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## Embracing Innovation and Economic Development: A Policy Perspective for the Asia-Pacific Region

by Fredrik Erixon, Director of the European Centre for International Political Economy (ECIPE)

**Brussels, Belgium, 1st June 2017** - The Asia-Pacific region has great opportunities to increase its prosperity through the digital economy. With an annual global growth rate of 10 percent between 2010 and 2015, the digital economy has already helped to shift the world's centre of economic gravity towards Southeast Asia. Investors and entrepreneurs across the world are pulled to the region because of its high rates of economic growth. Moreover, consumer spending in the region has expanded 30 percent faster than global growth, making the region attractive for every business

The Asia-Pacific region has many underlying social and economic factors that will help drive growth in the digital economy. Asia-Pacific economies are open to business and have gone through periods of profound economic reforms that have integrated countries with the world economy. They are deeply connected to each other – and the world economy – through corporate value chains that rely on substantial amounts of cross-border investment, trade and data flows. In 25 years time, Vietnam's trade sector has expanded from 80 percent to 180 percent of the country's Gross Domestic Product. Thailand's trade ratio – trade/GDP – is four times the size of the US trade ratio.

Asia-Pacific economies could use learnings from Europe's position in the digital economy and its efforts to raise its positive economic impact. Policy reforms opening up for digital innovation in the economy is important. Regulations may slow down the pace of digital change and delay the benefits of digitisation to reach the economy – restrictions against Uber being a case in point. The company recently had to close down its business in Denmark, preventing consumers to get more choice. In contrast to the Asia-Pacific region – where Uber, Grab and other transport platforms have successfully used technology to increase consumer benefits – many countries in Europe have tried to restrict the openness of the market to digital innovation.

Asia-Pacific economies could redouble the positive economic impact of digitization. Just like in Europe, there are great disparities between countries in the region and many countries can boost the economy by investing more in digital skills and high-quality digital infrastructure. Some Asia-Pacific economies are already at the frontier of skills and hardware, and the tightly knitted value and supply chains in the region could improve substantially if other economies converged with the frontier countries.

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Media Contact: ECIPE, [info@ecipe.org](mailto:info@ecipe.org)