



POPULISM: TRADE AND INTEGRATION CHALLENGES

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POPULISM AS WE KNOW

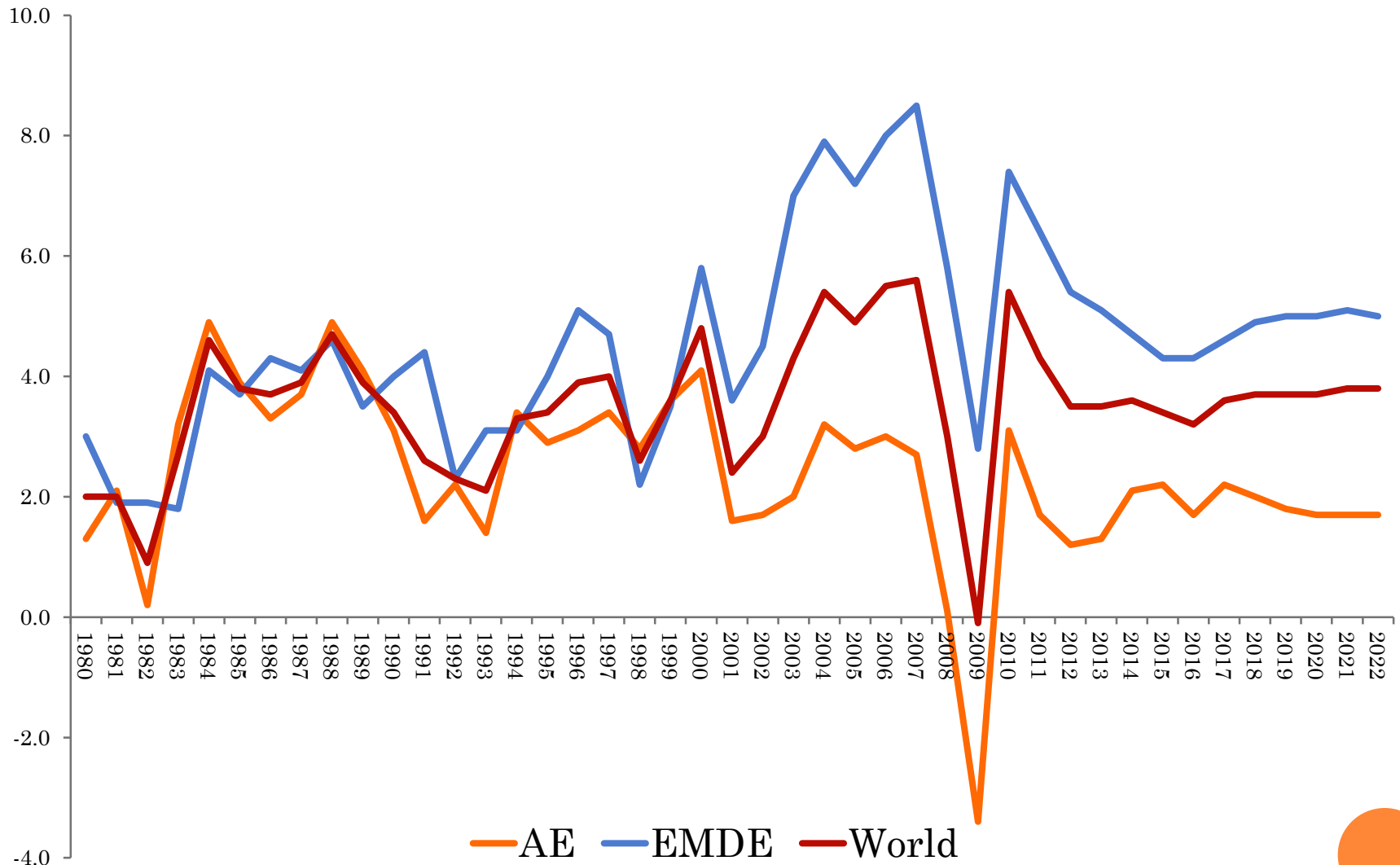
- Populism is a measure or group of measures set to reverse the steady state, ranges from economy to culture to security to space
- Populists (leaders) are not just anti-pluralism, sometimes they are also anti-elite
- “Populism” vs. "proximity to the people"
- Populism can be ‘zero sum game’ or ‘positive sum game’.
- Economically, there is no causal links between populism and economic and/or social development.
- Current wave of globalisation is under attack due to populism
 - Anti-trade
 - Anti-immigration
- Rising tide of populism
 - BREXIT, USA’s exit from TPP, etc.



