure mounts on some Asian currencies as a result of further capital departure. This scenario was witnessed before during 2015 with heavy depreciation to Southeast Asian currencies such as the Thai baht, Malaysian Ringgit and the Indonesian Rupiah.

Although at this early stage, it is difficult to assess the full impact of post-Brexit on Asian markets, yet it is important to remember that Asian governments are well capitalised with foreign reserves. The full scale of the Brexit will largely depend on the nature of bilateral agreements forged with Europe and the rest of the world. The UK and Asia has a long intertwined and special relationships through the common wealth. This relationship can be revived and translated into new bilateral trade agreements.

On July of this year (2016) China is negotiating to build a free zone port in the UK. Such bilateral agreement can be extended to include other Asian countries such as Japan, S. Korea, India and Southeast Asia collectively. Such agreements will increase trade and investments between the UK and Asia, all of which will lead to growth in both regions. The UK can become a hub to the rest of Europe, a way around the EU. This however will be determined by the nature of agreements to be negotiated with the EU.

All in all, Asia will find advantages in having separate relationships and economic ties with the UK away from the EU. For instance, many industries will find it advantageous to invest in the UK and serve the EU markets from the UK. The UK location can also serve Asian companies as a hub to access markets in Africa and the Middle East, utilising the common wealth and new agreements with Europe.

References

East Asia Pacific Economic Update, April 2016: Growing Challenges

<http://www.worldometers.info/world-population/asia-population>

<http://data.worldbank.org/indicator/EN.URB.LCTY.UR.ZS>

Economic Outlook for Southeast Asia, China and India 2016
ENHANCING REGIONAL TIES