UNCERTAIN GLOBAL ECONOMY

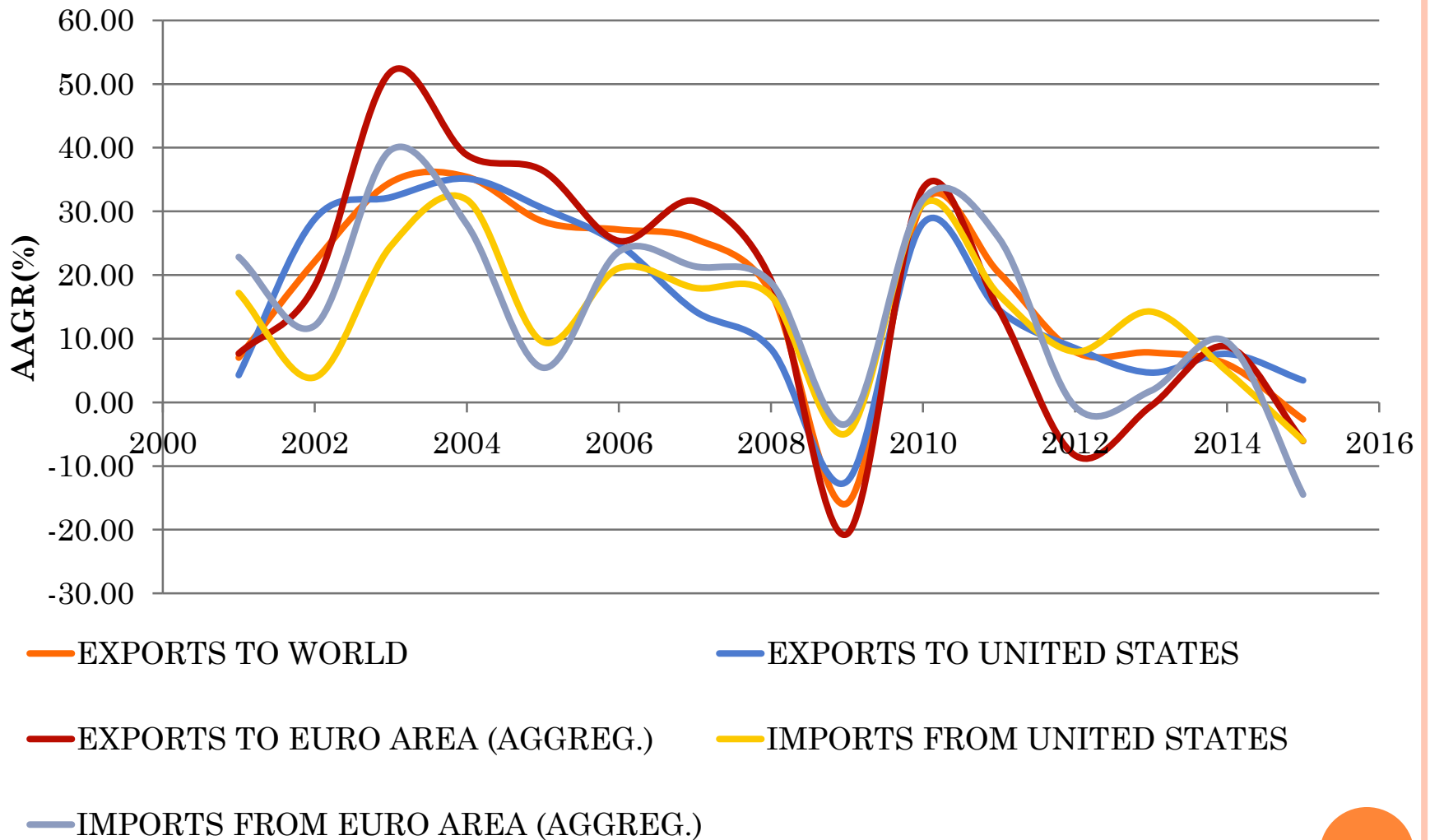
- Rise of populism coincides with economic downturn
 - Global growth has fallen to 2.3% in 2016 (WEO, Oct 2017), likely to be slower.
 - Globally, trade decelerating and so also China's export
 - China's shift in growth model from heavy reliance on manufacturing exports and investment towards domestic consumption
 - Trade protectionism is rising fast
 - Downside risks to growth include rising policy uncertainty, particularly in the United States and Europe; financial market disruptions; and growth disappointments in major economies.
 - Uncertainties – North Korea, South China sea, a.o.
 - Free trade no more trade on 'free' terms
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GROWTH IN REAL GDP



Source: World Economic Outlook, IMF, October 2017

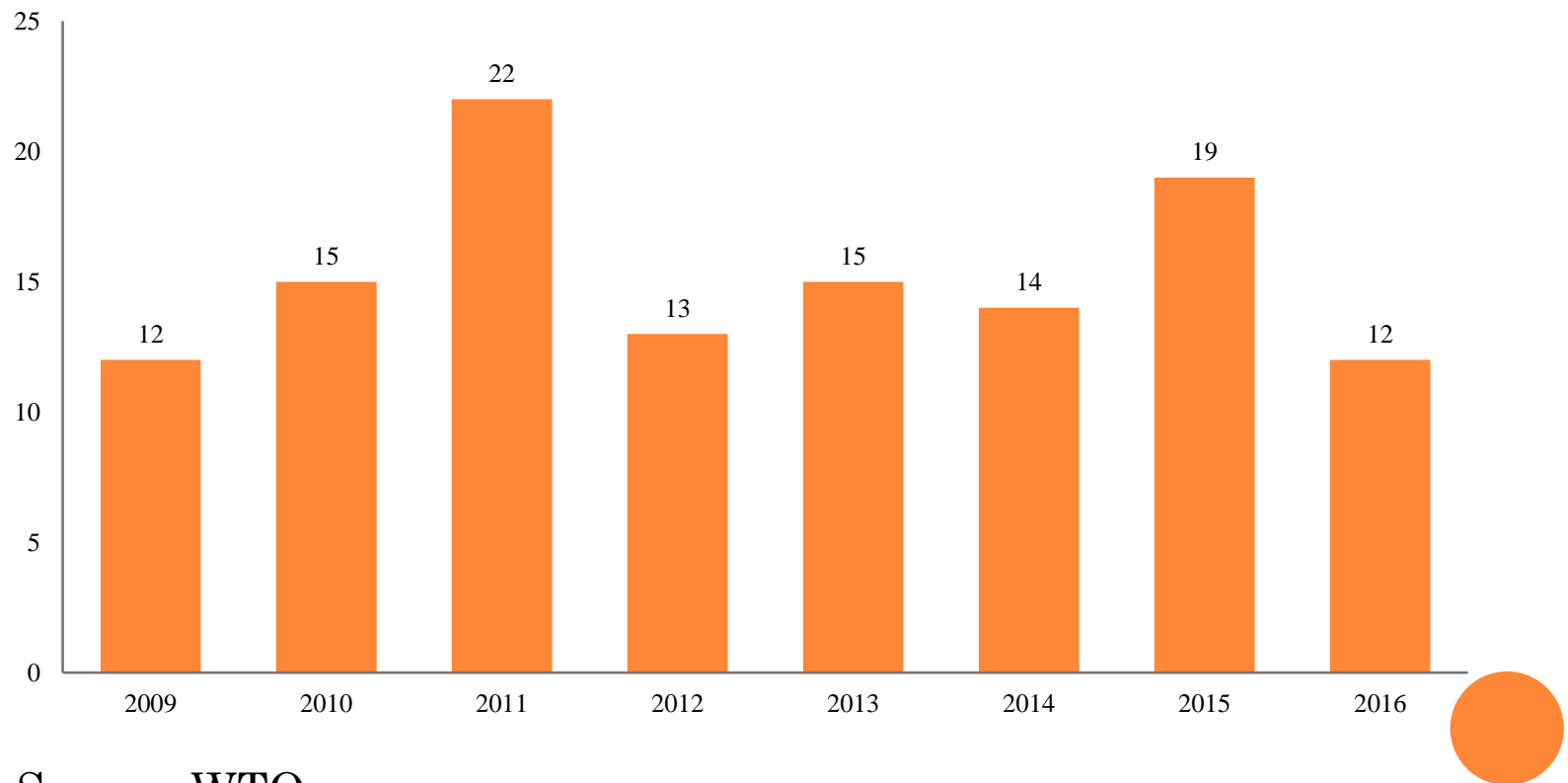
CHINA'S EXPORT FACING HIGH DECELERATION



Source: Calculated based on DOTS, IMF

FALLING TREND IN TRADE RESTRICTIONS ACROSS THE WORLD, STILL HIGH

Trends in Trade Restrictive Measures (Average per Month)

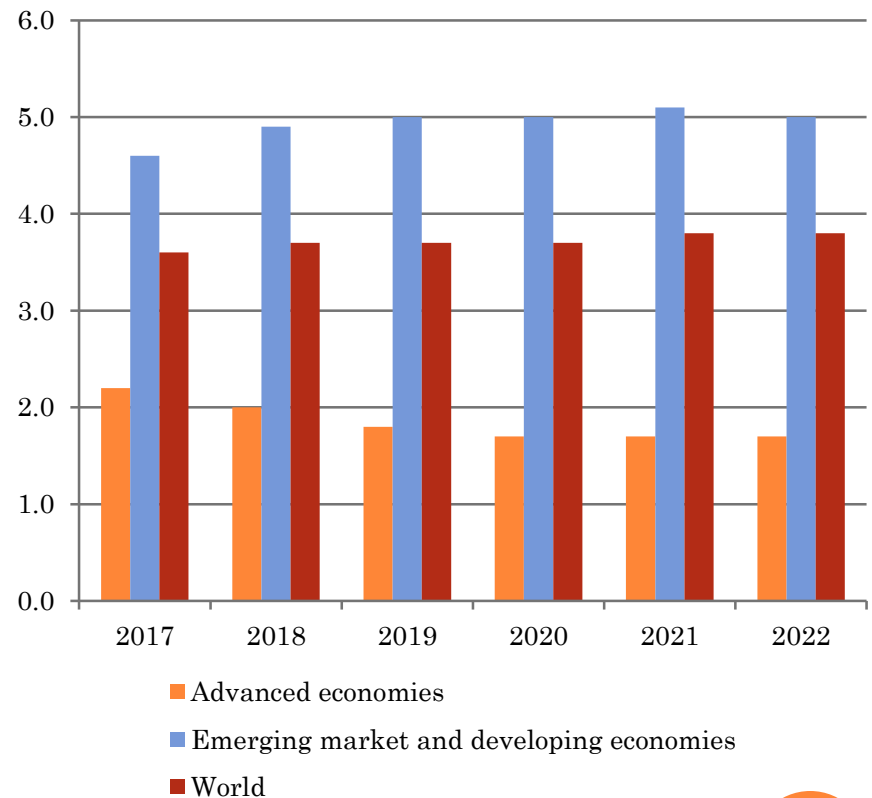


Source: WTO

EXPECTED DEVELOPMENTS IN ASIA

- Capital out flight and more people seeking freedom in China
- India's MSMEs facing existential problems due to demonetisation or GST
- Expect from populists measures by advanced economies in coming years
- Rise of anti-trade measures, and slowing down globalisation

Real GDP Growth: 2017 -2022



Source: IMF



COUNTERMEASURES

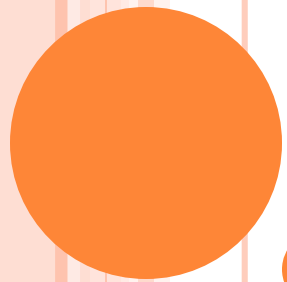
- Promote physical and digital connectivity development
 - Mega corridors vis-a-vis mega regionals
- Easing the burdens of NTMs
 - Product and process standards, e.g.
- Facilitate global and regional value chains
- Implement SDGs, invest on human resources, health, education, soft connectivity, faster communication, etc.



THINGS TO WATCH

- How Chinese economy performing and its governance
- Rise of nationalism, terrorism, war environment, natural disaster, climate change, etc.
- Use of technology and innovation - how do we produce more with less and less resources
- Indian election in 2019
- New strategic equations (e.g. Quad)





THANK YOU

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